Hindustan Unilever Limited

ANNUAL REPORT
2016-17

MAKING SUSTAINABLE LIVING COMMONPLACE

OUR PURPOSE

HINDUSTAN UNILEVER LIMITED HAS A CLEAR PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE. WE BELIEVE THIS IS THE BEST WAY TO CREATE LONG-TERM VALUE FOR ALL OUR STAKEHOLDERS, ESPECIALLY IN A VOLATILE AND UNCERTAIN WORLD.

Our Purpose inspires our Vision – to accelerate growth in our business, while reducing our environmental footprint and increasing our positive social impact. We want our business to grow, but we recognise that growth, at the expense of people or the environment, is both unacceptable and commercially unsustainable. Sustainable growth is the only acceptable model for our business.

Our Purpose and Vision combine a commercial imperative to succeed against competition, with the changing attitudes and expectations of consumers. This Annual Report and Accounts explains how, in 2016-17, we have continued to pursue our Purpose and work towards making our Vision a reality. During the year, we continued to deliver growth that is consistent, competitive, profitable and responsible. This track record of long-term success is underpinned by the Unilever Sustainable Living Plan (USLP), which helps us manage risk, inspires brand purpose and innovation, drives down costs to improve returns and builds trust among consumers across our categories and operations.

Our success depends on the expertise and talent of our people. They are constantly challenged by an environment that remains volatile, uncertain, complex and ambiguous. Digitisation is impacting all aspects of life. At the same time, it is getting easier to enter our industry. The market is fragmenting as a result of changes in consumer habits, sales channels and the media. This is why the Company is also changing through the business transformation programme, Connected 4 Growth, which we started to implement during 2016. It is creating a business which is more consumer and customer-centric, faster, more efficient and empowered so that our people can meet these challenges with the necessary resources.

As part of this change, we are adopting new ways of working to be more entrepreneurial to complement our existing category strategies. In turn, these clearly-defined strategies across our four categories ensure that the Company has a well-balanced and resilient portfolio relevant to meeting our Purpose and Vision.

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ONLINE

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

ABOUT US

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

OUR CATEGORIES AND BRANDS

Each of our categories - Home Care, Personal Care, Foods and Refreshments, includes a portfolio of brands that aim to deliver consistent, competitive, profitable and responsible growth. Our endeavour is supported by consistent investment in product innovation and marketing activities. With over 35 brands spanning 20 distinct categories including soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, frozen desserts and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Our portfolio includes leading household brands such as Lux, Lifebuoy, Surf excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, BRU, Knorr, Kissan, Kwality Wall's and Pureit.

WHERE WE OPERATE

Hindustan Unilever Limited operates across the length and breadth of India. We have over 18,000 employees working across our factories and offices. Conducting our operations with integrity and respect for the many people, organisations and the environment that our business touches, has always been at the heart of our corporate responsibility.

₹ 1,000 CRORE + BRANDS

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

₹ 2,000 CRORE + BRANDS

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

OUR STRATEGIC FOCUS

OUR CATEGORIES HAVE CLEARLY DEFINED STRATEGIES WITH THE COMMON GOAL OF GROWTH THAT IS CONSISTENT, COMPETITIVE, PROFITABLE AND RESPONSIBLE.

Further binding the category strategies together are our Compass pillars which define how Unilever wins with consumers. They are:

- Winning with Brands and Innovation
- Winning in the Marketplace
- Winning through Continuous Improvement
- Winning with People

Underpinning the Compass is the USLP which is the foundation of our business. By delivering social and environmental benefits throughout our business, we drive our growth, which in turn drives our ability to improve the lives and opportunities of people, everywhere.

The USLP contributes directly to consistent growth by helping manage risk, for example, through the supply of sustainably-grown agricultural raw materials, such as vegetables in our Foods brands. This is especially important as climate change affects rainfall. It drives growth that is competitive, by stimulating innovation to create brands that meet the growing consumer demand for sustainable products. Profitable growth is achieved by reducing costs through sustainable production methods in our factories, which reduce waste, use fewer raw materials and consume less energy. Responsible growth is an outcome of the trust that we earn by acting ethically and responsibly.

Each of our four category strategies includes specific priorities aimed at growing sales and delivering improved financial metrics, such as margin and cash flow.

Our categories face numerous and increasingly complex challenges as the industry experiences rapid fragmentation and disruption. However, our Compass pillars provide strategic responses to help drive growth ahead of the market.

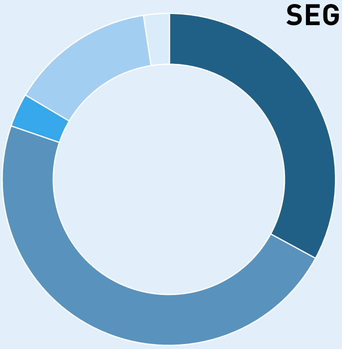
Our success as an organisation depends on our ability to identify and mitigate the risks generated by our business. In doing so, we take an embedded approach to risk management, which puts risk and opportunity assessment at the core of the leadership team agenda, which is where, we believe, it should be.

OUR PERFORMANCE

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

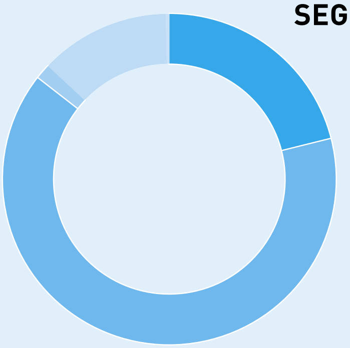
SEGMENT PERFORMANCE

SEGMENTAL REVENUE (%)



Home Care	33
Personal Care	48
Foods	3
Refreshments	14
Others	2

SEGMENTAL PROFITS (%)



Home Care	21
Personal Care	65
Foods	1
Refreshments	13
Others	0

FINANCIAL

NET REVENUE

2016-17

₹ 34,487

crores

The Domestic Consumer business grew by 4% with 1% underlying volume growth in a challenging environment

EBITDA

2016-17

₹ 6,047

crores

Earning Before Interest Tax Depreciation and Amortisation (EBITDA) improved by 38 bps

EPS (BASIC)

2016-17

₹ 20.75

Last year basic EPS: ₹ 19.12 per share

CASH FROM OPERATIONS

2016-17

₹ 6,500+

crores

Cash from operations was up ₹ 1079 crores over the previous year

NON FINANCIAL

MANUFACTURING

2016

49%

Reduction in CO_2 emissions (kg/tonne of production) in our manufacturing operations compared to 2008 baseline

2016

53%

Reduction in water consumption (m^3/tonne of production) in our manufacturing operations compared to 2008 baseline

2016

45%

Reduction in total waste (kg/tonne of production) generated from factories compared to 2008 baseline

BETTER LIVELIHOODS

2016

72,000

Shakti Entrepreneurs empowered

SUSTAINABLE SOURCING

2016

100%

Tomatoes used in Kissan ketchup sourced sustainably

HEALTH AND WELL-BEING

2016

>130 million

People reached through our health and hygiene programmes

UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH AND WELL BEING

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

HEALTH AND HYGIENE

TARGET

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

PERFORMANCE

In India, over 130 million people were reached by December 2016 through programmes on handwashing, safe drinking water and sanitation.

NUTRITION

TARGET

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

PERFORMANCE

46% of HUL's Foods and Refreshments portfolio met the highest nutritional standards in 2016, based on globally recognised dietary guidelines.

ENHANCING LIVELIHOODS

By 2020, Unilever will enhance the livelihoods of millions of people as it grows its business.

FAIRNESS IN THE WORKPLACE

TARGET

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

PERFORMANCE

HUL continued to embed human rights with a focus on eight salient human rights issues identified by Unilever which are documented in the 2015 Human Rights Report.

The Total Recordable Frequency Rate (TRFR) reduced to 75% in 2016 compared to 2008 baseline for accidents in HUL's factories and offices.

OPPORTUNITIES FOR WOMEN

TARGET

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

PERFORMANCE

HUL's Shakti programme empowered 72,000 Shakti Entrepreneurs by December 2016.

INCLUSIVE BUSINESS

TARGET

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

PERFORMANCE

HUL is running 113 livelihood and out reach centres offering over 20 courses as part of the Prabhat initiative around its manufacturing locations. As of December 2016, over 17,000 people have been successfully certified and over 12,000 people have already been linked to employment opportunities.

REDUCING ENVIRONMENTAL IMPACT

By 2030, Unilever's goal is to halve the environmental footprint of the making and use of its products as it grows its business.

GREENHOUSE GASES

TARGET

Halve the greenhouse gas impact of Unilever's products across the lifecycle by 2030.

PERFORMANCE

CO_2 emissions (kg/tonne of production) in HUL's manufacturing operations reduced by 49% compared to 2008 baseline.

WATER

TARGET

Halve the water associated with the consumer use of Unilever's products by 2020.

PERFORMANCE

Water consumption (in m^3/tonne of production) in HUL's manufacturing operations reduced by 53% compared to 2008 baseline.

WASTE

TARGET

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

PERFORMANCE

Total waste generated (kg/tonne of production) from HUL's factories reduced by 45% over 2008 baseline.

SUSTAINABLE SOURCING

TARGET

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

PERFORMANCE

In India, a total of 46% of tea sourced for Unilever's brands is from sustainable sources. Nearly 99% of paper and board used for packing HUL's products is from sustainable sources.

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

FINANCIAL PERFORMANCE

10 YEAR RECORD

STANDALONE

(₹ crores)

Statement of Profit & Loss Account	IGAAP									IND AS	
	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^	2014-15^	2015-16^	2015-16##	2016-17
Gross Sales*	14,715	21,650	18,220	20,285	22,800	26,680	28,947	32,086	33,856	32,929	33,895
Other Income	432	590	350	627	659	1,211	1,232	1,254	1,063	1,126	1,118
Interest	(25)	(25)	(7)	(0)	(1)	(25)	(36)	(17)	(0)	(15)	(22)
Profit Before Taxation @	2,146	3,025	2,707	2,730	3,350	4,349	4,800	5,523	5,910	5,977	6,155
Profit After Taxation @	1,743	2,501	2,103	2,153	2,599	3,314	3,555	3,843	4,078	4,116	4,247
Earnings Per Share of ₹ 1	8.73	11.46	10.10	10.58	12.46	17.56	17.88	19.95	18.87	19.12	20.75
Dividend Per Share of ₹ 1	9.00#	7.50	6.50	6.50	7.50	18.50#	13.00	15.00	16.00	16.00	17.00

*Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items ^Based on Revised Schedule VI/Schedule III #Includes special dividend
##Figures are restated as per IND AS

Balance Sheet	IGAAP									IND AS	
	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^	2014-15^	2015-16^	2015-16##	2016-17
Fixed Assets	1,708	2,079	2,436	2,458	2,363	2,509	2,742	2,937	3,300	3,300	4,227
Investments	1,441	332	1,264	1,261	2,438	2,330	3,094	3,278	2,967	2,780	3,779
Net Deferred Tax	213	255	249	210	214	205	162	196	231	168	160
Net Assets (Current and Non-current)	(1,834)	(183)	(1,365)	(1,269)	(1,502)	(2,370)	(2,721)	(2,686)	(2,811)	31	(1,676)
	1,528	**2,483**	**2,584**	**2,660**	**3,513**	**2,674**	**3,277**	**3,725**	**3,687**	**6,279**	**6,490**
Share Capital	218	218	218	216	216	216	216	216	216	216	216
Reserves & Surplus	1,221	1,843	2,366	2,444	3,297	2,458	3,061	3,509	3,471	6,063	6,274
Loan Funds	89	422	-	-	-	-	-	-	-	-	-
	1,528	**2,483**	**2,584**	**2,660**	**3,513**	**2,674**	**3,277**	**3,725**	**3,687**	**6,279**	**6,490**

^Based on Revised Schedule VI/ Schedule III ##Figures are restated as per IND AS

Key Ratios and EVA	IGAAP									IND AS	
	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^	2014-15^	2015-16^	2015-16##	2016-17
EBITDA (% of Gross Sales)	14.1	14.0	15.1	13.2	14.4	15.0	15.5	16.2	16.9	17.5	17.8
Fixed asset Turnover (No. of Turnover)	8.6	8.3*	7.5	8.3	9.6	10.6	10.6	10.9	10.3	10 .0	8.0
PAT / Gross Sales (%)	11.8	11.6	11.5	10.6	11.4	12.4	12.3	12.0	12.0	12.5	12.5
ROCE (%)	78.0	107.5*	103.8	87.5	96.8	109.1	130.2	127.7	128.4	105.8	105.9
RONW (%)	80.1	103.6*	88.2	74.0	77.7	94.7	104.1	99.5	88.7	72.8	76.6
Economic Value Added (EVA)(₹ crores)	1,314	2,154	1,791	1,750	2,250	2,926	3,147	3,380	3,526	3,438	3,498

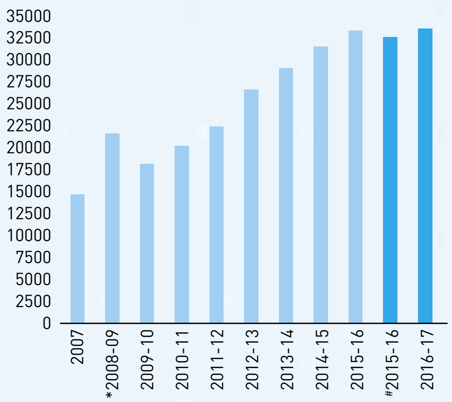
* Shown on annualised basis ##Figures are restated as per IND AS
Return metrics (ROCE and RONW) are lower in IND AS compared to IGAAP since under IND AS final dividend including taxes are accounted after approval in AGM only; whereas in IGAAP such dividends were recognised in the same year to which they relate to. The final final dividend for the financial year 2015-16 was ₹ 2,474 crores.

Others	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
HUL Share Price on BSE (₹ Per Share of ₹ 1)*	214	238	239	285	410	466	604	873	870	910
Market Capitalisation (₹ crores)	46,575	51,770	52,077	61,459	88,600	1,00,793	1,30,551	1,88,849	1,88,154	1,96,902
Contribution to Exchequer (₹ crores)	3,133	4,429	3,704	3,953	4,839	6,365	6,680	8,309	8,856	9,249

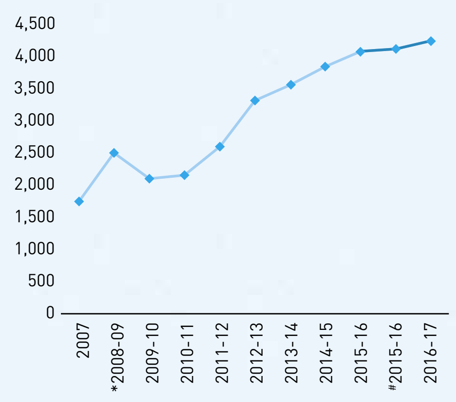
*Based on year-end closing prices quoted in the BSE Limited

PERFORMANCE TRENDS

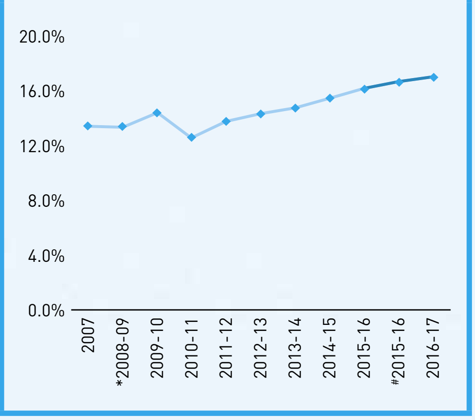
Gross Sales (₹ crores)



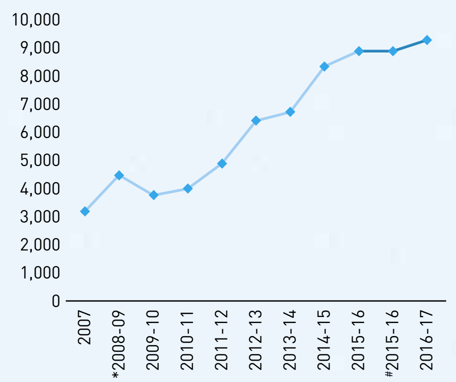
Profit After Tax (₹ crores)



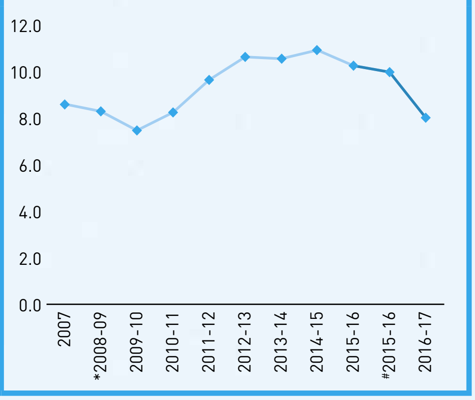
EBIT (% of Sales)



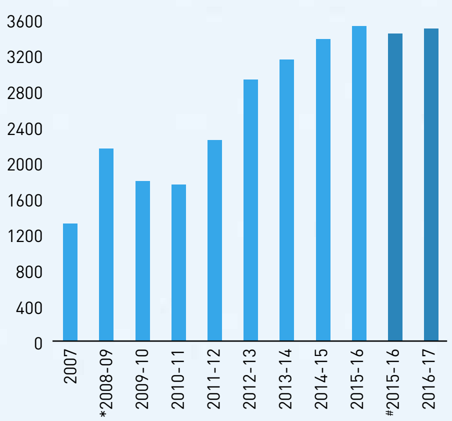
Contribution to Exchequer (₹ crores)



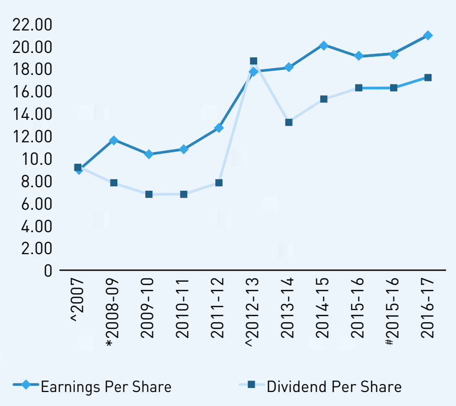
Fixed Assets Turnover (No. of times)



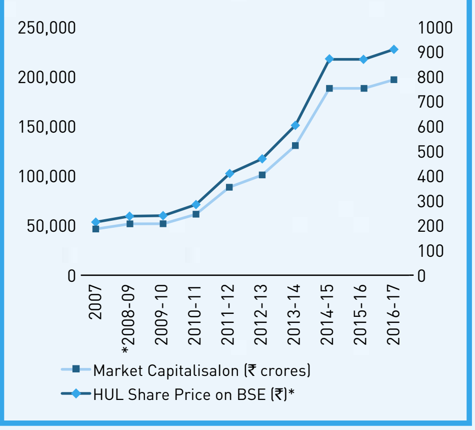
Economic Value Added (EVA) (₹ crores)



Earnings and Dividend Per Share (₹)



Market Capitalisation and HUL Share Price



*Figures are for 15 months period ^Includes Special Dividends #Figures are restated as per IND AS *Based on year-end closing prices quoted in the BSE Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me great pleasure to share with you an update on the overall performance of your Company in 2016-17. It was yet another difficult year for the global economy, characterised by low growth and geopolitical uncertainties. In India, rural demand continued to be sluggish in the early part of the year on the back of two consecutive poor monsoons.The overall market showed signs of recovery in the latter half of the year but faced a temporary slowdown in November due to demonetisation.

In this challenging business environment, Hindustan Unilever Limited (HUL) delivered a resilient performance in 2016-17. This was enabled by our 4G model of growth - consistent, competitive, profitable and responsible growth. We believe that this model, particularly in times of uncertainty, is in the best long-term interest of all our stakeholders and a good indication of a robust strategy.

In the year under review, our Domestic Consumer business grew 4% with 1% underlying volume growth. EBITDA margin expanded by 38 bps and saw an improvement for the sixth consecutive year. Profit after tax before exceptional items, PAT (bei), grew by 3% to ₹ 4247 Crores and Net Profit at ₹ 4490 Crores was up 9%. The strong track record of cash generation was sustained. The Board of Directors have proposed a final dividend of ₹ 10 per share, subject to the approval of the shareholders at the Annual General Meeting. Together with an interim dividend of ₹ 7 per share, the total dividend for the financial year ended 31st March, 2017 amounts to ₹ 17 per share.

Each of our businesses had an important role to play in delivering these strong results. In Home Care, growth was driven by premium Fabric Wash as Surf excel sustained its volume-led growth momentum and remains the biggest brand in the Company portfolio. Vim liquid continued to drive market development of the emerging premium household cleaning segment. The Water portfolio was expanded with the launch of the Reverse Osmosis (RO) range and was well-received by consumers.

The Personal Care business continued to lead trends across all categories with a particularly strong performance in Hair Care and Lakmé colour cosmetics. In addition to driving our core business, we strengthened our presence in fast-growing segments of the market. We led the premiumisation of the Skin Care market with new launches on all our skin brands –Lakmé, Fair & Lovely and Pond's. In the growing 'naturals' segment, we launched a new and expanded range of authentic Ayurvedic Personal Care products under the LEVER Ayush brand name. Similarly, we entered the Baby segment with the launch of Baby Dove.

Our Foods business continued its focus on strong market building initiatives. To extend our appeal to young adults, Kissan launched a new range of 'khatta meetha' jams in Berry, Strawberry and Orange flavours. Knorr expanded its international range with the launch of Italian Mushroom soup, Hong Kong Manchow Noodles soup and Shanghai Hot & Sour Chicken soup.

In the Refreshments category, Tea sustained broad-based growth by differentially leveraging its portfolio across the country. Coffee continued on its premiumisation agenda with BRU, while Ice Creams and Frozen Desserts exited the year with robust innovation led growth.

One of the major strengths of your Company is the relentless focus on execution and productivity and this helped us to sustain brand investments at competitive levels, while significantly improving margins. Our 'Winning in Many Indias' (WIMI) organisational initiative has made us even more agile and responsive to a rapidly evolving marketplace with intensified competition, channel fragmentation and an increasingly segmented consumer base.

Technology and mobile connectivity are rapidly changing consumer behaviour and business processes. We continued to lead the digital transformation within our organisation and leverage our IT capabilities to drive competitive advantage. We grew strongly in the fast emerging e-commerce channel even as we adopted sophisticated IT solutions to improve our reach and service to millions of small retailers across the length and breadth of India. Technology is also enabling us to better understand our consumers. For instance, our Consumer and Market Insights group has created a People Data Centre that analyses trends from social media, consumer care-lines and digital marketing to turn millions of 'conversations' into business decisions that optimise sales and revenue.

Our Sales and Marketing initiatives were ably supported by our world-class Supply Chain. In 2016, we set up a new state-of-the-art manufacturing facility in Doom Dooma, Assam. This project, christened 'Project Rhino', went from concept to commissioning in just ten months and is an excellent example of operational excellence and a relentless bias for action.

Even as we expand our operations, we remain equally committed to the Unilever Sustainable Living Plan (USLP) and driving our environmental and social agenda through our brands and corporate actions. Lifebuoy, Domex and Pureit continued to lead our initiatives in the areas of hygiene, sanitation and safe drinking water. Through our 'Swachh Aadat, Swachh Bharat' programme, we supported the Indian government's Swachh Bharat Abhiyan (Clean India Mission) and promoted good health and hygiene practices in communities across the country. Our efforts in the area of health and well-being reached over 130 million people by the end of 2016.

In line with our USLP goals, we took significant steps to further reduce waste, water consumption and energy usage in our factories and offices. The share of renewable energy used by us increased to 28% through several innovative initiatives such as converting our agricultural process waste into consumable fuel. In our Sumerpur unit, we are using solar energy that meets 80% of power requirement for most of the daylight hours. This increase in use of renewable energy and reduction in energy consumption has helped in reducing the carbon foot-print of our manufacturing locations by 13% over the previous year. Equally, initiatives such as reuse of treated effluent water and rain water utilisation have helped in lowering water consumption across our factories by 9% over the previous year. In the last five years, per tonne of production, our energy consumption has reduced by over 30% and water consumption has reduced by 40%.

None of these achievements would have been possible without the passion and commitment of our employees - our biggest asset. During 2016, we launched a major initiative – 'Connected 4 Growth', which strives to further empower our people and creates an organisation that is even more consumer and customer-centric, faster and more efficient.

I am pleased to report that our focus on Human Resources development, yet again, ensured that we are chosen as the 'No. 1 Employer of Choice' by students across premier B-schools in the Nielsen survey. We have been ranked in the Top 10 by 'The Best Companies for Women in India' (BCWI) Study 2016. These are all recognitions of our ability to attract and retain the best talent and our commitment to a diverse and inclusive work culture.

I would like to take this opportunity to thank each and every employee as well as those who work with us across the value chain for their unstinting support and hard work in the service of our Company. I would also like to thank you, our shareholders, for your continued trust in the business.

Best Regards,

Harish Manwani
Chairman

BOARD OF DIRECTORS

Mr. Harish Manwani
Chairman

Mr. Sanjiv Mehta
Managing Director and Chief Executive Officer

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

Mr. Pradeep Banerjee
Executive Director, Supply Chain

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

Mr. Aditya Narayan
Independent Director

Mr. S. Ramadorai
Independent Director

Mr. O. P. Bhatt
Independent Director

Dr. Sanjiv Misra
Independent Director

Ms. Kalpana Morparia
Independent Director

MANAGEMENT COMMITTEE

Mr. Sanjiv Mehta
Managing Director and Chief Executive Officer

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

Mr. Pradeep Banerjee
Executive Director, Supply Chain

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

Ms. Geetu Verma
Executive Director, Foods

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

Ms. Priya Nair
Executive Director, Home Care

Mr. Sandeep Kohli
Executive Director, Personal Care

Mr. Sudhir Sitapati
Executive Director, Refreshments

Mr. Srinandan Sundaram
Executive Director, Sales and Customer Development

OUR BUSINESS MODEL

WE BELIEVE THAT SUSTAINABLE AND EQUITABLE GROWTH IS THE ONLY LONG-TERM BUSINESS MODEL. THAT IS WHY WE HAVE PLACED THE UNILEVER SUSTAINABLE LIVING PLAN AT THE HEART OF OUR BUSINESS MODEL.

Our sustainable business model drives growth that is consistent by reducing risks, is more competitive through inspiring innovations that help us grow, is more profitable by reducing costs and is more responsible – leading to enhanced trust in our business.

The three big goals* of the USLP – to help more than one billion people improve their health and well-being by 2020; to halve the environmental impact of our products across the value chain by 2030; and to enhance the livelihoods of millions as we grow our business by 2020 – are integrated into our business model. From sustainable sourcing of our agricultural raw materials to sustainable manufacturing, to marketing brands with purpose – the USLP is our blueprint for achieving our Vision.

We invest in innovation and brands, which create profitable volume growth. Our scale spreads fixed overheads, improving profitability further, and this profitable growth allows us to reinvest, generating more free cash flow which can be further invested in brands and innovation which in turn drives more profitable volume growth.

CONSUMER INSIGHT

Our business model begins with consumer insight which informs brand innovation. Accurate insight is critical to understanding how markets are changing. We forge relationships with consumers through insights from focus groups, quantitative studies and regular market visits. Digital research adds one-on-one sophistication while new lines of communication are opening through direct-to-consumer channels, allowing closer relationships. Our Consumer and Market Insight (CMI) group helps us prioritise growth opportunities. Through CMI, we monitor data about consumption patterns and social media dialogue to inform action, including sustainability insights, which drive product innovations and behaviour change programmes.

COLLABORATION

Collaboration is critical to our success. We are open to external ideas and adept at capturing and integrating their benefits. The USLP involves working with government and NGOs. Our Supply Chain operates the Partner to Win programme to encourage innovations from suppliers. This furthers innovation-led growth and helps us in our USLP commitment to halve the environmental impact of our products across their lifecycle.

INNOVATION

Our innovations use insights and technologies to deliver brand-led benefits which meet the latest trends. Our innovation is increasingly responsive to local needs, landing results faster into the market.

SOURCING

Our procurement teams are responsible for purchasing goods and services. They are central to driving efficiencies to enhance profitability, delivering savings, and also implementing our USLP.

MANUFACTURING

HUL operates 30 factories across the country. Your Company's Supply Chain agenda is centered on five core areas - Customer Service Excellence, Creating Consumer Delight by dedicated end-to-end Quality Focus, Creating Value through cost savings programme, Sustainability and Supplier Partner to Win Programme.

LOGISTICS

Our Logistics Team is responsible for moving the goods produced at our factories and delivering them to our customers. We are now investing in automation and modernisation of our warehouses. Our centralised Ultra control tower is now fully operational to manage our logistics operations which will help in optimisation of cost, improve service, conserve cash and reduce our carbon footprint. Given the vast distribution and Supply Chain network, Goods and Services Tax (GST) is likely to unlock huge value potential and hence, as a first phase, we are fully ready with the logistics road map to optimise warehousing and inventory carrying cost.

MARKETING

We have been mapping consumers' purchase journeys in the digital world, using data to delve deeper and segment consumers more accurately. This enables us to deliver more relevant, authentic and effective marketing content in real-time using the full range of digital communications. Sustainability is an integral part of our brand strategies. We want all of our top brands to be Sustainable Living brands, which combine a strong purpose delivering a social or environmental benefit, with products contributing to at least one of our USLP goals.

CUSTOMER DEVELOPMENT

Our Customer Development eco-system encompasses capturing the demand, fulfillment of demand and generation of demand. As far as demand capturing is concerned, our focus has been on driving quality of coverage and increasing the assortment using data centric and analytical approach. With respect to demand fulfillment, process and technology interventions have been used for improving service and efficiencies. For demand-generation, our strategy encompasses winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce. We work closely with retailers, online through e-commerce and in stores. Our teams ensure our brands are always available, properly displayed and in the right recommended price bracket. We strive to be supplier of choice for customers and trade partners, through strong joint business planning and in-store execution applying our Perfect Store programme. We have derived the benefits of tailor-made consumer and customer plans across categories as part of 'Winning in Many Indias' agenda due to strengthened connect with customers, consumers and shoppers. This will continue to be our source of competitive advantage.

DELIVERING VALUE FOR OUR STAKEHOLDERS

Key to our sustainable business model is our stakeholders. To succeed, we need to engage and work in partnership with them. They include customers and consumers; investors; suppliers; governments, regulators and legislators; NGOs and charities; scientific institutions and academia; and other organisations in the business world, including peer companies and trade associations. Some of our stakeholders are direct participants in our value chain and are integral to our ability to deliver consistent, competitive, profitable and responsible growth. Others influence how we do business by setting the laws and norms in our country. In turn, we deliver value to our stakeholders in various forms. Stakeholder engagement is essential in delivering our Compass strategy and in tackling the issues addressed by the USLP. We also combine action in our business with external advocacy and by jointly working with governments, NGOs and others through 'transformational change' partnerships. By working together, we believe that fundamental change is possible in the near-term.

*These are global goals of Unilever

OUR BRANDS

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

We constantly innovate to help people look good, feel good and get more out of life.

INNOVATING TO DELIVER CONSUMER NEEDS

Through our brands spanning Home Care, Personal Care, Foods and Refreshments categories, we endeavour to meet evolving consumer needs and remain relevant in the changing times.

In the fast growing space of the liquid detergents market, we introduced Surf excel Matic liquid. The launch was well-received by consumers.

This year, to extend our appeal to 'young adults', Kissan launched a new range of 'khatta meetha' jams in Berry, Strawberry and Orange flavours. Knorr launched three new flavours—Italian Mushroom, Hong Kong Manchow Noodles and Shanghai Hot & Sour Chicken in the international range of soups.

In 2016, Pureit expanded its play in the growing branded Reverse Osmosis (RO) segment through its value offering of Classic RO range of water purifiers. This has democratised the segment by providing consumers a quality range of RO water purifiers at an affordable price. This was met with resounding success in the market.

LEADING TRENDS TO WIN IN THE FUTURE

The Personal Care business continued to lead trends across all categories. In Hair Care, we strengthened our portfolio by acquiring Indulekha, a premium brand with strong credentials around ayurveda. The brand has strong equity among consumers and gives us an opportunity to leverage its 'natural' and 'therapeutic' positioning.

We also strengthened Dove, TRESemmé, Sunsilk and Clinic Plus with new variants. We led the premiumisation of the Skin Care market with activation and launches on all our skin brands – Fair & Lovely, Pond's and Lakmé. Lakmé continued to innovate with a series of new products including the 'Illuminate' and 'Weightless' range of colour cosmetics.

We launched a new and expanded range of authentic Ayurvedic Personal Care products under the LEVER Ayush brand name. Co-created with Arya Vaidya Pharmacy, the world's leading ayurveda institute, the new range of LEVER Ayush brings 5000 years of ayurvedic wisdom to solve modern lifestyle problems. The products are designed and manufactured with high quality, authentic ayurveda-based offerings, and are based on formulations prescribed in ayurvedic 'granthas'.

We entered the Baby segment with the launch of Baby Dove. Developed for babies with normal to dry skin, the range includes the Baby Dove Rich Moisture Baby Bar, Baby Lotion, Diaper Rash Cream, Baby Wipes and a Sensitive Moisture Baby Bar to take special care of babies with sensitive skin.

ADDING 'MAGIC' TO MARKETING

Knorr reached out to 12 million consumers through the 'World on a Plate' contest. During the event, world-renowned Chef Gary of Masterchef Australia fame, conducted a masterclass on cooking using Knorr Chef Masalas.

We continued to leverage our Foods and our Refreshments portfolios through HUL's 'Adda', a unique touchpoint created at corporate houses. Through our 100+ 'Adda' properties, we now serve more than 60,000 people a day.

Sunlight carried out a brand campaign in West Bengal - 'Sunlight Banglar Guner Rang' - a search and mentorship programme in the realm of performing arts. With Anand Bazaar Patrika as a strategic partner, Sunlight delivered this message to millions of people in Bengal. The campaign received close to 2400 entries on Sunlight's website.

Lipton Green Tea continued to champion the cause of a healthier India by encouraging people to adopt a healthier lifestyle and dietary habits. The brand collaborated with Hindustan Times to support the 'No TV Day' to promote an active lifestyle.

DOING WELL BY DOING GOOD

Our brands continued to drive our purpose of making sustainable living commonplace. Kissan ketchup continued to source 100% of its tomatoes through sustainable sources, thereby enhancing livelihoods of local farmers. Kissan Jam too has been loved by children because of its 100% real fruits and perfect amalgamation of eight fruits.

The Rin Career Ready Academy (RCRA) was launched in 2015 with an aim to inspire, educate and equip youth from modest backgrounds with skills in English speaking, office dressing and interview training. In 2016, RCRA was re-launched with the choice of medium between voice (on mobile) and website with the introduction of an online course. So far, over three and a half lakh people have benefitted through this programme.

The 3-Roses team kicked off 'Brooke Bond Kudumbam' programme to strengthen our relationship with the 'tea- masters' of the Hot Tea Shops (HTS) in Tamil Nadu. Under this programme, we provided benefits such as children's scholarship, health check-ups, and insurance to the tea-masters. This enabled us to enroll an additional 4000 HTS outlets across 15 cities in Tamil Nadu.

Through the Domex Toilet Academy, over one lakh toilets have been built. The number of people benefitted through this programme is estimated to be over six lakh. Through the handwashing programmes, Lifebuoy touched the lives of over 63 million people till date.

Dove helped young girls be confident with the way they look and enjoy a fulfilling future. Through trained moderators, we carried out sessions across schools in Delhi, Mumbai, Kolkata and Hyderabad touching nearly 8000 young lives.

The Fair & Lovely Foundation that aims to economically help women become self-reliant and pursue their dreams through a scholarship programme, in 2017, launched an online platform to maximise its reach. This platform was hugely successful and we received over 100,000 visits within one month.

CREATING A WINNING EXPERIENCE

Brooke Bond Red Label collaborated with Yash Raj Films to present India's first transgender band – The Brooke Bond Red label 6-pack band in their quest to foster togetherness. This purpose-driven marketing initiative was recognised with various national and international awards including the prestigious 'Grand Prix - Glass Lions' at the Cannes Lions Festival.

Taj Mahal tea continued to provide a platform for Indian classical music and celebrated its 50th anniversary with a 14-hour long live concert at the Taj Tea House. The event was broadcast on our YouTube channel 'Darbar-E-Taj' garnering over two million views.

Surf excel extended its 'Dirt is Good' brand philosophy through an activation that helped mothers inculcate the value of 'sharing' in their kids in order to get them ready for life. The brand partnered with various foundations such as HelpAge India, Smile and others to facilitate the 'sharing' of clothes, crafts, birthdays and a lot more with underprivileged children and elderly people.

OUR OPERATIONS

THE TRANSFORMATION OF OUR SUPPLY CHAIN AND GO-TO-MARKET STRATEGY WILL ENABLE US TO WIN DECISIVELY IN THE MARKETPLACE.

We are reaching more consumers than ever before and building an effective ecosystem of like-minded partnerships throughout our value chain. This will help us achieve our 4G growth objectives as well as drive strong operational performance.

FULFILLING CONSUMER NEEDS

The service delivery standards improved steadily with Customer-Case Fill-On-Time upwards of 95%. This was achieved by developing a segmented approach and having a clear roadmap developed for Category, Geography and Channels. We continued to focus on last-mile delivery improvement programme.

Your Company continued to strengthen the processes of Sales and Operation Planning in order to shorten planning cycles and be responsive to market demands. This capability helped to align goals across Finance, Customer Development, Marketing, Research and Development and Supply Chain.

Innovation Process Management is key for first-time-right launch of the products in the marketplace. This is the stage gate process which helps in identifying risk and mitigate it at every process step.

DELIGHTING CONSUMERS THROUGH END-TO-END QUALITY FOCUS

We continued to focus on reducing consumer complaints and improving on-shelf consumer-relevant quality standards. 'Delighting consumers everyday' is core to how we drive quality in our products and this year, we have been able to substantially improve on-shelf quality by 37% over 2015.

Your Company has seen significant increase in the number of innovations while improved on-time-in-full delivery. The focus on bigger and faster innovations has significantly helped your Company launch innovations first time right. The Partner to Win Program, developed by Unilever globally, aims at developing Joint Business Plans with suppliers and business partners. It has resulted in reduced lead time and costs, improved reliability and new innovation delivery.

BRINGING CONSUMERS CLOSER

The 'Winning in Many Indias' agenda has now started reaping benefits and your Company moved the needle sharply on quality of servicing and in-market execution by getting closer to customers, shoppers and consumers. Our Supply Chain's capability to offer cluster-specific promotion and formulation is helping the Company get closer to a diverse set of consumers and address their needs and aspirations.

DRIVING SUSTAINABILITY ACROSS THE VALUE CHAIN

Your Company has increased its renewable energy share to 28% in line with the USLP commitments. This was achieved by converting agricultural process waste from our operations into fuel besides increasing utilisation of traditional biofuels like agri-waste. Factory teams worked to reduce specific energy consumption by eliminating idle operation of equipment, optimising drives and installation of digital controllers.

This increase in renewable energy usage and reduction in specific energy consumption contributed to reduction in your Company's CO_2 emission by 13% over the previous year. All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill site' status. Waste segregation and pre-processing facilities have been provided at all locations to improve recyclability and reduce total waste quantities.

Year-on-year reduction of water usage continues to be a key priority for your Company. Increase in harvested rain water utilisation in processes, reuse of treated effluent water, reduction of water losses from boiler and cooling tower blowdown, and process water requirement optimisations have all contributed to reduction of fresh water abstraction and lowering of water consumption across factories by nine percent over the previous year.

GETTING FUTURE READY

Your Company continued on its journey of implementing its long-term manufacturing strategy, with efficient capacity creation and by introducing new technologies to support volume growth.

World Class Manufacturing principles along with Industrial Performance Guidelines, which focus on root-cause analysis and elimination of non-value adding activities, helped lead improvement in efficiencies and cost-performance. Factories started delivering >10% cost savings on perimeter by eliminating non-value added activities.

New capabilities like industrial performance are merged into Unilever Production System (UPS). All these capabilities are now driven centrally under the UPS umbrella, which has increased responsiveness.

Information Technology (IT) continues to support business operations and drive competitive advantage for your Company. Your Company has invested in transitioning the common distribution management system into technologies of the future to deliver innovations that underpin the business strategy. The common mobility solution is also being moved to News Page, one of the market leaders in sales force mobility solutions. This would enable a sharper and richer sales execution process in the marketplace. IT has continued to play a leading role in delivering capabilities that fuel the growth of the e-commerce business. Solutions to manage digital content of our products and brands, and to seamlessly publish the same to our partners have helped improve the quality of consumer engagement online. IT has also developed analytical solutions for improved understanding of consumer sentiments and for engaging with them in an agile manner.

Your Company invested in rewiring processes and tools to transform into an amazingly simple organisation. Investments in new technologies have helped move the needle on customer service. Your Company has continued the active engagement with the external environment and is investing to enhance solutions across the value chain to prepare itself for the Goods and Services Tax (GST) era.

DRIVING UP SAVINGS

Your Company continued its focus on driving volume growth and operating profit with effective cost-saving programmes along with judicious pricing, without compromising on the competitiveness of brand investments, which helped in delivering another year of profitable growth. With a robust funnel of saving programmes, your Company continued on its path of delivering consistent end-to-end cost savings. Cash delivery was achieved with the help of scientific IT tools, resulting in substantial amount of cash for the business.

Project 'Livewire' that was implemented for end-to-end business analytics, continues to enable your Company to drive business performance management with speed and agility. During the year, an extensive business review was taken under multiple cost lines using principles of Zero Based Budgeting (ZBB). Various plans have been identified to save costs and improve operating margins.

To drive speed, expertise, standardisation and scale in accounting processes, three accounting centers are being formed covering, Sales Accounting, Corporate Centre Accounting and Factory Accounting. These will become expertise centres with cutting-edge analytics and technology capabilities and help us de-link business growth from transactional volume growth.

OUR PEOPLE

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

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

EMPLOYER OF CHOICE – ATTRACTING THE RIGHT TALENT

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

HUL has been recognised as one of the 'Top 10 Best Companies for Women in India' by The Best Companies for Women in India (BCWI) Study 2016. This award is a recognition of our commitment towards creating a diverse and inclusive work culture.

BUILDING THE EMPLOYER BRAND DIGITALLY

The Facebook 'Unilever Diaries' page has over 500,000 fans and helps us deepen our engagement with the student community. It has helped in strengthening our brand image among students.

The Facebook 'Unilever Careers' page has a reach of over 800,000 engaged users. This has enhanced engagement and ensures top of mind employer brand recall.

CREATING AN AGILE AND INCLUSIVE WORK CULTURE

Apart from enabling infrastructure and work practices like maternity and paternity support programmes, and flexible work arrangements towards creating an inclusive culture, we constantly evaluate various employee support requirements to remain a progressive employer.

The senior leadership continues to play an important role in our journey of building an agile and inclusive organisation.

EMPLOYEE WELL-BEING

Employee well-being is of utmost importance. We focus on the four aspects of well-being—Physical, Mental, Emotional and Purposeful. Several initiatives have been taken over the last year to communicate the importance of and provide support systems to enhance employee well-being. An Employee Assistance Program called 'Reach Out' - a telephonic counselling programme was launched in 2016, which has anytime – anywhere access.

NURTURING TALENT AND BUILDING LEADERS

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

The UFLP is designed to do just what its name suggests - develop future leaders. Its aim is to ensure that the Company has a future-ready talent pipeline for leadership roles by the end of a year-long accelerated training programme. This readiness is not only in terms of business skills but also in terms of leadership skills and maturity. It also provides a foundation in the core values of our business.

DEVELOPING A LEARNING CULTURE

HUL is known as the 'Leadership Factory', exporting talent to Unilever and to the industry at large. The foundation of all our learning practices is based on a 70-20-10 approach.

70% of learning is done through on-the-job training, unique job experiences, challenging assignments and building business-linked capabilities in order to achieve our ambitious business targets. 20% of learning is through coaching and mentorship, which helps transform talented individuals into great leaders. 10% of learning is through formal development programmes. Our learning curriculum is designed to support the entire life cycle of our employees' careers.

ENSURING SAFETY

Our mission is to protect and enhance the well-being of our employees, visitors and partners. Safe working is a non-negotiable.

We follow Unilever global safety standards in all our units. Our safety practices ensure all possible safety hazards are identified and eliminated; not only at the workplace but also during travel. We promote 'Beyond Work Safety' as part of our holistic safety culture to improve safety of employees beyond work.

PRABHAT – EMPOWERING COMMUNITIES

India's growth must be propelled from the grassroots levels and Project Prabhat, our USLP linked programme, is an initiative that builds on the local developmental needs to fulfil that dream. Through Prabhat, we engage with and contribute to the development of local communities under the pillars of Water Conservation, Enabling Livelihoods and Health & Hygiene.

From its launch in December 2013 in eight locations, Project Prabhat is now live in over 30 locations and has directly impacted over six and a half lakh people. The success of Prabhat can be attributed to strong relationships that we have been able to build with local communities.

Under the health & hygiene initiative our factory workers also known as Swachhta Doots become agents of behaviour change in their villages promoting three simple good habits – washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices. Your Company has successfully reached over 30 lakh people since inception through this programme.

ORGANISING FOR GROWTH

In the beginning of the year, Unilever launched the 'Connected 4 Growth' (C4G) framework which entailed setting up of empowered Cluster Category Business Teams (CCBTs) with representatives from different functions. During the year, the C4G framework has been embedded well in the business through 15 fully functional CCBTs. Your Company is confident that this framework will help to bring more speed and agility in its operations to compete in the marketplace and strengthen the consumer connect.

CORPORATE INFORMATION

REGISTERED OFFICE

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

AUDITORS

BSR & Co. LLP, Mumbai
Firm's Registration No.: 101248W/W-100022

BANKERS

Bank of America
Bank of Baroda
Bank of India
Citibank N.A.
Deutsché Bank
HDFC Bank
Hongkong & Shanghai Banking Corporation
ICICI Bank
Indian Bank
Punjab National Bank
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India
Syndicate Bank
Union Bank of India

PLANT LOCATIONS

NORTHERN REGION

BAROTIWALA

- Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil Baddi, District Solan - 174 103, Himachal Pradesh
- Khasra No. 1350 – 1318, Bhatoli Kalan, Hill Top Industrial Area, Jharmajri, Tehsil Baddi, District Solan - 173 205, Himachal Pradesh

ETAH

- Village Asrauli, G.T.Road, Etah-207 001, Uttar Pradesh

HARIDWAR

- Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttarakhand

NALAGARH

- Hudbust No. 143, Khasra No. 182 / 183 / 187/1, Village Kirpalpur, Near Nalagarh Fire Station, Tehsil - Nalagarh, District Solan - 174 101, Himachal Pradesh

ORAI

- A-1,UPSIDC Industrial Area, Orai, District Jalaun - 285 001 Uttar Pradesh

RAJPURA

- A-5, Phase ll-B, Focal Point, Rajpura - 140 401, Punjab

SUMERPUR

- A-1,UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

WESTERN REGION

CHHINDWARA

- V 5/6 KM Stone, Narsinghpur Road, Lehgadua, Post Khajari, Chhindwara – 480 002, Madhya Pradesh

CHIPLUN

- B-7/17, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra

GOA

- Plot Nos. 128 - 139 & 324 - 326, Kundaim Industrial Estate, Kundaim – 403 115, Goa

KHAMGAON

- C-9, MIDC, Khamgaon, District Buldhana – 444 303, Maharashtra

MUMBAI

- Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra

NASIK

- Plot No. A-8/9, MIDC, Malegaon, Sinnar - 422 103, Nasik, Maharashtra

SILVASSA

- Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230, Dadra and Nagar Haveli
- Survey No.907, Kilwali Road, Amli Village, Near Gandhigram Bus Stop, Silvassa - 396 230, Dadra and Nagar Haveli

SOUTHERN REGION

COCHIN

- Ernakulam North PO, Tatapuram, Cochin - 682 018, Kerala

HOSUR

- Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu

MANGALORE

- Sultan Battery Road, Boloor, Mangalore – 575 003, Karnataka

MYSORE

- Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka

PONDICHERRY

- Off NH 45A, Vadamangalam, Pondicherry - 605 102
- No. 9 (3), Cuddalore Road, Kirumambakkam, Pondicherry – 605 702.

EASTERN REGION

HALDIA

- PO Durgachak, Haldia, District Purba Medinapur - 721 602, West Bengal

KOLKATA

- 1, Transport Depot Road, Kidderpore, Kolkata - 700 088, West Bengal
- 63, Garden Reach, Kolkata - 700 024, West Bengal
- P10 Taratola Road, Kolkata - 700 088, West Bengal

TINSUKIA

- Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, District Tinsukia - 786 151, Assam
- Unit 4, Dag No. 8-10, 12, 13, 23, 24, 44, 45 & 47 of 122 FS Grants, Mouza - Tingrai, Doom Dooma Industrial Estate, District Tinsukia - 786 151, Assam

Hindustan Unilever Limited

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
CIN: L15140MH1933PLC002030, Web: www.hul.co.in, E-mail: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

NOTICE
of the Annual General Meeting

Notice is hereby given that the 84th Annual General Meeting of Hindustan Unilever Limited will be held on Friday, 30th June, 2017 at 3.30 p.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400099, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st March, 2017.
3. To appoint a Director in place of Mr. Harish Manwani (DIN 00045160), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradeep Banerjee (DIN 02985965), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. B. Balaji (DIN 02762983), who retires by rotation and being eligible, offers himself for re-appointment.
6. To ratify appointment of M/s. BSR & Co. LLP as Statutory Auditors:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by Members at the Eighty First Annual General Meeting appointing M/s. BSR & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office until the conclusion of Eighty Sixth Annual General Meeting of the Company, the Company hereby ratifies and confirms the appointment of M/s. BSR & Co. LLP, as Statutory Auditors of the Company for the financial year ending 31st March, 2018 on such remuneration as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS

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

   "RESOLVED THAT in supersession of the resolution passed by the Members at the Annual General Meeting held on 4th April, 2008 as amended by the resolution passed at the Annual General Meeting held on 23rd July, 2012 and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act and Article 173 of the Articles of Association of the Company and subject to such approval(s) of Central Government or any statutory authorities as may be required, the Company be and is hereby authorised to pay to its managerial personnel (including Managing Director(s) and Whole-time Director(s)), such sum by way of remuneration comprising of salary, performance linked bonus, commission, perquisites and allowances as may be determined by the Board of Directors of the Company or a duly constituted Committee thereof including but not limited to Nomination and Remuneration Committee, within the maximum limits as mentioned in the Explanatory Statement annexed to the Notice convening this Annual General Meeting and computed in the manner provided under Section 198 of the Act."

   RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."
8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT in accordance with the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Dev Bajpai (DIN : 00050516), who was appointed as an Additional Director of the Company with effect from 23rd January, 2017 pursuant to Section 161 of the Act and Article 145 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER THAT in accordance with the provisions of Sections 196, 197 and 198 read with Schedule V and all other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such sanctions, as may be necessary, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Dev Bajpai as a Whole-time Director of the Company, for a period of 5 (five) years with effect from 23rd January, 2017, liable to retire by rotation, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.

   RESOLVED FURTHER THAT the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, amounting to ₹ 11 lakhs (Rupees Eleven Lakhs only) as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

NOTES :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, the first fifty proxies received by the Company shall be considered as valid. The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th June, 2017 to Friday, 30th June, 2017 (both days inclusive).
5. The Final Dividend for the financial year ended 31st March, 2017, as recommended by the Board, if approved at the Annual General Meeting, will be paid on or after Wednesday, 5th July, 2017 to those Members whose name appears in the Register of Members of the Company as on the book closure dates.
6. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.
7. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Karvy Computershare Private Limited / Investor Service Department of the Company immediately.
8. Details as required in Regulation 36(3) of the Listing Regulations in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are provided at page nos. 18 and 19 of the Annual Report. Requisite declarations have been received from the Directors seeking appointment / re-appointment. Mr. Sanjiv Mehta, Managing Director and CEO and the Independent Directors of the Company have been appointed for a term of 5 years in accordance with the relevant provisions of the Companies Act, 2013, and are not eligible to retire by rotation.
9. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' available on the website of the Company www.hul.co.in to Karvy Computershare Private Limited or Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.
10. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
11. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 23rd June, 2017, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9 a.m. on Monday, 26th June, 2017 and will end at 5 p.m. on Thursday, 29th June, 2017. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed

Mr. S. N. Ananthasubramanian, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

PROCEDURE FOR REMOTE E-VOTING

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

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

(i) Launch an internet browser and open https://evoting.karvy.com/

(ii) Enter the login credentials i.e. User ID and password, provided in the e-mail received from Karvy Computershare Private Limited. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

(iii) After entering the above details, click on - 'Login'.

(iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z),one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.) The system will also prompt you to update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After changing the password, you need to login again with the new credentials.

(v) On successful login, the system will prompt you to select the E-Voting Event.

(vi) Select 'EVENT' of Hindustan Unilever Limited - AGM and click on - 'Submit'.

(vii) Now you are ready for e-voting as 'Ballot Form' page opens.

(viii) Cast your vote by selecting appropriate option and click on'Submit'. Click on 'OK' when prompted.

(ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(x) Once you have confirmed your vote on the resolution, you cannot modify your vote.

(xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at scrutinizer@snaco.net. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

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

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

USER ID	PASSWORD
-	-

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

II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of the e-voting website of Karvy Computershare Private Limited https://evoting.karvy.com/.

III. The voting rights shall be as per the number of equity shares held by the Member(s) as on Friday, 23rd June, 2017, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

IV. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at evoting@karvy.com or levercare.shareholder@unilever.com.

However, if you are already registered with Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and password for casting your vote.

If you have forgotten your password, you can reset your password by using 'Forgot Password' option available on https://evoting.karvy.com or contact Karvy Computershare Private Limited at toll free no. 1-800-3454-001 or e-mail at evoting@karvy.com

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

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

12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.

13. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 and the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, will be available for inspection at the Annual General Meeting.

14. Members can also provide their feedback on the shareholder services of the Company using the 'Shareholders Satisfaction Survey' form available on the 'Investor Centre' page of the website of the Company www.hul.co.in. This feedback will help the Company in improving Shareholder Service Standards.

15. The Ministry of Corporate Affairs has notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed / claimed by the shareholder

for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 30th June, 2016 (date of last Annual General Meeting) are available on the website of the Company https://www.hul.co.in/investor-relations/ and on Ministry of Corporate Affairs' website. The shareholders whose dividend/ shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

16. In accordance with the aforesaid IEPF Rules, the Company has sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority and has also published newspaper advertisement. The Company is required to transfer all unclaimed shares to the demat account of the IEPF Authority in accordance with the IEPF Rules after the due date of 31st May, 2017.
17. Members are requested to contact Karvy Computershare Private Limited / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on 'Investor Relations' page on the website of the Company https://www.hul.co.in/investor-relations/.
18. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy Computershare Private Limited / Investor Service Department of the Company.
19. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
20. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company during working hours on all working days except Saturdays, up to and including the date of the AGM of the Company.

Registered Office:	By Order of the Board
Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	**Dev Bajpai** Executive Director Legal & Corporate Affairs and Company Secretary FCS No: 3354 / DIN: 00050516

Mumbai, 17th May, 2017

EXPLANATORY STATEMENT

ITEM NO. 7

The members of the Company in the Annual General Meeting held on 4th April, 2008 had approved the overall limits of the Managerial Remuneration for Managing Director(s) / Whole-time Director(s) of the Company. The said resolution was further modified by the resolution passed in the Annual General Meeting held on 23rd July, 2012 by revision in the maximum remuneration limits of Managing Director(s).

During the year, a detailed review of the Reward framework was undertaken on the basis of the following key principles:

- Simplify reward;
- Ensure consistent alignment of performance measures with Company's strategy; and
- Increase the timeframe over which incentives are delivered.

One of the principles of the revised Reward framework is to streamline the remuneration structure by simplifying elements of overall reward. The simplification in remuneration structure will result in some elements of remuneration being merged with the basic salary and other heads of remuneration. As a consequence of this proposed change in remuneration structure, the present basic salary limits will be exceeded.

Accordingly, it is now proposed to modify the maximum limits of remuneration of managerial personnel including Managing and Whole-time Director(s) of the Company as under:

(₹ in Lakhs)

Description	Existing Maximum limits (per annum) in terms of the Approval of Shareholders		Proposed Maximum limits (per annum)	
	Salary	Perquisites	Salary	Perquisites
In case of CEO/ Managing Director(s)	290	As per the Rules of the Company and within limits of Section 197 of the Act	400	As per the Rules of the Company and within limits of Section 197 of the Act
In case of other Whole-time Director(s)	120	As per the Rules of the Company and within limits of Section 197 of the Act	250	As per the Rules of the Company and within limits of Section 197 of the Act

It may be noted that while the increase in overall effective remuneration is only marginal, the need to revise the present limits of basic salary for Managing Director(s) and Whole-time Director(s) is necessitated primarily because of merger of other elements of remuneration with basic salary and consequent increase in the basic salary. It may be noted that the proposed revised limits are enabling in nature and should remain valid for some years in the future. It may also be noted that the existing limits were approved in April, 2008 and are proposed to be amended now after a period of nine years.

Other terms and conditions:

a) **Performance linked bonus / commission on profits**

The Managing Director(s) / Whole-time Director(s) shall be paid Performance Linked Bonus as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by Board of Directors or a Committee thereof from time to time provided that the total remuneration including salary and perquisites paid to all the

Managing / Whole-time Director(s) shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.

b) **Perquisites/ Benefits**

The Managing / Whole-time Director(s) shall be entitled to perquisites like the benefit of rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, company car with chauffeur, telephone at residence/cellular phones, statutory contribution to retirement funds, club membership fees, medical coverage, overseas medical expenses, leave encashment and long service award and other benefits/allowances in accordance with the scheme(s) and rule(s) of the Company from time to time, for the aforesaid benefits.

The total remuneration and perquisites / benefits contemplated above, including contribution towards PF / superannuation fund, annuity fund, gratuity fund, etc. payable to all the Managing / Whole-time Director(s) of the Company shall not exceed 5%, where there is only one Managing / Whole-time Director(s), and 10% where there are more than one Managing / Whole-time Director(s), of the profits of the Company calculated in accordance with Section 198 of the Companies Act, 2013.

c) In the absence or inadequacy of the profits in any financial year, the remuneration including the perquisities will be paid to the managerial personnel including Managing / Whole-time Director(s) in accordance with the applicable provisions of Schedule V of the Act, and subject to approval of Central Government. However, in case of payment of remuneration to Professional Directors as provided under Section II of Part II of Schedule V of the Act, no approval of the Central Government shall be required subject to the compliances mentioned under the Act.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms, conditions and limits of remuneration for managerial personnel.

None of the Non-Executive Directors or their relatives are concerned or interested, financially or otherwise, in this resolution. All the Managing and the Whole-time Director(s) may be deemed to be concerned or interested in this resolution to the extent it affects the overall remuneration payable to them.

The Board commends the Special Resolution set out at Item No. 7 for the approval of Members.

ITEM NO. 8

The Board of Directors of the Company had appointed Mr. Dev Bajpai as an Additional Director of the Company with effect from 23rd January, 2017. In accordance with the provisions of Section 161 of Companies Act, 2013, Mr. Dev Bajpai shall hold office up to the date of the forthcoming Annual General Meeting. The Board of Directors of the Company in the same meeting of the Company had also appointed Mr. Dev Bajpai as a Whole-time Director, liable to retire by rotation, for a period of 5 (five) years with effect from 23rd January, 2017, subject to the approval of the Members of the Company.

The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Dev Bajpai signifying his candidature as Director of the Company. Mr. Dev Bajpai is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director. Mr. Dev Bajpai satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible for his appointment.

A brief profile of Mr. Dev Bajpai, including nature of his expertise, is provided on page no. 19 of this Annual Report.

The terms and conditions including the remuneration of Mr. Dev Bajpai as a Whole-time Director shall be governed within the maximum limits of remuneration proposed under Item No. 7 of this Notice and Explanatory Statement thereof. The remuneration payable to Mr. Dev Bajpai will be accordingly decided by the Nomination and Remuneration Committee of the Company within the overall limits approved by the Shareholders and shall be in compliance with the overall limits provided under the Act.

Mr. Dev Bajpai holds 33,326 equity shares of the face value of ₹ 1/- each in the Company and is not related to other Directors or Key Managerial Personnel of the Company.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Mr. Dev Bajpai as a Whole-time Director, in terms of the applicable provisions of the Act and the relevant Rules made thereunder.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Dev Bajpai as the Whole-time Director of the Company.

None of the Directors or Key Managerial Personnel or the relatives except Mr. Dev Bajpai is concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 8 for the approval of Members.

ITEM NO. 9

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in this Resolution.

The Board commends the Ordinary Resolution set out at Item No. 9 for the approval of Members.

Registered Office:	By Order of the Board
Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	**Dev Bajpai** Executive Director Legal & Corporate Affairs and Company Secretary FCS No: 3354 / DIN: 00050516
Mumbai, 17th May, 2017	

PROFILE OF DIRECTORS
(Seeking Appointment / Re-appointment)

HARISH MANWANI (DIN: 00045160)

Mr. Harish Manwani (63) assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He was the Chief Operating Officer of Unilever and a member of the Unilever Leadership Executive (ULE) until 31st December, 2014. He is currently Global Executive Advisor to Blackstone Private Equity Group.

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

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care and Oral Care categories and in early 2001, he was appointed as President - Home & Personal Care (HPC), Latin America Business Group. He also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed as President, HPC North America Business Group and in April 2005, was elevated to the Unilever Executive as President - Asia & Africa, the region was later extended to include Central and Eastern Europe. In 2011, he was appointed Chief Operating Officer of Unilever.

In 2008, Mr. Manwani received the CNBC Asia Business Leader of the Year Award and in 2012, he was conferred the Public Service Medal (Friends of Singapore) by the Singapore Government.

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

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

Directorship in other Companies

Indian School of Business

Whirlpool Corporation

Economic Development Board, Singapore

Pearson PLC

Qualcomm Incorporated

Nielsen Holdings PLC

Membership / Chairmanship of Board Committees in other Companies

Whirlpool Corporation
Corporate Governance and Nominating Committee -Member
Human Resources Committee - Member

Economic Development Board, Singapore
Human Resources Committee - Member

Pearson PLC
Nomination and Governance Committee – Member
Reputation and Responsibility Committee - Member

Qualcomm Incorporated
Compensation Committee – Member

Nielsen Holdings PLC
Compensation Committee - Member

PRADEEP BANERJEE (DIN: 02985965)

Mr. Pradeep Banerjee (58) joined the Company as a Management Trainee in 1980. He has held series of assignments in Supply Chain, Research & Development and Categories. Mr. Banerjee became the Vice President - Technical (Home and Personal Care) in 2003 and later moved to the UK in 2005 as Vice President - Global Supply Chain for Personal Care category. He also served as the Vice President for Global Procurement in Singapore.

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

Directorship in other Companies

Unilever Nepal Limited
Unilever India Exports Limited

Membership / Chairmanship of Board Committees in other Companies

Unilever India Exports Limited
Nomination and Remuneration Committee – Member
Corporate Social Responsibility Committee - Member

P. B. BALAJI (DIN: 02762983)

Mr. P. B. Balaji (47) joined the Company as a Management Trainee in May 1993 and has worked in number of roles in Finance and Supply Chain over a period of 20 years. Mr. P. B. Balaji was the Vice President, Finance for Unilever America Supply Chain, based out of Switzerland, responsible for financial aspects of an €18 billion Supply Chain. Prior to that, he was the Group Chief Accountant of Unilever worldwide based in London. Before moving to London, Mr. P. B. Balaji has served as the Vice President, Finance for the Home and Personal Care business in India and earlier as the Vice President, Treasury for the AAR region based out of Singapore.

Mr. P. B. Balaji is a Mechanical Engineer from IIT Chennai and has a PGDM from IIM Kolkata. Mr. P. B. Balaji was appointed as the Executive Director Finance & IT and Chief Financial Officer of the Company in July 2014.

He is a Member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

Directorship in other Companies

Hindustan Unilever Foundation

Bhavishya Alliance Child Nutrition Initiatives

Membership / Chairmanship of Board Committees in other Companies

Nil

DEV BAJPAI (DIN: 00050516)

Mr. Dev Bajpai (51) was appointed as the Executive Director – Legal and Company Secretary and as a member of the Management Committee of the Company in 2010. Mr. Bajpai took additional responsibility of Corporate Affairs function in the year 2012. He has 29 years of experience in the areas of Legal, Compliance, Tax and Corporate Affairs across diverse industries including Automobiles, FMCG, Hospitality and Private Equity. Prior to joining the Company, Mr. Bajpai has worked in Maruti Udyog Limited, Marico Limited, The Indian Hotels Company Limited and ICICI Venture Funds Management Company Limited.

Mr. Bajpai has been a part of committees of apex industry organisations like Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry.

Mr. Bajpai is a Fellow Member of the Institute of Company Secretaries of India and holds a law degree from University of Delhi. He has also completed an Executive Program for Corporate Counsels conducted by Harvard Law School.

He is a member of the Risk Management Committee of the Company.

Directorship in other Companies
Unilever Nepal Limited
Hindustan Unilever Foundation
Bhavishya Alliance Child Nutrition Initiatives
The Advertising Standards Council of India
Indian Beauty and Hygiene Association

Membership / Chairmanship of Board Committees in other Companies
Unilever Nepal Limited
Audit Committee - Member

DIRECTORS' INTEREST

None of the Directors of the Company is *inter-se* related to each other. The Directors seeking approval for appointment / re-appointment may be deemed to be concerned or interested to the extent of shares held by them in the Company as given in the table below:

Name of the Director	No. of Shares	% Holding
Harish Manwani	22,130	0.0010
Pradeep Banerjee	52,886	0.0024
P. B. Balaji	12,406	0.0005
Dev Bajpai	33,326	0.0015

DIRECTORS' REPORT
and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 84th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2017.

1. FINANCIAL PERFORMANCE (STANDALONE)

1.1 Results

(₹ crores)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from operations (including excise duty)	34,487	33,491
Profit before exceptional items and tax	6,155	5,977
Profit for the year	4,490	4,137

1.2 Category Wise Turnover

(₹ crores)

	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Sales	Others*	Sales	Others*
Home Care	11,123	223	10,585	228
Personal Care	16,078	226	15,791	220
Foods	1,102	22	1,078	18
Refreshments	4,795	53	4,434	48
Others (including Exports, Infant and Feminine Care)	797	22	1,043	9
TOTAL	**33,895**	**546**	**32930**	**524**

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

1.3 Summarised Profit and Loss Account

(₹ crores)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Sale of products (including excise duty)	33,895	32,929
Other operational income	592	562
Total Revenue	34,487	33,491
Operating Costs	28,440	27,742
Profit Before Depreciation, Interest, Tax (PBDIT)	6,047	5,749
Depreciation	396	321
Profit Before Interest & Tax (PBIT)	5,651	5,428
Other Income (net)	504	549
Profit before exceptional items	6,155	5,977
Exceptional items	241	(31)
Profit Before Tax (PBT)	6,396	5,946
Taxation	1,906	1,809
Profit for the year	4,490	4,137
Basic EPS (₹)	20.75	19.12

The financial statements for the year ended 31st March, 2017 are the first the Company has prepared under IND AS (Indian Accounting Standards). The financial statements for the year ended 31st March, 2016 have been restated in accordance with IND AS for comparative information.

2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of ₹ 10/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2017. The Interim Dividend of ₹ 7/- per equity share was paid on 15th November, 2016.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 30th June, 2017, will be paid on or after Wednesday, 5th July, 2017 to the Members whose names appear in the Register of Members, as on the date of Book Closure, i.e. from Saturday, 24th June, 2017 to Friday, 30th June, 2017 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 17/- per equity share and will absorb ₹ 4,394 crores, including Dividend Distribution Tax of ₹ 715 crores.

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

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

4. ECONOMY AND MARKETS

While the global economies continued to witness slow growth during the current year as well, the Indian economy on a macro basis stayed fairly robust. The below par performance of global economy was reflected in a continued slowdown in growth in most emerging and developing economies, driven by weaker capital inflows and a subdued global trade. India, however, was one of the faster growing large economies in the world, with a currency that performed better than most other emerging market currencies.

There was a significant upturn in commodity prices after a year of deflation. Consumer spending remained subdued during the early part of the year impacted by two years of drought. The gradual recovery of the market was temporarily impacted by adverse liquidity conditions post demonetisation and especially in the December quarter. Overall, this was a year of moderate growth rates across FMCG categories.

Given the backdrop of slow market growth, volatile input cost environment and heightened competitive intensity, the operating environment for your Company during the year continued to be challenging.

Your Company's performance for the year 2016-17 has to be viewed in the context of aforesaid economic and market environment.

5. PERFORMANCE OF BUSINESSES AND CATEGORIES

Your Company delivered yet another year of resilient performance, aided by healthy marketing and trade investments, exciting innovations, and stepped up market development and sharper in-market execution. Your Company continued to leverage and benefit from the inputs received from Unilever across various aspects of the business, including technology, innovation, services and marketing mix that enabled your Company to launch several new offerings to serve the needs of consumers.

The year began with a sharp upturn in the commodity cycle with crude and vegetable oil prices rising significantly whilst the market continued to remain volatile. Your Company had proactively passed on the benefits of lower commodity costs to the consumers when the commodity prices were deflationary last year. During the year, your Company had to take calibrated price increases as commodity prices increased sharply.

To fuel growth, your Company continued to deploy effective cost savings programmes. These savings not only aid in deploying investments to build brands and capabilities but also help the Company in delivering its profit objective. During the year, an extensive review of the business under the 'Zero Based Budgeting' project was conducted and your Company has crafted some well-considered plans to further drive operating efficiencies in the coming years.

Your Company strives to be the supplier of choice across the distribution channels it operates in. During the year, your Company continued to focus on quality of distribution in General Trade, improving in-store presence in Modern Trade and building capabilities in e-commerce. Your Company continued to build upon the 'Winning in Many Indias' agenda to benefit from geographical focus while leveraging scale. Your Company also continued to focus on magnifying innovations in the marketplace through brilliant execution and on building markets of the future or what we call as 'market development'.

During the year, your Company re-organised its business under four major categories i.e. Home Care, Personal Care, Foods and Refreshments. The change in the reporting structure is in compliance with the new Indian Accounting Standards (converged IFRS Reporting). Home Care category comprises Fabric Wash, Household Care and Water businesses. Personal Care category includes Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. Foods category includes Packaged Foods and Popular Foods. Refreshments category comprises Tea, Coffee, Ice cream and Frozen Desserts. The residual segment of Others includes Exports, Infant and Feminine care.

5.1 Home Care

The year witnessed volatile crude oil prices coupled with significant competitive intensity. Your Company optimised media and trade spends, maintained competitive prices and invested in developing new segments, to ensure sustainable growth.

The Fabric Wash business delivered strong topline growth through premiumisation led by Surf. In the emerging segments of Machine Wash, Surf excel Matic and Comfort Fabric Conditioner continued to perform well. Your Company successfully launched Surf excel Matic liquids during the year. Sunlight soap, which has been protecting the colours of the consumers' clothes for 75 years, launched a unique mentorship programme -'Sunlight Banglar Guner Rang' to preserve the true colours of Bengal, which is its rich culture.

In Household Care, Vim continued to develop and premiumise the category through the liquids portfolio. The proposition of 'power of 100 lemons' combined with a superior product and great activation helped the product become more appealing and desirable amongst consumers. Domex brought its social mission alive by actively driving awareness about the issue of open defecation in India through the 'See-Through Toilet Installation' in Mumbai during the Global Citizen event. The activation provided consumers with first-hand exposure to the difficulties and hardship associated with the practice of open defecation, thereby driving the need for improved access to toilets.

Pureit, the world's largest selling water purifier, continued to strengthen its position as a responsible and purpose-driven brand. Pureit's mission is to provide safe drinking water to 100 million people by 2020. By 2016, Pureit provided over 74 billion litres of safe drinking water. Pureit continued to target potential consumers from the bottom of the pyramid and partnered with Micro Finance Institutions (MFIs) to provide them access to safe drinking water through affordable instalments. Pureit expanded its play in the growing branded Reverse Osmosis (RO) segment with a successful launch of Classic RO range of water purifiers. This has democratised the segment by providing consumers a quality range of RO water purifiers at an affordable price.

5.2 Personal Care

The strategic thrusts of Personal Care business include strengthening the core, accelerating premiumisation, investing in developing segments of the future and building capabilities such as digital and e-commerce for the future. This was achieved through innovations, cut-through advertising, brand engagement platforms and touching millions of consumers through market development efforts. Your Company believes that there is substantial potential that exists in all segments within its Personal Care business. The mission of this business is to inspire a billion Indians to attend better to their personal care.

The year witnessed a significant inflation in key raw material prices for the Personal Wash Category. Your Company took calibrated pricing actions to offset the cost increases. The price increases in this category impacted the volumes. The business witnessed muted growth in this category for most part of the year. With steps taken to address some issues around Lux, Hamam and Lifebuoy soap brands, the growth trend was reversed in the last quarter, with the category registering reasonable growth. Lux was supported by a big intervention, the 'Lux Golden Rose Awards', a buzz-creating brand engagement platform. Your Company continued to invest behind market development of handwash and bodywash.

Skin Care category grew well on the back of both core as well as premium offerings. Fair & Lovely drove consumption through a focussed campaign based on local insights and premium offerings like BB cream. Pond's sustained its momentum by strengthening its proposition of 'Spotless Radiance' while Lakmé continued to lead with innovations like the 'colour-transform' cream. Your Company continued to lead market development of body lotions with Vaseline through the 'healing power' activation of the brand. Your Company refreshed the portfolio play in Facial Cleansing across Fair & Lovely, Pond's and Lakmé. Towards the end of the year, your Company made a foray into the Baby Care segment, with the launch of a range of products under the brand, 'Baby Dove'.

Hair Care sustained its strong performance, with all brands growing ahead of the market. Innovations and well-crafted activations have led to a preference for Hair Care brands with Dove, Clinic Plus, Sunsilk and TRESemmé, all doing well.

Oral Care had a subdued performance. Closeup was relaunched with an improved product towards the latter part of the year and the brand continued to build the youth-oriented campaign on making your 'First Move'. Pepsodent has also been strengthened with an improved flavour and an activation built on the insight of children craving for sweets during festive occasions. The Oral Care category is undergoing a shift in its construct with 'naturals', 'freshness' and 'care & problem solution' segments moving towards equal proportions in the market. This reshaping of the category has created new growth opportunities for your Company, especially in the 'naturals' segment.

Lakmé Colors continues to drive premiumisation by upgrading users through the long lasting '9 to 5' platform, and taking the latest trends from the runway to the consumers under the 'Absolute' platform. The brand has continued to pioneer the launch of the best makeup innovations, with the launch of Argan Oil variant as well as Enrich Matte Lipsticks, which have been well received.

In Deodorants, through Axe, your Company has further strengthened its position at the premium-end with the launch of fine fragrances under the Signature range, while building its current assortment with new variants in the perfume sprays segment.

During the year, your Company made its foray into the fast-evolving 'naturals segment' by reviving the brand LEVER Ayush and through the acquisition of Indulekha. LEVER Ayush was first launched in the year 2002 both in product and services space. LEVER Ayush has been re-launched with new mixes in select geographies as a master brand across major categories like Skin Cleansing, Skin Care, Hair Care and Oral Care and promises the 5,000 year old wisdom of ayurveda for modern day beauty problems. Indulekha has started off well post acquisition, gaining distribution, and through improved marketing under your Company. Your Company will continue to expand the footprint of this brand. Your Company also introduced 'naturals' variants in core brands such as Fair & Lovely Ayurveda, Clinic Plus Ayurveda and TRESemmé Botanique, to ensure your Company builds a comprehensive portfolio at scale in this fast growing segment.

5.3 Foods

The Foods business of your Company comprises culinary products such as jams, ketchups and squashes under Kissan; soups, soupy noodles, meal makers and seasonings under Knorr and staple foods comprising atta and salt under Annapurna. While your Company continued to grow ahead of the markets in most categories, the overall growth of the categories and consequently our business slowed down as compared to the previous years.

Kissan maintained its leadership across categories while increasing penetration and reaching more households than ever before. Both ketchup and jam showed strong distribution increase and strengthening of consumer preference. The launch of three exciting new variants of premium jams helped the brand reach new households while contributing to the growth of the jams category.

Knorr brand had a healthy performance with the convenient instant soups 'single serve' format performing particularly well. Your Company expanded its 'cook up' soup offerings with the launch of international flavours in a '4 serve' format. This, supported by widespread sampling, ensured that the soup category has grown in relevance as a healthy in-between meal option. The Knorr Meal Maker portfolio continued to be led by in-store sampling and activations.

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

Your Company also scaled up its experiential marketing initiatives. Given the relevance of market development, it is critical that consumers sample your Company's products and discover the great taste and convenience that the products offer. As an important player in the industry, your Company continues to partner with the Regulator towards a more balanced approach to foods regulations which takes care of the consumer's interest while fostering innovation.

5.4 Refreshments

The Refreshments business delivered a good year with both Beverages and the Ice cream & Frozen Desserts portfolio registering healthy growth. Most of the brands continued to grow well and improved their brand equity scores. There were new products and variants launched across categories which were received well by consumers.

The Beverages segment delivered broad based growth across both Tea and Coffee. The growth across key brands was driven by leveraging the 'Winning in Many Indias' approach.

Brooke Bond Red Label walked the talk on its purpose of 'making the world a more welcoming place' by sponsoring India's first transgender music band – Brooke Bond Red Label 6-Pack Band. This initiative was lauded as a path-breaking one and was conferred with several prestigious national and international awards, including a Grand Prix at the Cannes Lions Festival.

Brooke Bond Red Label and 3 Roses Natural Care Tea, with its differentiated immunity benefit of using the goodness of ayurvedic ingredients, continued to delight consumers. Your Company continued to grow the Green Tea category, under the brand Lipton on the back of sustained market development.

The Coffee business, under the brand BRU, delivered strong growth, led by the instant coffee franchise. The brand continued its pioneering task of consistently driving penetration of instant coffee through innovative sampling methods and a compelling proposition. The pure coffee franchise of BRU Gold continued to lead category premiumisation.

The Ice cream & Frozen Desserts business continued to deliver strong performance with double-digit growth and improved profitability. During the year, there was increased focus on widening distribution and making brands more accessible for consumers. The impulse portfolio continued to grow faster with improved brand equity across Cornetto and Feast. New variants of Cornetto as well as Kulfi performed well in the market.

5.5 Subsidiaries and Joint Venture

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

Unilever India Exports Limited

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

The topline growth of the Company was driven by robust growth in Personal Products segment. Brands like Pears, Lakmé, Fair & Lovely and Vaseline have registered healthy performance in the focussed markets. Overall, the business delivered healthy profit during the year. UIEL continued to be one of the most preferred sourcing companies for other Unilever countries.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has 355 salons, of which 54 salons are LLPL owned / managed and 301 are franchisee salons. LLPL also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company manufacturing toilet soaps, bathing bars and detergent bars.

In a market witnessing lower discretionary spends, LLPL expanded its salons business with a net addition of 75 salons. The Customer Club was reinvented as Runway Rewards with delightful introductions like a Showstopper tier along with thematic promotion campaigns which helped drive footfall growth. The Show Stopping Bridal Collection was launched at Lakmé Fashion Week and activated with the Cover Bride campaign, with the winning bride gracing the cover of a leading women's magazine. The business is implementing an integrated IT platform which will leverage technology to drive growth and optimise resources. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

The Gandhidham unit of LLPL is one of the largest Dove Bar manufacturing units of your Company. During the financial year, the unit doubled the manufacturing capacity of Dove. The unit has performed well and has delivered key financial parameters. This unit has also pioneered end-of-line operations through high speed lines and auto-bundling machines for Personal Wash category.

Pond's Exports Limited

The leather business, under the subsidiary Pond's Exports Limited faced a tough year, due to challenging economic conditions in Europe-its main market which was exacerbated by a weaker Euro.

During the year, your Company sold the movable assets and inventory of the leather business to M/s. Hindustan Foods Limited and thereby, discontinued the business operations.

Unilever Nepal Limited

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

In circumstances that remained tough in Nepal, UNL has delivered profitable growth. Unilever Nepal brands continue to have very good equities and are well admired. The strength of brands and continued investments behind these brands have enabled UNL to maintain leadership across categories in the market.

Hindustan Unilever Foundation

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

- Water conservation: Cumulative and collective water potential of more than 300 billion litres has been created through improved supply and demand management of water.
- Crop yield: The projects undertaken have generated additional agriculture production of more than six lakh tonnes.
- Person days: These projects have generated more than 37 lakh person days of employment.
- Capacity building: Over one lakh and seventy thousand people have been trained in water conservation activities, better agricultural practices and related areas.

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

Bhavishya Alliance Child Nutrition Initiatives

Bhavishya Alliance Child Nutrition Initiatives (BACNI) is a not-for-profit subsidiary of the Company and conducts hand washing behaviour change programme with an aim to reduce diarrhoea and pneumonia in children under the age of five years.

During the year, the Bihar Handwashing programme (BHP) reached out to 3.3 million children across 8,482 schools and conducted 7,600 sessions to educate mothers who are the key influencers for their children. Through our sustained efforts under this programme, the Government of Bihar has issued a directive to include Handwashing Session before Mid-Day Meals, thereby assisting in inculcating the habit of handwashing with soaps.

Other Subsidiaries

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

Jamnagar Properties Private Limited is a subsidiary of the Company whose land is under litigation.

Levers Associated Trust Limited, Levindra Trust Limited and **Hindlever Trust Limited** subsidiaries of the Company, act as trustees of the employee benefits trusts of the Company.

Joint Venture

Kimberly Clark Lever Private Limited

Kimberly Clark Lever Private Limited (KCLL) is a joint venture between your Company and Kimberly-Clark Corporation (KCC), USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex. The business continued to face tough competitive environment especially on pricing and trade spends. There is a continuing shift in the market from regular diaper to the pants version which had an adverse impact on the growth. During the year, your Company announced its intention to divest its stake in KCLL to the JV partner KCC. This decision is in line with the Company's objective to focus on the core business. In the interim, both parties remain committed in ensuring that the business operations continue as usual and the transition is smooth.

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

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

6. CUSTOMER DEVELOPMENT

The Customer Development eco-system of your Company encompasses capturing the demand, fulfillment of demand and generation of demand. As far as demand capturing is concerned, the focus of your Company has been on driving quality of coverage and increasing the assortment using data-centric and analytical approach. Your Company has also set up an integrated front-end system for performance and presence management. With respect to demand fulfillment, process and technology interventions have been used for improving service and efficiencies. For demand-generation, the strategy of your Company encompasses winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce.

In traditional trade, the focus has been on optimal servicing with appropriate beat lengths and in improving the in-store visibility. In 'route to market', your Company has been driving the distribution of the market development portfolio through differentiated investment pattern.

In Modern Trade, the foundation of your Company's success is based on collaborative planning with key customers. Your Company has also significantly improved investments in 'assisted selling'. Building 'brands in store' remains a key thrust in this channel and has yielded good results and translated into healthy growth during the year on the back of growing brand penetrations. The e-commerce space is growing exponentially in India. Your Company has made significant investment in capability building in e-commerce, and is committed to being the best FMCG player in this channel. A specialised team is working closely with all key e-commerce partners to create competitive advantage for the business and scaling up the business at a rapid pace.

Your Company has derived the benefits of tailor-made consumer and customer plans across categories as part of 'Winning in Many Indias' agenda due to strengthened connect with customers, consumers and shoppers. This will continue to be a source of competitive advantage for your Company.

Your Company continues to focus and drive 'Project Shakti', the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for small scale entrepreneurs in rural India. Your Company has now close to 72,000 Shakti Entrepreneurs (Shakti Ammas) across 16 states, making a respectable living by distributing your Company products.

Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the back end, to deliver better on-shelf availability in stores. Your Company continues to strengthen this capability to stay ahead of the competition.

7. SUPPLY CHAIN

Your Company's Supply Chain agenda was centered on five core areas - Customer Service Excellence, Creating Consumer Delight by dedicated end-to-end Quality Focus, Creating Value through cost savings programme, Sustainability and Supplier Partner to Win Programme.

The service levels improved steadily with Customer-Case Fill-On-Time (CCFOT) increasing to more than 95%. This was achieved by developing a segmented approach and having a clear roadmap developed for Category, Geography and Channels. Your Company continues to focus on last-mile delivery improvement programme and on strengthening the Sales and Operation Planning (S&OP) process to facilitate shorter planning cycles and response to market demands. This capability helps to align goals across Finance, Customer Development, Marketing, Research & Development and Supply Chain.

During the year, your Company set up a new state-of-the-art manufacturing facility in Doom Dooma Industrial Estate, Assam in record time and has already commenced commercial production. The first despatch was completed on 15th March, 2017. This unit will augment the production capacity of Personal Care products and make it a strategic sourcing site for the Company. The unit reinforces the Company's long-term commitment to the state of Assam and to 'Make in India'. Your Company acknowledges the excellent support it received in this regard from the Government and the local community.

Your Company continued its focus on quality by linking and improving on-shelf consumer relevant quality standards, thereby bringing together every part of the business to work on improving overall consumer experience. 'Delighting consumers everyday' is core to how your Company drives quality in its products and has been able to substantially improve the on-shelf quality by 37% over 2015.

With a robust funnel of savings programme, your Company continued on its path of delivering consistent end-to-end cost savings and achieved savings of six per cent of the total cost. Your Company brought down its inventory holding by 2.7 days.

Your Company has increased its renewable energy share to 28% in line with the Unilever Sustainable Living Plan commitments. This was achieved by converting agricultural process waste from its operations into fuel, besides increasing the utilisation of traditional biofuels like agri-waste. Your Company installed equipment to convert process wastes such as spent coffee and tea from beverages factories into fuel for boilers and air-heaters. Specialised burners were installed to utilise heavy vegetable oil residue from DFA operations as fuel, substituting furnace oil. Factory teams also worked to reduce specific energy consumption by eliminating idle operation of equipment, rightsizing of drives and installation of digital controllers. This has also contributed to reduction in your Company's CO_2 footprint by 13% over the previous year.

All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill site' status. Year-on-year reduction of water usage continues to be a key priority for your Company. Increase in harvested rain water utilisation in processes, reuse of treated effluent water, reduction of water losses from boiler and cooling tower blowdown, process water requirement optimisations, etc. have all contributed to reduction of fresh water abstraction and lowering of water consumption across factories by nine per cent over previous year.

Your Company continues to progress on world-class manufacturing journey and covers 25% of production cost perimeter. Factories started delivering more than 10% cost savings on perimeter by eliminating non-value added activities.

Your Company's 'Partner to Win' programme, aims at developing Joint Business Plans with suppliers and business partners. It has resulted in reduced lead-time and costs, improved reliability and new innovation- delivery.

8. RESEARCH & DEVELOPMENT

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D) at

Unilever, which differentiates it from many others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, including India. The Unilever R&D labs in Mumbai and Bengaluru work closely with the business to create exciting innovations to help us win with our consumers. With world-class facilities and a superior science and technology culture, your Company is able to attract the best talent to provide a significant technology differentiation to its products and processes.

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

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

During the year, your Company introduced several innovations across categories. Dove, a beauty brand trusted by women and mothers around the world, recently marked its entry into the Baby Care category in India with the launch of Baby Dove during the year. Developed for babies with normal to dry skin, the range includes the Baby Dove Rich Moisture Baby Bar, Baby Lotion, Diaper Rash Cream, Baby Wipes and a Sensitive Moisture Baby Bar to take special care of babies with sensitive skin. The range is built on its heritage of moisture, mildness and care to develop cleansers enriched with Dove's iconic ¼ moisturising cream - a technology to protect the skin's natural barrier. Dermatologist-tested and pediatrician-approved, Baby Dove range is formulated uniquely to replenish essential nutrients and is hypoallergenic and pH-neutral for skin types of all babies.

Lifebuoy continued to delight consumers by creating winning mixes and raising the bar on its germ protection technologies through Active Silver Formula to give strongest protection against both ordinary and stronger infection-causing germs.

In the Fabric Wash business, Surf excel Hand wash and Matic powders were relaunched with increased stain-removal efficacy, thereby driving better in-wash, tough and oily stain removal. Fabric conditioner was also relaunched with improved performance and fragrance delivery.

In the Water business, your Company launched 'Classic RO' - a range of five product variants in the 'affordable reverse osmosis (RO) devices' segment of the market. The R&D team developed a novel manufacturing process for making carbon filters, which resulted in a 60% reduction in CO_2 emissions with a significant reduction in electricity consumption, manpower and water-use compared to the earlier process.

In the Skin Care business, Pond's, for the first time, launched pimple-clear face wash based on thymol-terpineol technology to visibly clear pimples, such that the difference could be seen in just three days.

Next generation skin-lightening molecule 'Hexyl Resorcinol' and 'diamond' powder was introduced in Lakmé Perfect Radiance Serum portfolio to claim 'Hi-Res Crystal Radiance'. Lakmé also, for the first time, introduced a transformation technology in the form of Lakmé '9 to 5' CC transform cream with key claim of 'Fairness cream that changes color to give a make-up finis'.

In Hair Care, TRESemmé offered 'Beauty-full Volume' where unique Reverse Wash System was developed for consumers seeking voluminous hair. TRESemmé was awarded 'Product of the Year' for its range of shampoo and conditioners.

LEVER Ayush introduced 16 products and 23 SKUs as part of the launch across Skin Care and Cleansing, Body, Oral and Hair Care. LEVER Ayush products, formulated with ayurvedic ingredients written in the 5000-years-old 'granthas', use ingredients that are highly beneficial to the skin, hair and teeth. The goodness of ingredients like turmeric, saffron, cow's ghee, cardamom, rock salt, etc. are authentic solutions to modern day beauty problems.

In Foods, the year saw the launch of new variants of premium jams of Kissan. These have met with strong initial success and we continue to expand their availability footprint.

In Beverages, your Company launched for the first time, boilable tea bags in 3 Roses called 'tasty tea buds' in Tamil Nadu as a value-added tea proposition. As part of your Company's commitment to sustainable sourcing, your Company contributes towards defining Maximum Residue Limits (MRLs) for pesticides in tea through the Plant Production Code Committee, an initiative of the Tea Board of India. Unilever has commissioned a research project with Centre for Agriculture and Biosciences International (CABI) and Tea Research Institutes in India to evaluate ecological approaches for pest management in tea.

R&D has further contributed to the Company's sustainability agenda. Your Company was ranked 2nd in the first-ever India Access to Nutrition Index (ATNI). Your Company continues to work on improving the taste and nutritional quality of its products using globally recognised standards. 100% of the children's Frozen Desserts and edible ice products have 110 kilocalories or fewer per portion.

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

8.1 Technology Absorption

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

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

The details of expenditure on scientific Research and Development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2017, are as follows:

Capital Expenditure	:	₹ 2 crores
Revenue Expenditure	:	₹ 28 crores

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company upholds Safety, Health and Environment as non-negotiable values. The Company's Safety approach not only encompasses employees and assets, but also the communities that it operates in. An environment of safe work, safe behaviour and safe travel is achieved through implementation and internalisation of your Company's vision of an injury-free organisation. This is reflected in the continually reducing injury rates, which came down by over 20% in 2016 as compared to 2015. The absolute injury rate in 2016 was less than 0.4 injuries per million man-hours worked.

To further improve the safety performance, your Company has introduced 'WCM Risk Assessment Tools' at specific sites in addition to the existing BeSafE initiatives across all factories and offices. BeSafE is a behavioural safety framework, which helps in bringing about a change in the behaviour patterns and aims to eliminate unsafe acts by improving risk perception of the employees, be it in factories, offices or homes.

Your Company has a robust system of recording and investigating safety incidents. All cases of injuries requiring medical intervention are reported in Unilever's global safety portal and the same is audited by an external agency. Learnings from safety incidents are cascaded top-down for mitigation of risks, which can avoid repeat incidents.

Your Company celebrates National Safety Day each year across all sites. Special programmes are designed by the Corporate Safety Team jointly with the sites and many of them extend the events to a full Safety Week.

Your Company has a Central Safety, Health and Environment Sub-Committee, which is led by the Managing Director and Chief Executive Officer of the Company. In this forum, performances of specific safety and environment related sub-committees, each of which is led by a Managing Committee (MC) member, are reviewed. This helps in bringing newer insights and direction from the top management.

As part of Unilever Sustainable Living Plan (USLP), your Company strives to grow the business whilst reducing environmental footprint and increasing positive social impact. Accordingly, your Company has taken ambitious targets of year-on-year reductions in CO_2 emissions (kg per tonne of production), groundwater abstraction (cubic meter per tonne of production) and waste generation (kg per tonne of production) in its operations. Some of the sustainability initiatives undertaken during the year were:

- In order to reduce groundwater usage, factories are working on direct use of rainwater in plants and processes. In several sites, make-up water for utilities is taken from rainwater harvested during monsoons. 2016 saw an impressive increase of 22% in rainwater re-use in operations over 2015. Water consumption, in cubic meter per tonne of production, reduced by 53% as compared to 2008 baseline and by 9% over 2015.
- In continuation of your Company's successful trials of using vegetable oil residue as fuel in Orai, similar equipment was installed in Pondicherry and Bhuj to maximise in-house use of such residue as source of renewable energy.
- Amli and Kandla factories installed solar thermal plants for heating of process water, utilising the high solar insolation. The project at Amli has also received partial subsidy from Ministry of New and Renewable Energy (MNRE). More such installations have been planned.
- Biogas plants for utilisation of canteen waste for gas generation were installed in five factories.
- The contribution of renewable energy in total energy consumed for the year was 28.5%. This was supported by sustained usage of biogenic fuels across factories. CO_2 emissions (kg per tonne of production) reduced by 49% versus 2008 baseline and by over 13% versus 2015.
- Over 23 million units (KWH) were reduced from your Company's energy footprint during the financial year 2016-17 due to execution of various capital projects ranging from installation of energy efficient chillers and motors, condensate recoveries, air compressor heat recoveries, etc. Your Company has made investments totalling ₹ 17 crores in such projects in the above period.
- Total waste generated from the factories reduced by 21.5% in 2016 as compared to 2015. Factories identified newer avenues for re-use and energy recovery from waste, in addition to the current reduction and recycling streams, within the purview of statutory guidelines of waste disposals. Your Company maintained the status of 'zero non-hazardous waste to landfill' from all factories and offices.

With the continuous evolution of the USLP in a changing landscape, in January 2017, Unilever announced a commitment to ensure that all of our plastic packaging will be fully re-usable, recyclable or compostable by 2025.

Your Company's initiatives in the area of Safety and Environment were recognised through awards from National Safety Council, Shrishti Green Governance, Karnataka State Pollution Control Board, Confederation of Indian Industry (CII), GreenTech, Frost & Sullivan, etc.

10. HUMAN RESOURCES

Your Company considers Great Brands and Great People as its biggest assets. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline.

Your Company is known as the 'Leadership Factory', that exports talent to Unilever and to India Inc., the industry at large. The foundation of all your Company's learning practices is based on a 70-20-10 approach to learning. 70% of learning is done through on-the-job training, building business-linked capabilities to achieve ambitious business targets. 20% of learning is coaching and 10% of learning is through formal development. Your Company's learning curriculum is designed to support the entire life cycle of an employee's career.

Driven by the 'Leaders build Leaders' philosophy, your Company's flagship management trainee programme, the Unilever Future Leaders Programme (UFLP) has been the training ground for many inspiring leaders, which provides extensive cross functional experience through live projects and assignments.

As per the latest Campus Track Business School Survey, conducted by Nielsen for B-School students, your Company has been chosen as the preferred employer across all sectors. Your Company has also retained the 'Dream Employer' status. Your Company is known for having the best people practices for developing future leaders. The ability to attract the best talent, provides a competitive edge to the organisation.

A series of programmes like maternity and paternity support, Career by Choice and location flexibility have helped in driving the Inclusion and Diversity agenda. Your Company continues to focus on driving inclusion through building leadership capability and recognising line managers who provide a simple, flexible and respectful work environment for their teams.

Your Company has been recognised as one of the 'Top 10 Best Companies for Women in India' by The Best Companies for Women in India (BCWI) Study 2016. This award is a recognition of your Company's commitment towards creating a diverse and inclusive work-culture.

In the beginning of the year, Unilever launched the 'Connected 4 Growth' (C4G) framework which entailed setting up of empowered Cluster Category Business Teams (CCBTs) with representatives from different functions. During the year, the C4G framework has been embedded well in the business through 15 fully functional CCBTs. Your Company is confident that this framework will help bring more speed and agility in its operations to compete in the marketplace and strengthen the consumer connect.

Over the years, the Industrial Relations function of your Company achieved many milestones by strengthening its base through Institutional Capability

Development Initiatives, Gender Diversity, Digitisation and Community Development. Your Company drives sustainable growth by leveraging employee-potential through capability development initiatives in line with Unilever Production System and by reducing cost and complexity in Supply Chain units.

Your Company is focussed on building a high-performance culture with a growth mindset where employees are engaged and empowered to be the best they can be. Developing and strengthening capabilities of all employees in your Company has remained an ongoing priority.

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

11. FINANCE, ACCOUNTS & IT

The agenda for the Finance and Accounts function of your Company is to assist in driving superior performance of the business, pioneer thought-leadership and develop future-ready talent in Finance.

During the year, your Company implemented projects to leverage technology for building business intelligence thereby, enabling growth and reducing costs through project Livewire and Zero Based Budgeting (ZBB). Massive simplification of processes led to deploying people on value partnering through projects like Finance Excellence Team (FET), Amazingly Simple and One Accounting Centre.

Project 'Livewire' was implemented for end to end business analytics. It continues to evolve as a pioneering technology enabling your Company to drive business performance management with speed and agility. The tool based on bringing together raw data from different sources, delivers ready-made off-the-shelf analytics in pictorial and graphical form, and offers actionable insights that help us spot opportunities and challenges in a faster manner.

To enhance standardisation of accounting processes, improve efficiency in operations and enhance accounting expertise, three accounting centers are being formed for consolidating - Sales Accounting, Head Office Accounting and Factory Accounting.

Your Company invested in a common distribution management system that has been further upgraded during the year to make it future-ready. The common mobility solution has also been upgraded. These would enable a sharper and richer sales execution process in the marketplace.

The e-commerce capabilities have been further enhanced. Ability to manage the digital content of our products and brands and to seamlessly publish the same to our partners have helped improve the quality of consumer engagement online. Analytical solutions have been developed for improved understanding of consumer sentiments and to engage with them in an agile manner.

Your Company has also invested in rewiring processes and tools to transform into an amazingly simple organisation. Investments in new technologies like Financial Closing Cockpit have cut timelines and improved predictability of the month-end close process. Expanding the SAP Global Available To Promise (GATP) capability to run the order management process has helped move the needle on customer service. Your Company has continued the active engagement with the external environment and is investing to enhance solutions across the value chain, thereby preparing itself for the Goods and Services Tax (GST) era. Your Company continues to drive resilience through targeted remediation of high risk Information Technology (IT) components, including hardware, database, operating systems and applications. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

Indian Accounting Standards (IND AS) – IFRS Converged Standards

Your Company, its subsidiaries and joint venture had adopted IND AS with effect from 1st April, 2016 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Your Company has published IND AS Financials for the year ended 31st March 2017 along with comparable as on 31st March 2016 and Opening Statement of Assets and Liabilities as on 1st April 2015.

Your Company has proactively shared all four quarters re-stated IND AS Profit and Loss Statement with Investors along with quarterly results for June, 2016, for comparison.

Capital Expenditure during the year was at ₹ 1,372 crores (₹ 750 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of Companies Act, 2013. In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 5.43 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2017, are given below:

	IGAAP				IND AS	
Particulars	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2015-16**	**2016-17**
Return on Net Worth (%)	94.70	104.10	99.50	88.70	72.80	76.70
Return on Capital Employed (%)	109.10	130.20	127.70	128.40	105.80	105.90
Basic EPS (after exceptional items) (₹)	17.56	17.88	19.95	18.87	19.12	20.75

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

Segment-wise results

During the year, your Company re-organised the businesses into four categories - Home Care, Personal Care, Foods and Refreshments. Accordingly, the Management Committee reviews performance of categories basis new segments.

Your Company identified five business segments, in line with the Accounting Standard on Segment Reporting (IND AS-107), which comprises: (i) Home Care, (ii) Personal Care, (iii) Foods, (iv) Refreshments, and (v) Others, including Exports, Infant and Feminine Care, etc. The audited financial results of these segments are provided as a part of financial statements.

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2016-17 is appended as an Annexure to this report.

11.1 Risk and Internal Adequacy

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company has set up a Risk Management Committee to monitor the risks and their mitigating actions and the key risks are also discussed at the Audit Committee. Some of the risks identified by the Risk Management Committee relate to competitive intensity and cost volatility. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

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

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of ₹ 1,671 crores (2015-16: ₹ 2,759 crores), as on 31st March, 2017. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, in line with the requirements of Accounting Standard 11. The details of foreign exchange earnings and outgo as required under Section 134 of the Act and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

(₹ In crores)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Foreign Exchange earnings	541	559
Foreign Exchange outgo	1,214	1,084

11.2 Mergers, Acquisitions and Divestments

During the year, your Company completed the acquisition of Indulekha Hair oil. The addition of this brand has further strengthened our position in the evolving 'naturals' segment. The brand is now fully integrated into our Personal Care portfolio and is performing well.

Your Company also completed the sale and transfer of its rice exports business carried out under the brands 'Gold Seal Indus Valley' and 'Rozana', to LT foods Middle East DMMC, a group Company of LT Foods Limited.

Your Company announced its intention to divest its shareholding in Kimberley Clark Lever Limited (KCLL) to its JV partner Kimberley Clark Corporation (KCC). The decision to divest from this business is in line with our strategy focus on core business.

11.3 Goods and Service tax

Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business and contribute to the Prime Minister's mission of 'Make in India'. Your Company has been preparing for migrating to GST for the past year; changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST would bring in. While there are a few areas that need to be addressed, the Government has announced an intention to go live on GST on 1st July, 2017 and your Company will be ready for this transformative reform.

11.4 Scheme of Arrangement

Subsequent to the approval of the shareholders at the Court Convened Meeting held on 30th June, 2016, to the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account, your Company had filed the petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai. Upon the Scheme becoming effective, the amount so transferred is proposed to be distributed to the shareholders from time to time, by the Board of Directors, at its sole discretion, in such manner, quantum and at such time, as the Board of Directors may decide.

Consequent to the notification of certain pending sections of Companies Act, 2013 including sections related to the Compromise and Arrangements and National Company Law Tribunal (NCLT), the jurisdiction for sanctioning the Scheme of Arrangement has been transferred to the NCLT from High Court of Mumbai. The Scheme is currently pending with NCLT for sanction.

12. LEGAL, GOVERNANCE AND BRAND PROTECTION

The Legal function of your Company continues to be a valued partner in facilitating the business agenda in the areas of claims management, legislative changes in both emerging and existing regulations, effectively dealing with unfair competition and ensuring regulatory compliance. The Legal function also works closely with different stakeholders like Industry Associations, Regulators, key opinion formers to develop a progressive regulatory environment in the best interest of all the stakeholders.

The focus of the Legal function has been to partner the business on strategic issues that present either areas of opportunities or in mitigating risks besides focussing on core legal work like litigation management, combating unfair competition to protect Company's brands from counterfeits, look alike and grey imports. One of the activities that the Legal function has engaged itself with across the country is in propagating intellectual property awareness. Your Company believes that it is important to educate students on intellectual property and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age. Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow.

12.1 Update on Kodaikanal Soil Remediation

Your Company had informed the shareholders about the long-standing dispute with the former workers association of the former factory in Kodaikanal. A Memorandum of Settlement was signed towards the end of the last financial year with the association bringing to an end this long-standing issue.

The other issue on this matter, which is pending, pertains to commencement of soil remediation in the premises of the former factory of your Company. Since this issue first came to light in 2001, your Company has actively sought to address it in a responsible and transparent manner. During this year, basis the decision from the Hon'ble Madras High Court, Tamil Nadu Pollution Control Board (TNPCB) in December 2016 granted permission to your Company to commence preparatory work and soil remediation on a trial basis for a period of three months after obtaining applicable local approvals. The grant of consent by TNPCB was challenged in the Southern Bench of the National Green Tribunal (NGT), Chennai. Through an interim order, the NGT has directed that soil remediation should be commenced in accordance with the consent granted by TNPCB. The Company is committed to conduct soil remediation at the factory site at the earliest.

12.2 Corporate Governance

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

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

12.3 Related Party Transactions

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

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

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

12.4 Prevention of Sexual Harassment at Workplace

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons, who have done work in this area and have requisite experience in handling such matters, as Chairpersons of each of the Committees. During the year, one complaint with allegations of sexual harassment was received by the Company and the same was investigated and resolved as per the provisions of the Act.

In order to build awareness in this area, the Company has been conducting programmes in the organisation on a continuous basis.

13. SUSTAINABLE LIVING

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

Your Company has made good progress on the three USLP big goals to be achieved globally: To help more than a billion people take action to improve their health and well-being, to halve the environmental footprint of the making and use of the products while growing the business and to enhance the livelihoods of millions of people while growing the business.

Detailed information on the progress of your Company's USLP initiatives and CSR activities is available in the Annual Report on CSR and Business Responsibility Report which is appended as Annexure to this Report.

14. EMPLOYEE STOCK OPTION PLAN (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 are uploaded on the website of the Company https://www.hul.co.in/investor-relations/annual-reports/. No employee has been issued share options during the year, equal to or exceeding one per cent of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme' in place of '2006 HLL Performance Share Scheme'. In accordance with the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of ₹ 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years. The Company confirms that the 2012 HUL Performance Share Scheme complies with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

Under the said Plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 203 employees, including Whole-time Directors, were awarded conditional rights to receive 135,721 Equity Shares at the face value of ₹ 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2016 to 2018 and from 2017 to 2019.

The employees of the Company are eligible for Unilever PLC (the 'holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the holding Company and to receive a corresponding award of performance related shares. Under GPSP, eligible employees receive annual awards of the holding Company's shares. The awards under MCIP and GPSP plans vests after 3-4 years between 0% and 200% of grant level, depending on the satisfaction of the performance metrics. Under the SHARES Plan, eligible employees can invest in the shares of the holding Company for specified amount and after three years one share is granted to the employees for every three shares invested subject to the fulfillment of conditions of the scheme. The holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

15. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Dev Bajpai, Executive Director, Legal & Corporate Affairs and Company Secretary was appointed as an Additional Director on the Board of the Company with effect from 23rd January, 2017 to hold office till the conclusion of the next Annual General Meeting of the Company. Mr. Dev Bajpai has also been appointed as a Whole-time Director on the Board with effect from 23rd January, 2017, for a period of five years, subject to approval of Members of your Company at the Annual General Meeting.

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

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

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

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

16. MANAGEMENT COMMITTEE

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

During the year, your Company re-organised the Foods and Refreshments (F&R) business into two separate businesses of Foods and Refreshments. Accordingly, Mr. Sudhir Sitapati, Category Vice President, Refreshments (South Asia & Africa) was appointed as Executive Director, Refreshments and member of Management Committee. Ms. Geetu Verma, who was Executive Director (Foods & Refreshments) was designated as Executive Director (Foods), responsible for the Foods business of your Company.

During the year, Mr. Punit Misra, Executive Director, Sales and Customer Development resigned from the services of the Company. Mr. Srinandan Sundaram was appointed as Executive Director, Sales and Customer Development and member of Management Committee of the Company.

17. AUDITORS

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

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

M/s. RA & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the financial year 2017-18.

18. OUTLOOK

The global economy continues to remain under pressure from the ongoing political, policy and economic uncertainties around the world. However, it is expected that the global growth should stabilise in future.

The Indian GDP growth rate continues to be one of the fastest growing large economies of the world. Economic growth is expected to further improve on the strengthening consumer sentiment. The medium to long term secular trends based on urbanisation, rising aspirations, low level of penetration for most of our categories and improving consumption levels are positive for the FMCG sector. Your Company, with its brands, talent and investment in capabilities, is well placed to leverage this opportunity.

The enactment of the GST legislation has been a milestone reform that will create a win-win environment for all stakeholders and heralds an integrated and productive economy, and is expected to further boost economic growth. However, there could be temporary transition challenges during the cut-over.

18.1 Cautionary Statement

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

19. APPRECIATIONS AND ACKNOWLEDGMENTS

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

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

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

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

On behalf of the Board

Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

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

i Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2016-17, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year2016-17.

S.No	Name of Director/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Managing Director & CEO	138.44	0.0%*
2	P. B. Balaji	Executive Director, Finance & IT and CFO	81.36	0.0%*
3	Pradeep Banerjee	Executive Director, Supply Chain	46.48	8.0%
4	Dev Bajpai	Executive Director, Legal and Corporate Affairs and Company Secretary	45.93	8.0%

*Governed under remuneration structure, impacted by currency fluctuations.

ii The percentage increase in the median remuneration of Employees for the financial year was 3.42%.

iii The Company has 5976** permanent Employees on the rolls of Company as on 31st March,2017.

iv Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 5.57% whereas the increase in the managerial remuneration was 3.1%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.

v It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

a) TheNon-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2016-17.

c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.

** Includes employees working for Hindustan Unilever Limited, legal entity only. Last year reported number included the employees working with subsidiaries and group companies as well.

Particulars of Loans, Guarantees or Investments

Amount outstanding as at 31st March, 2017

(₹ crores)

Particulars	Amount
Loans given	198
Guarantee given	8
Investments made	3,779

Loan, Guarantee and Investments made during the financial year 2016-17

Name of Entity	Relation	Amount (₹ crores)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilized
Lakme Lever Private Limited	Subsidiary	76	Loan	Business purpose
Pond's Exports Limited	Subsidiary	8	Loan	Business purpose
Kimberly Clark Lever Private Limited	Joint Venture	-	Investments	Business purpose
MutualFunds#	-	864	Investments	Cash Management

#For details refer to Note 7 of Notes to the financial statements

On behalf of the Board
Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the Financial Year ended on 31st March, 2017)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	L15140MH1933PLC002030
ii) Registration Date	:	17th October, 1933
iii) Name of the Company	:	Hindustan Unilever Limited
iv) Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v) Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. Tel : 022 39832285/39832452 E-mail : levercare.shareholder@unilever.com Website : www. hul.co.in
vi) Whether listed Company	:	Yes
vii) Name, Address and contact details of Registrar and Transfer Agent, if any :	:	M/s Karvy Computershare Private Limited, Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Phone : 040 - 67161500, 33211000 Fax : 040 - 23420814, 23001153 Toll Free no.: 1800-345-4001 E-mail : einward.ris@karvy.com Website : www.karvy.com

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

Sl. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	30.47%
2	Detergents	20233	18.72%
3	Cosmetics & Toiletries	20237	16.40%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and address of the Company	CIN/GLN	% of shares Held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.49
2	Brooke Bond Group Limited#	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK & CN Holdings Limited#	N.A.	2.78
5	Brooke Bond South India Estates Limited#	N.A.	2.43
6	Brooke Bond Assam Estates Limited#	N.A.	1.52
7	Unilever Overseas Holdings B V#	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
1	Unilever India Exports Limited*	U51900MH1963PLC012667	100
2	Pond's Exports Limited*	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited Shree Niwas House, 1st Floor, H. Somani Marg, Fort, Mumbai - 400 001	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V. D. C. – 5, P.O. Box-11, Hetauda, Dist. Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited*	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited*	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited*	U74999MH1946PLC005403	100
8	Levindra Trust Limited*	U67120MH1946PLC005402	100
9	Hindlever Trust Limited*	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation*	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100
Associate Company [Section 2(6)]			
1	Kimberly-Clark Lever Private Limited Gat No.934-937, Villagesanaswadi, Taluka - Shirur, Pune – 412 208	U74999PN1994PTC081290	50

#Registered Office at Unilever House, 100 Victoria, Embankment, London EC4Y0DY
*Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
2. Foreign									
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.21	1,45,44,12,858	-	1,45,44,12,858	67.20	-0.01
Total Promoter Shareholding (A)	1,45,44,12,858	-	1,45,44,12,858	67.21	1,45,44,12,858	-	1,45,44,12,858	67.20	-0.01
B. Public Shareholding									
1. Institutions									
- Mutual Funds	1,88,16,666	49,284	1,88,65,950	0.87	3,83,86,030	49,284	3,84,35,314	1.78	0.91
- Banks / Financial Institutions	67,13,212	1,30,990	68,44,202	0.32	69,90,335	1,28,710	71,19,045	0.33	0.01
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	7,81,41,008	9,500	7,81,50,508	3.61	7,68,50,946	9,500	7,68,60,446	3.55	-0.06
- Foreign Institutional Investors	30,71,60,539	37,450	30,71,97,989	14.20	28,70,05,513	37,450	28,70,42,963	13.26	-0.94
Sub-total (B)(1)	**41,08,31,425**	**2,27,244**	**41,10,58,669**	**19.00**	**40,92,32,824**	**2,24,964**	**40,94,57,788**	**18.92**	**-0.08**
2. Non-Institutions									
- Bodies Corporates									
i) Indian	2,22,19,489	4,79,384	2,26,98,873	1.05	2,73,12,657	4,36,164	2,77,48,821	1.28	0.23
ii) Overseas	3,600	-	3,600	-	3,600	-	3,600	-	-
- Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,96,63,866	4,86,18,740	25,82,82,606	11.94	20,72,49,418	4,57,70,440	25,30,19,858	11.69	-0.25
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	43,10,091	7,10,350	50,20,441	0.23	40,29,793	7,10,350	47,40,143	0.22	-0.01
- Others									
i) Trust	30,82,951	-	30,82,951	0.14	47,41,677	-	47,41,677	0.22	0.08
ii) Non Resident Indians	78,22,137	4,08,850	82,30,987	0.38	79,47,612	4,14,170	83,61,782	0.38	-
iii) Foreign Nationals	13,995	3,120	17,115	-	23,689	3,120	26,809	-	-
iv) Foreign Banks	29,524	-	29,524	-	7,720	-	7,720	-	-
v) Directors & their Relatives	78,182	-	78,182	-	1,20,783	-	1,20,783	0.01	0.01
vi) Clearing Members	10,21,165	-	10,21,165	0.05	17,07,800	-	17,07,800	0.08	0.03
vii) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**24,82,45,000**	**5,02,20,444**	**29,84,65,444**	**13.79**	**25,31,44,749**	**4,73,34,244**	**30,04,78,993**	**13.88**	**0.09**
Total Public Shareholding (B)=(B)(1) +(B)(2)	**65,90,76,425**	**5,04,47,688**	**70,95,24,113**	**32.79**	**66,23,77,573**	**4,75,59,208**	**70,99,36,781**	**32.80**	**0.01**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**211,34,89,283**	**5,04,47,688**	**2,16,39,36,971**	**100.00**	**211,67,90,431**	**4,75,59,208**	**216,43,49,639**	**100.00**	**-**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	
1	Unilever PLC	1,11,43,70,148	51.50	-	1,11,43,70,148	51.49	-	-0.01
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	-
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	-
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	-
5	Brooke Bond South India Estates Limited	5,27,47,200	2.43	-	5,27,47,200	2.43	-	-
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings B V	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
	Total	**1,45,44,12,858**	**67.21**	**-**	**1,45,44,12,858**	**67.20**	**-**	**-0.01**

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2016-17. The percentage change in the Promoters' holding is due to increase in the paid – up share capital of the Company

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2017:

Sl. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Life Insurance Corporation of India**				
	At the beginning of the year	3,34,45,454	1.55	3,34,45,454	1.55
	Bought during the year	24,45,253	0.11	3,58,90,707	1.66
	Sold during the year	-	-	3,58,90,707	1.66
	At the end of the year	3,58,90,707	1.66	3,58,90,707	1.66
2	**The New India Assurance Company limited**				
	At the beginning of the year	1,58,21,306	0.73	1,58,21,306	0.73
	Bought during the year	-	-	1,58,21,306	0.73
	Sold during the year	18,54,332	0.08	1,39,66,974	0.65
	At the end of the year	1,39,66,974	0.65	1,39,66,974	0.65
3	**Vanguard Emerging Markets Stock Index Fund A**				
	At the beginning of the year	1,09,51,632	0.51	1,09,51,632	0.51
	Bought during the year	12,39,402	0.06	1,21,91,034	0.57
	Sold during the year	7,83,518	0.04	1,14,07,516	0.53
	At the end of the year	1,14,07,516	0.53	1,14,07,516	0.53
4	**Franklin Templeton Investment Funds**				
	At the beginning of the year	67,63,675	0.31	67,63,675	0.31
	Bought during the year	39,89,841	0.19	1,07,53,516	0.50
	Sold during the year	55,932	0.01	1,06,97,584	0.49
	At the end of the year	1,06,97,584	0.49	1,06,97,584	0.49
5	**General Insurance Corporation of India**				
	At the beginning of the year	1,04,35,940	0.48	1,04,35,940	0.48
	Bought during the year	80,000	0.01	1,05,15,940	0.49
	Sold during the year	3,30,000	0.02	1,01,85,940	0.47
	At the end of the year	1,01,85,940	0.47	1,01,85,940	0.47

Sl. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6	**Aberdeen Global Indian Equity Limited**				
	At the beginning of the year	1,04,99,066	0.49	1,04,99,066	0.49
	Bought during the year	-	-	1,04,99,066	0.49
	Sold during the year	7,89,000	0.04	97,10,066	0.45
	At the end of the year	97,10,066	0.45	97,10,066	0.45
7	**Aberdeen Emerging Markets Fund**				
	At the beginning of the year	82,15,443	0.38	82,15,443	0.38
	Bought during the year	10,00,000	0.05	92,15,443	0.43
	Sold during the year	-	-	92,15,443	0.43
	At the end of the year	92,15,443	0.43	92,15,443	0.43
8	**Vanguard Total International Stock Index Fund**				
	At the beginning of the year	73,81,040	0.34	73,81,040	0.34
	Bought during the year	12,77,831	0.06	86,58,871	0.40
	Sold during the year	10,716	-	86,48,155	0.40
	At the end of the year	86,48,155	0.40	86,48,155	0.40
9	**Ishares India Index Mauritius Company**				
	At the beginning of the year	89,12,084	0.41	89,12,084	0.41
	Bought during the year	13,04,896	0.06	1,02,16,980	0.47
	Sold during the year	23,58,378	0.11	78,58,602	0.36
	At the end of the year	78,58,602	0.36	78,58,602	0.36
10	**Government of Singapore**				
	At the beginning of the year	1,30,39,578	0.60	1,30,39,578	0.60
	Bought during the year	4,69,772	0.02	1,35,09,350	0.62
	Sold during the year	-56,91,651	-0.26	78,17,699	0.36
	At the end of the year	78,17,699	0.36	78,17,699	0.36

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

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Harish Manwani**				
	At the beginning of the year	22,130	-	22,130	-
	Bought during the year	-	-	22,130	-
	Sold during the year	-	-	22,130	-
	At the end of the year	22,130	-	22,130	-
2	**Mr. P. B. Balaji**				
	At the beginning of the year	12,406	-	12,406	-
	Bought during the year	-	-	12,406	-
	Sold during the year	-	-	12,406	-
	At the end of the year	12,406	-	12,406	-
3	**Mr. Pradeep Banerjee**				
	At the beginning of the year	43,611	-	43,611	-
	Bought during the year	9,275*	-	52,886	-
	Sold during the year	-	-	52,886	-
	At the end of the year	52,886	-	52,886	-

*Shares allotted under ESOP

Sl. No	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	**Mr. S. Ramadorai**				
	At the beginning of the year	35	-	35	-
	Bought during the year	-	-	35	-
	Sold during the year	-	-	35	-
	At the end of the year	35	-	35	-
5	**Mr. Dev Bajpai**				
	At the beginning of the year	27,261	-	27,261	-
	Bought during the year	6,065*	-	33,326	-
	Sold during the year	-	-	-	-
	At the end of the year	33,326	-	33,326	-

Note:
Mr. Sanjiv Mehta, Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Mr. Kalpana Morparia did not hold any shares of the Company during the financial year 2016-17.

*Shares allotted under ESOP

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2016-17

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / KMP				Total Amount
		Sanjiv Mehta	P. B. Balaji	Pradeep Banerjee	Dev Bajpai*	
		Managing Director & Chief Executive Officer	Executive Director, Finance and IT & Chief Financial Officer	Executive Director, Supply Chain	Executive Director, Legal and Corporate Affairs & Company Secretary	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	752	613	187	178	1730
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	103	1	2	2	108
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	227	94	84	78	483
2.	Stock Option	313	89	166	179	747
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
	Others (Contribution to PF & Superannuation)	25	36	36	32	129
	Total (A)	**1420**	**833**	**475**	**469**	**3197**
	Ceiling as per the Act	₹ 61,160 lakhs (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

*Mr. Dev Bajpai is the Company Secretary, Key Managerial Personnel of the Company and was appointed as Whole-time Director w.e.f. 23rd January, 2017.

B. Remuneration to other Directors:

(₹ lakhs)

Particulars of Remuneration	Name of other Directors						Total Amount
	Chairman*	Independent Directors					
	Harish Manwani	Aditya Narayan	S. Ramadorai	O.P. Bhatt	Sanjiv Misra	Kalpana Morparia	
– Fee for attending Board /Committee meetings	-	5.40	4.50	6.00	5.40	4.20	25.50
– Commission#	62.00	24.00	22.69	26.00	23.00	22.00	179.69
Total (B)	**62.00**	**29.40**	**27.19**	**32.00**	**28.40**	**26.20**	**205.19**
Ceiling as per the Act	₹ 6,116 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
Total Managerial Remuneration = (A+B)							**3402.19**
Overall Ceiling as per the Act	₹ 67,276 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						

*Non-Executive Non-Independent Director

#The commission for the Financial Year ended 31st March, 2017 will be paid after adoption of accounts by the shareholders at the AGM to be held on 30th June, 2017

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

Annual Report on Corporate Social Responsibility

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

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

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

Your Company believes that in the long term, this is the best way for business to grow sustainably. That is why Unilever Sustainable Living Plan (USLP) (Link - http://www.hul.co.in/sustainable-living/) is at the heart of your Company's business model. The USLP has three global goals namely: (i) help more than a billion people take action to improve their health and well-being; (ii) halve the environmental footprint of the making and use of products; and (iii) enhance the livelihoods of millions of people while growing the business. These goals also contribute to and are covered by activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. USLP commits to a value chain approach which is integrated across your Company's brands and operations. Your Company also supports the United Nation's Sustainable Development Goals through its initiatives.

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

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

Improving Health and Well-being

- **Handwashing Behaviour Change Programme:** Every year, in India, 1.3 million children die before they reach the age of five, many due to preventable infections. Handwashing with soap has been cited as one of the most cost-effective solutions to address this challenge[1]. A review of several studies show that the simple act of handwashing in institutions, such as primary schools and day care centres, reduces the incidence of diarrhoeal diseases by an average of 30 per cent. Lifebuoy handwashing behaviour change initiatives of your Company, helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to sustain good handwashing behaviours. Till date, your Company has reached over 63 million people in India.
- **Safe Drinking Water:** In the developing world, 80% diseases are water-related. The World Health Organization states that the provision of safe water alone will reduce diarrhoeal diseases by up to 50%. Your Company's Pureit water purifiers have been working towards making safe water accessible and affordable to millions. Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paisa per litre without the hassles of boiling, or need of electricity or a continuous tap water supply. In India, Pureit has provided over 74 billion litres of safe drinking water till date.
- **Domex Toilet Academy (DTA):** Domex Toilet Academy (DTA) is a unique market-based entrepreneurial model launched by your Company in 2014. Currently operational in Bihar, the DTA programme trains entrepreneurs and masons to help build and maintain toilets; provides access to micro-financing and creates demand for sanitation in low-income households. Since its inception, the DTA has trained more than 500 micro-entrepreneurs. To date, over a lakh of toilets have been built, benefiting over six lakh people.
- **Swachh Aadat Swachh Bharat:** Your Comapany's '*Swachh Aadat, Swachh Bharat*' (SASB) programme is in line with Government of India's *Swachh Bharat Abhiyan* to promote good health and hygiene practices. In 2016, the programme continued to stress upon the need to adopt three simple good habits ('Swachh Aadat') –
  - i. washing hands five times a day,
  - ii. using a toilet for defecation and keeping it clean, and
  - ii. adopting safe drinking water practices.
  - Swachhata Doot (Messenger of Cleanliness): This is a mobile-led rural behaviour change communication model, wherein the factory workers become agents of behaviour change in their villages. They share two-minute audio stories on clean habits through their mobile phones. They reach out to school children, parents and community members thereby positively impacting rural communities. Your Company has successfully reached over 30 lakh people since inception through this programme.
- **Suvidha, the Community Hygiene Centre:** Your Company has built a first-of-its-kind urban water, hygiene and sanitation community centre named 'Suvidha' in Azad Nagar, Ghatkopar, one of the largest slums in Mumbai. The community centre provides water, sanitation, handwashing, shower facilities and laundry services at significantly lower costs than market rates. Suvidha uses circular economy principles to reduce water use. Fresh water is first used for brushing teeth, bathing, handwashing and laundry. The waste water from these activities becomes the input for flushing toilets. Your Company built the Centre in 2016 with its partners, the Municipal Corporation of Greater Mumbai and Pratha Samajik Sanstha, a community-based organisation. The project was devised, developed and built in close consultation with the local community. The community centre caters to over 1,500 people.
- **Asha Daan:** Asha Daan is a home in Mumbai for abandoned and differently-abled children, the HIV-positive people and the destitute. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. Your Company takes care of over 400 infants, destitute men and women and HIV-positive patients at Asha Daan.
- **Sanjeevani:** Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project, each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3,10,000 patients have been treated in these service camps since its inception in 2003. In 2016 alone, nearly 20,000 patients were treated through this programme.

Reducing Environmental Impact

- **Water Conservation Projects:** According to estimates, by 2030 the supply of water in India will be significantly lower than the demand. India has around 18% of the world's population but only 4% of water resources are usable fresh water. To understand and contribute in addressing this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not-for-profit Company that acts as a vehicle to anchor water management demand and supply related community development initiatives. HUF supports national priorities for socio-economic development through its 'Water for Public Good' programme, with specific focus on contributing to the water discourse and practice through a partnered approach.

[1] http://unicef.in/story/129/Fast-Facts-And-Figures-About-Handwashing

HUF is creating capacities to manage water through significant social investments. HUF operates the 'Water for Public Good' programme, with specific focus on water associated livelihoods in 54 districts across India. HUF works with various implementing partners including NGOs and encourages them to tie up various co-funding arrangements. HUF also supports several knowledge initiatives in this area. Through its projects, HUF has created a collective and cumulative water potential of more than 300 billion litres across India, generated more than six lakh tonnes of agriculture and biomass production and has mobilised employment of more than 37 lakh person days so far.

- **Sustainable Sourcing of Tea:** Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. As part of this, your Company has partnered with Solidaridad for sustainable sourcing of tea. The programme aims to move the Indian tea industry producers into adopting a sustainability code which shall promote sustainable agricultural practices, improve productivity and reduce costs ensuring future security of tea supply in India and also protect the ecosystem (soil, water and bio-diversity) whilst improving the quality of life for producers and workers.

Enhancing Livelihoods

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

  Smallholder farmers growing tomatoes for your Company have also benefitted from similar training initiatives. Till date, your Company has reached out to over 8,000 smallholder farmers who grew tomatoes on more than 11,000 acres of land. In 2016 alone, your Company reached out to 5,000 smallholder farmers who grew tomatoes on 7,000 acres of land.

- **Project Shakti:** Project Shakti is your Company's initiative to financially empower rural women and create livelihood opportunities for them. Project Shakti provides livelihood-enhancing opportunities to women micro-entrepreneurs across India.

  The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets of distribution management. Your Company has a team of Rural Sales Promoters (RSP's) who coach and help Shakti Ammas in managing their business. This includes help in business basics and troubleshooting as well as coaching in softer skills of negotiation and communication which enable them to run their business effectively.

  In 2010, your Company extended Project Shakti to include 'Shaktimaans'. Shaktimaans are typically the husbands or brothers of Shakti Ammas. They sell products on bicycle in surrounding villages, covering a larger area than Shakti Ammas can cover on foot. Today, Project Shakti has over 72,000 micro-entrepreneurs supported by 48,000 Shaktimaans.

- **Fair & Lovely Foundation:** The Foundation identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to deserving candidates. To maintain integrity and fairness, the selection is done by a panel of eminent personalities from diverse fields. During the year, the Foundation awarded scholarships to over 200 deserving girl students. Till date, over 1,400 girl students have been awarded scholarships.

  Fair & Lovely Foundation has partenered with edX.org, a non-profit Massive Open Oline Course Platform founded by Harvard University and MIT, NIIT and English Edge to launch a mobile education programme for women. This partnership will enable your Company, via Fair & Lovely Foundation, to leverage edX's online courses to provide a holistic, career guidance-driven learning to enable higher employability for young women.

- **Prabhat:** 'Prabhat' is a USLP-linked programme which contributes to the development of local communities around your Company's manufacturing locations. The key areas of 'Prabhat' programme are - Enhancing Livelihoods, Water Conservation and Health and Hygiene. From its launch in December 2013 in eight locations, project Prabhat is now live in over 30 locations across the country and has directly impacted over six and a half lakh people.

- **Rin Career Ready Academy:** Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. In 2016, your Company re-launched the academy with two key new initiatives: Introduction of the 'Tele-Conferencing' module where students can speak to a teacher instead of an automated voice and second is a web course available on www.rin.in. So far, over three and half lakh people have been reached through this programme. In 2016 alone, nearly two lakh people benefited from this programme.

- **Ankur:** Ankur was set up in 1993 as a centre by your Company's Plantations Division for special education for differently-abled children at Doom Dooma in Assam. Ankur provided educational, vocational and recreational activities to 33 differently-abled children.

Others:

- **Relief Funds - Donation:** Your Company has always been at the forefront in responding to the call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters.

  Your Company's work over the last several years has paved the way for setting out clear targets that the Company is committed to meet. However, to scale up your Company's initiatives, partnerships are crucial to make a meaningful difference. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

  Your Company has shared progress on the sustainability initiatives and partnerships in the Business Responsibility Report in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. This year the Business Responsibility Report is integrated with the Annual Report.

2. Composition of the CSR Committee

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

3. Details of CSR Spend

(₹ in Lakhs)

Average Net Profit of the Company for last 3 financial years:	5,08,567
Prescribed CSR Expenditure:	10,171
Details of CSR spent during the financial year 2016-17	
a) Total amount to be spent for the financial year (2% of the Average Net Profit for last 3 financial years):	10,171
b) Total amount spent for the financial year:	10,388
c) Amount unspent, if any:	Nil

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

(₹ in Lakhs)

Sr. No.	CSR project/activity identified	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project/programs		Cumulative expenditure up to 31st March, 2017	Amount spent: Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,413	4,413	0	4,413	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	2,742	2,742	0	2,742	Direct
3	Water Conservation Projects	(iv)	PAN India	2,162	1,869	293	2,162	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Ashadaan	(iii)	Mumbai	196	196	0	196	Implementing Agencies (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	654	639	15	654	Implementing Agencies (Note 2 [ii])
6	Sanjivani	(i)	Assam	67	67	0	67	Direct
7	Ankur	(iii)	Assam	28	28	0	28	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	0	126	Implementing Agency (SREC)
	TOTAL			**10,388**	**10,080**	**308**	**10,388**	

Note 1:

(i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga;

(x) Rural development projects.

Note 2 [i]:
Foundation for Ecological Society, Watershed Organisation Trust, People's Action for National Integration, Samuha, Sahjeevan, Samaj Pragati Sahayog, Dhan Foundation, Integrated Rural Development Trust and BAIF Development Research Foundation.

Note 2 [ii]:
LabourNet Services India Private Limited, Mann Deshi Foundation, TARA (Technology & Action for Rural Advancement) and IMRB International.

Note 3:
During the year, the Company has spent an amount of ₹ 653 lakhs on Fair & Lovely Foundation and ₹ 669 lakhs on Rin Career Ready Academy in accordance with the CSR Policy of the Company. However, these spends have not been considered for the purpose of computing prescribed CSR spent of 2% of the Average Profits.

4. CSR Committee Responsibility Statement

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

On behalf of the CSR Committee

Sanjiv Mehta
Managing Director and
Chief Executive Officer
(DIN: 06699923)

O.P. Bhatt
Chairman, CSR Committee
(DIN: 00548091)

Annexure to the Directors' Report

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY		
1.	Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2.	Name of the Company	Hindustan Unilever Limited
3.	Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
4.	Website	www.hul.co.in
5.	E-mail id	levercare.shareholder@unilever.com
6.	Financial Year reported	1st April, 2016 to 31st March, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	• 20231 Soaps • 20233 Detergents • 20236 Shampoos • 20235 Toothpastes • 20234 Deodorants • 20237 Cosmetics • 10791 Tea • 10792 Coffee • 10750 Packaged Foods (Including Frozen Desserts) • 27501 Water Purifiers
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	• Home Care (Fabric Wash, Household Care and Water Business) • Personal Care (Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Refreshments (Tea, Coffee, Ice cream and Frozen Desserts)
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations	None
	ii. Number of National Locations	• Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 • Research Centre: 64, Main Road, Whitefield P O, Bangalore - 560 066 • Regional Office (East): Brooke House, 9 Shakespere Sarani, Kolkata - 700 071 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 • Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 • Regional Office (South): 101, Santhome High Road, Chennai - 600 028 • Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhut iKhand, Gomti Nagar, Lucknow, Uttar Pradesh – 226 010 Details of manufacturing locations, forms part of this report.
10.	Markets served by the Company	India

(₹ Lakhs)

SECTION B – FINANCIAL DETAILS OF THE COMPANY		
1.	Paid up Capital:	21,643
2.	Total Turnover:	33,89,502
3.	Total profit after taxes:	4,49,009
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years:	2.04% (₹ 10,388 Lakhs)

5. List of activities in which expenditure in 4 above has been incurred : Please refer to CSR Annual Report at page no. 39

SECTION C – OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	As on 31st March, 2017, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives -- both are not-for-profit companies incorporated to promote and implement the corporate social responsibility agenda. Both the companies work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited and Pond's Exports Limited also contribute to the sustainability initiatives of the Company.
2.	Do the Subsidiary Company / Companies participate in the Business Responsibility (BR) initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(ies)?	
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives. Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing Policy and Responsible Business Partner Policy, which underpin the third-party compliance programme.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

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

The DIN details of the Corporate Social Responsibility Committee members are as follows:

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

*Chairman

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

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

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

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

The National Voluntary Guidelines provide the following nine principles.

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

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders'?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Business Principles (CoBP) of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles. The Unilever Sustainable Living Plan Progress Report conforms to Global Reporting Initiative (GRI) indicators.								

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4	Has the policy been approved by the Board. If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Business Principles and the Unilever Sustainable Living Plan (USLP) are frameworks adopted by Unilever globally and have been adopted by the Company.								
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chief Executive Officer and Managing Director. The Audit Committee of the Board reviews the implementation of CoBP. The CSR Committee of the Board reviews the implementation of the USLP besides the scope that has been laid out for this Committee under the Companies Act, 2013.								
6	Indicate the link for the policy to be viewed online	USLP: https://www.hul.co.in/sustainable-living/ CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf Supplier Code: https://www.hul.co.in/about/who-we-are/purpose-and-principles/Business-Partner-Code/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders'?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	Y	Y	-	-	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as well as the implementation of the CoBP on a monthly basis. The Audit Committee of the Company reviews the implementation of the CoBP on a quarterly basis. The Corporate Social Responsibility (CSR) Committee of the Company comprising a majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the Unilever Sustainable Living Plan (USLP).

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

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

The standards on ethics, transparency and accountability are captured in your Company's Code of Business Principles (CoBP). The CoBP is the Company's statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours.

Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. The CoBP and Whistle Blower Policy and their implementation are explained in detail under the section 'Company Policies' of this report.

Complaints, issues and concerns received under the CoBP framework are duly investigated and reviewed by the CoBP Committee(s). In 2016-17, a total of 148 complaints and issues raised by employees and business partners were reported under the CoBP framework and the same were investigated and dealt with in accordance with the CoBP protocols of the Company.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have driven the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 130 million people by end of 2016 through its initiatives in the area of health and well-being.

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

Sustainable purpose, sustainable products

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

While your Company sources products responsibly, it also disposes the waste generated during the manufacturing operations in an environmentally friendly manner. All our manufacturing sites are zero non-hazardous waste to landfills. The Company has also embraced the Unilever global target of ensuring that all of its plastic packaging is fully reusable, recyclable or compostable by 2025.

Several other initiatives that your Company has undertaken in this area are elaborated in the 'Environment, Safety, Health And Energy Conservation' section of the Directors Report. Innovative initiatives of your Company's purpose driven brands are featured on the Company's website at www.hul.co.in

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers. The CoBP of the Company sets out the commitment to provide products and services which are safe.

Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance issues with SEAC.

In case consumers face any issues with the products they can reach the Company through Levercare - an initiative of the Company that allows consumers to register complaints and obtain information regarding the Company's products.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

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

Vision 'Zero Strategy'

Your Company has a vision to become an injury-free organisation. The Total Recordable Frequency Rate (TRFR) reduced by 75% in 2016 compared to 2008 baseline for accidents in the factories and offices. Your Company has a Central Safety, Health and Environment Sub-Committee, which is driven by the Chief Executive Officer. The role of this committee is elaborated under the 'Environment, Safety, Health and Energy Conservation' section of this report.

Holistic well-being

Your Company has defined holistic well-being as a sustainable state of feeling good and functioning well, physically, mentally and emotionally. Lamplighter is your Company's framework for addressing employee health and well-being. In 2016, your Company partnered with experts in the field of mental health and counselling and set up toll-free helplines in nine languages for its employees to reach out and speak to a Counsellor and seek advice on physical and mental health related matters.

Capability building

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

- **Sparkle:** It is a technology tool designed for capability management of blue-collar workers.
- **Unilever Future Leaders Programme (UFLP):** Your Company identifies talent early and invests to build capability through this flagship programme.
- **70:20:10 Capability Building:** Your Company follows the 70:20:10 capability building approach with 70% capability built on the job through live assignments, 20% through coaching, short-term projects and exposures and 10% through classroom, virtual and e-learning.
- **People Planning Processes:** Leaders at each level review and assess talent on both, the "What" and the "How" of performance through an objective process. Capability building and career plans for talent form an integral part of this process.
- **Growth through Diversity of Experience:** Job rotation and diversity of experiences are integrated at all stages of the individual's career.

Diversity and inclusion

Over 170 'Inclusive Leaders' have been recognised across the Company for outstanding contribution and role modelling of inclusive leadership, nominated by employees themselves.

In the area of diversity, your Company ensures a gender-balanced workforce. More than one-third of your Company's managers are women. In 2017, over 45% of the hires were mid-career recruits (MCRs) and 55% of UFLP hires were women.

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

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity / Affirmative Action. It has a Policy on Affirmative Action and a Policy on Prevention of Sexual Harassment to ensure a harassment-free workspace for the employees. Sexual harassment cases are dealt with as per the Company Policy on Prevention of Sexual Harassment and the Code of Business Principles and applicable laws. Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication. During the year 2016-17, only one complaint with allegation of sexual harassment has been filed with the Company and the same has been processed under the provisions of the Prevention of Sexual Harassment Act.

Around 430 people were trained on ending sexual harassment and related topics. Training included:

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

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations and since 2015 has maintained a record of near-zero loss of man-days due to industrial unrest. Your Company currently has 5,976 employees (excluding workmen), of which over 4,000 employees are employed on contractual / temporary basis as on 31st March, 2017.

Freedom of association, participation and collective bargaining

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

There are 105 employee associations across your Company. Nearly 11,000 permanent employees are members of these associations. There are over 119 permanent female blue-collar employees and over 21 permanent blue-collar employees with disabilities in your Company's factories.

During the last year, your Company entered into long-term settlements with around 4,341 employees covering 12 factories across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees can raise issues and concerns as simply as possible. The CoBP and Whistle Blower Policy provide for reporting in confidence of issues like child labour, sexual harassment etc. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report. During the year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

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

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

The Company engages in multiple ways with specific important stakeholders:

Consumers and customers

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

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

Shareholders and investors

Your Company regularly interacts with its shareholders and investors through results announcements, annual report, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to come in direct communication with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

Your Company has a designated e-mail address for shareholders. The Investor Service Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matters. The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings, participation at investor conferences and the annual investors meet.

Your Company has a Mobile Investor Relations App for smart phones and tablets and is compatible both on android as well as iOS platforms. Investors can access information such as share price, quarterly results, Company presentations, press releases and annual reports on the click of a button.

Government

Your Company actively engages with Governments, intergovernmental organisations (IGOs) and regulators. All these interactions are conducted by duly authorised and appropriately trained individuals with honesty, integrity and openness. The engagements are in full compliance with local laws and in accordance with the Code of Business Principles and Policy.

NGOs

Your Company engages with several NGOs for our various sustainability projects including in the areas of water, sanitation and hygiene. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation (HUF), partners with several NGOs for undertaking water conservation programmes. This year, your Company partnered with Pratha Samajik Sanstha, a community-based organisation, to launch Suvidha, an urban water hygiene and sanitation community centre in Mumbai.

Media

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

Employee engagement

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

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

Other key opinion formers

Every year, the Company organises an event and provides an update on the progress of the USLP to key opinion formers representing various stakeholder groups such as NGOs, IGOs, Government bodies, industry bodies and consumer organisations.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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

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

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

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

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

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

PRINCIPLE 6: ENVIRONMENT

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

As part of USLP, your Company strives to grow the business whilst decoupling environmental footprint. Accordingly, your Company has taken ambitious targets of year-on-year reductions in CO_2 emissions (kg/tonne of production), groundwater abstraction (m^3/tonne of production) and waste generation (kg/tonne of production) in its operations. Some of the key reductions in CO_2, water, and waste in your Company's manufacturing operations with 2008 as the baseline are:

- CO_2 emissions (kg/tonne of production) reduced by 49%.
- Water consumption (m^3/tonne of production) reduced by 53%.
- Total waste (kg/tonne of production) generated from the factories reduced by 45%.

The details on the specific initiatives which led to this reduction are included in the 'Environment, Safety, Health and Energy Conservation' section of Directors Report.

Monitoring procedures

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

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

Risk Assessment

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

During the year, significant progress was made in your Company's efforts to expedite the remediation of soil in the former factory premises in Kodaikanal, which is the only remaining work. On 31st December, 2016, your Company received permission from the local regulator, Tamil Nadu Pollution Control Board (TNPCB), to commence soil remediation on a trial basis at the former factory site. Your Company has initiated the process for both the preparatory work as well as for securing other statutory approvals required to start the trial. Your Company is committed to cleaning up the former factory site in Kodaikanal to a standard that is fully protective of human health and the environment. For more details, please refer to the Directors Report.

PRINCIPLE 7: POLICY ADVOCACY

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

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

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

Many of the Board and senior leadership team members are associated with several global bodies like the World Economic Forum (WEF), United Nations Global Compact (UNGC), apart from the leading business Chambers in India.

Your Company participates in multi-stakeholder debates and, when relevant, responds to public consultations. Some of the key issues on which your Company engaged with the government in 2016-17 include:

- Effective plastic waste management
- Engagement with government on fiscal issues including Goods and Services Tax (GST)
- Building greater awareness of handwashing practices to reduce diarrhoea
- Seeking action against parallel imports of goods in the country
- Seeking interventions by Tea Board for maintaining sustainable tea production
- Seeking less time-consuming procedures for effecting Related Party Transactions
- Offering partnership to the Government for Swachh Bharat Abhiyan
- Consumer Protection Bill – seeking support for implementing 'workable' provisions

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

Improving livelihoods of smallholder farmers

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

Your Company has worked with its suppliers to partner with smallholder farmers for cultivation of tomatoes. These farmers have also benefitted from similar training initiatives. Till date, your Company has reached out to over 8,000 smallholder farmers who cultivated tomatoes on more than 11,000 acres of land. In 2016 alone, your Company reached out to 5,000 smallholder farmers who grew tomatoes on 7,000 acres of land.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to financially empower rural women and create livelihood opportunities for them. In 2010, your Company extended Project Shakti to include 'Shaktimaans'. They are typically the husbands or brothers of women entrepreneurs who sell the products on bicycle to surrounding villages. Currently, there are a total of 72,000 micro-entrepreneurs supported by 48,000 Shaktimaans.

Empowering communities through Prabhat

Project 'Prabhat' (meaning 'dawn' in Hindi) is your Company's programme to contribute to and engage with communities around its sites. Prabhat focuses on three priority areas - improving health and hygiene, conserving water potential and enhancing livelihoods. Project Prabhat has directly impacted over six and a half lakh people as of December 2016.

Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English speaking, office dressing and interview preparation. So far, over three and a half lakh people have benefited from this programme. In 2016 alone, nearly two lakh people benefited from this programme.

PRINCIPLE 9: CUSTOMER VALUE

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

Your Company's strong distribution network comprises millions of outlets serviced by over 3,700 stockists and associates who help deliver Company's products. Your Company has undertaken some important initiatives during the year to become more customer-centric and win in the marketplace. These initiatives include:

- **Call centres**: The call centres setup for retailers have helped many of your Company's traditional trade customers reach out directly to the Company. Your Company receives more than 3,000 calls every month from distributors and retailers. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the marketplace better and address them effectively.
- **Partner of choice**: Your Company registered strong growth across all key modern trade retail partners, driven by strong joint business plans. Your Company made significant investment in capability building in e-commerce. An efficient team with diverse talent combined with the best global practices is a competitive advantage for your Company in area of e-commerce.

Responsible marketing and communication

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

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

Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of Advertising Standards Council of India (ASCI), a self-regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 36 complaints were filed with ASCI against advertisements made by your Company, out of which all but one were closed at the end of the year.

Ombudsman

Your Company has appointed four retired judges of different High Courts to act as Ombudsman to resolve consumer and customer grievances and disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decisions arrived at such dispute resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. Your Company has been impleaded in certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 63 consumer cases pending.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation. Your Company has initiated Guideline Daily Amount (GDA) labelling on its products packs in 2014[1(1)].

In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products directed at children (below 12 years). These principles require that marketing practices:

- Do not convey misleading messages
- Do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed
- Do not encourage 'pester power'
- Do not suggest time/sense of urgency or price minimisation pressure
- Do not encourage unhealthy dietary habits
- Do not blur the boundary between programme or editorial content and commercial promotion

Your Company has voluntarily committed to restrict all paid marketing communications directed primarily at children under the age of six years. Your Company restricts marketing and advertising to children from the age of six to under 12 for all products except those that meet (i) Unilever's nutrition criteria, or (ii) any common industry criteria committed to, such as in the India Pledge, and (iii) any binding criteria set by public authorities.

On behalf of the Board

Harish Manwani

Chairman

(DIN : 00045160)

Mumbai, 17th May, 2017

[1(1)]Where applicable and legally allowed in accordance with local or regional industry agreements.

CORPORATE GOVERNANCE

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

– William Hesketh Lever

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

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

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

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

THE BOARD OF DIRECTORS

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

Composition

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

Mr. Dev Bajpai, Executive Director, Legal & Corporate Affairs and Company Secretary was appointed as an Additional Director on the Board of the Company with effect from 23rd January, 2017 to hold office up to the date of the next Annual General Meeting of the Company. Mr. Dev Bajpai has also been appointed as a Whole-time Director on the Board with effect from 23rd January, 2017, for a period of five years subject to approval of Members of your Company at Annual General Meeting.

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

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2017

Name	Date of joining the Board	Number of shares held in the Company	Directorship in other Companies#	Membership(s) of Committees of other Companies##	Chairmanship(s) of Committees of other Companies##
Non-Executive Chairman					
Harish Manwani	29.04.2005	22,130	-	-	-
Managing Director and CEO					
Sanjiv Mehta	01.10.2013	-	-	-	-
Executive Director (Finance & IT) and CFO					
P. B. Balaji	01.07.2014	12,406	-	-	-
Executive Directors					
Pradeep Banerjee	01.03.2010	52,886	1	-	-
Dev Bajpai	23.01.2017	33,326	-	-	-
Independent Directors					
Aditya Narayan	29.06.2001	-	3	2	1
S. Ramadorai	20.05.2002	35	8	-	-
O. P. Bhatt	20.12.2011	-	2	3	-
Sanjiv Misra	08.04.2013	-	2	-	1
Kalpana Morparia	09.10.2014	-	1	1	1

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

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

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

Appointment and Tenure

The Directors of the Company are appointed by Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956/ Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company.

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

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

Board Independence

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

Board Meetings

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

The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The Agenda of the Board / Committee meetings is set by the Company Secretary in consultation with the Chairman and the Managing Director and Chief Executive Officer of the Company. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

Prior Approval from the Board is obtained for circulating the agenda items with shorter notice for matters that form part of the Board and Committee agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

During the financial year ended 31st March, 2017, six Board meetings were held on 9th May, 2016, 18th July, 2016, 26th October, 2016, 23rd December, 2016, 23rd January, 2017 and 21st-23rd March, 2017. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

Board Business

The normal business of the Board includes:

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

Board Support

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

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

Separate Independent Directors' Meetings

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

The Independent Directors met four times during the financial year ended 31st March, 2017 on 9th May, 2016, 18th July, 2016, 26th October, 2016, 23rd January, 2017 and *inter alia* discussed:

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
- other matters arising out of Board / Committee(s) deliberations.

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

Directors' Induction and Familiarization

The Board familiarization program comprises of the following :

- Induction program for new Independent Directors;
- Immersion sessions on business and functional issues;
- Strategy session

All new Independent Directors are taken through a detailed induction and familiarization program when they join the Board of your Company. The induction program is an exhaustive one that covers the history and culture of Unilever, background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. The program also covers the Unilever Sustainable Living Plan.

As part of the induction sessions, the Managing Director and Chief Executive Officer provides an overview of the organisation its history, culture, values and purpose. The Business and Functional Heads take the Independent Directors through their respective businesses and functions. The Independent Directors are also inducted through factory and market visits to understand the operations of the Company. The Independent Directors are also exposed to the constitution, Board procedures, matters reserved for the Board and major risks facing the business and mitigation programs. The Independent Directors are also made aware of their roles and responsibilities at the time of their appointment and a detailed Letter of Appointment is issued to them.

In the Board meetings, immersion sessions deal with different parts of the business and bring out all facets of the business besides the shape of the business. These immersion sessions provide a good understanding of the business to the Independent Directors. Similar immersion sessions are also convened for various functions of the Company. These sessions are also an opportunity for the Board to interact with the next level of management. To make these sessions meaningful and insightful, pre-reads are circulated in advance. Deep dive sessions are also organised on specific subjects for better appreciation by the Board of its impact on the business. There are opportunities for Independent Directors to interact amongst themselves every quarter. Many themes for such immersion sessions come through on account of these structured interactions and meetings of Independent Directors. The process of Board Evaluation also throws up areas where the Board desires deep dive sessions. In the financial year 2016-17, deep dive sessions on rural part of our business, statutory environment in which the Company operates were organised for better understanding of the Board of the implications on business.

Every year, a two day Strategy session is organised generally at a location where the Company has an office or an establishment. It provides to the Board an opportunity to understand Company's footprint in that market and also interact with the Company's team in that market. The strategy session focuses on the strategy for the future and covers all parts of the business and functions, the course corrections, if any, required to be undertaken and gives a good perspective of the future opportunities and challenges.

The details of training program attended by Independent Directors is available on the website at https://www.hul.co.in/investor-relations/corporate-governance/.

Board Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board was undertaken. During the year, the Board undertook the process of evaluation through discussions and made an oral assessment of its functioning. The Board had, during the year, opportunities to interact and make an assessment of it's functioning as a collective body. In addition, there were opportunities for Committees to interact, for Independent Directors to interact amongst themselves and for each Independent Director to interact with the Chairman. The Board found there was considerable value and richness in such discussions and deliberations.

The Board Evaluation discussion was focused around how to make the Board more effective as a collective body in the context of the business and the external environment in which the Company functions. From time to time during the year, the Board was appraised of the business issues and the related opportunities and risks. The Board discussed various aspects of the functioning of the Board and its Committees such as structure, composition, meetings, functions and interaction with Management and what needs to be done to further improve the effectiveness of the Board's functioning. Additionally, during the evaluation discussion, the Board also focused on the contribution being made by the Board as a whole, through Committees and discussions on a one on one basis with the Chairman.

The process of Board Evaluation through oral assessment was led by the Non-Executive Chairman and the Chairman of the Nomination and Remuneration Committee. The overall assessment of the Board was that it was functioning as a cohesive body including the Committees of the Board that were functioning well with periodic reporting by the Committees to the Board on the work done and progress made during the period. The Board also noted that the actions identified in the past questionnaire based evaluations had been acted upon. Subsequent to the evaluation done in the financial year 2016-17, given the changing external environment, some areas have been identified for the Board to engage itself with and these will be acted upon.

COMMITTEES OF THE BOARD

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

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

Audit Committee

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

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

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

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

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

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

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

The Audit Committee met six times during the financial year ended 31st March, 2017 on 9th May, 2016, 1st July, 2016, 18th July, 2016, 26th October, 2016, 23rd December, 2016 and 23rd January, 2017.

Internal Controls and Risk Management

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

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

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

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

The Audit Committee in its meeting held on 17th May, 2017 appointed Ms. Subhra Gourisaria as Internal Auditor of the Company replacing Mr. V. Hariharan who was the Internal Auditor during the financial year 2016-17.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Mr. Harish Manwani as members of the Committee.

The role of Nomination and Remuneration Committee is as follows:

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

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

The Nomination and Remuneration Committee met four times during the financial year ended 31st March, 2017 on 9th May, 2016, 18th July, 2016, 23rd January, 2017 and 27th February, 2017.

Board Membership Criteria

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

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

Reward Policy

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

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

1. Open, Fair and Consistent: increase transparency and ensure fairness and consistency in Reward framework.
2. Insight and Engagement: make Reward truly relevant to the employees by using leading edge tools that help the Company 'hear' how employees feel about their Reward.
3. Innovation: continuously improve Company's Reward through innovations based on insight, analytics and Unilever's expertise.
4. Simplicity, Speed and Accuracy: simplify reward plans and processes and deliver the information employees need quickly, clearly and efficiently.
5. Business Results: Company's business results are the ultimate test of whether Reward solutions are effective and sustainable.

During the year, a detailed review of the Reward Framework was undertaken on the basis of the following key principles:

- Simplify reward;
- Ensure consistent alignment of performance measures with Company's strategy; and
- Increase the timeframe over which incentives are delivered.

In light of this, the Reward Framework for senior leadership team including Executive Directors, Key Managerial Personnel and Management Committee members is undergoing a change. The salary structure is being simplified to ensure fewer elements and clear linkage to employee performance.

The appointment of Executive Directors, Key Managerial Personnel, Management Committee members and other employees is by virtue of their employment with the Company as management employees and therefore, their terms of employment vis-à-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time. The total reward for Executive Directors, Key Managerial Personnel and Management Committee members is reviewed and approved by the Nomination and Remuneration Committee annually, taking into account external benchmarks within the context of group and individual performance.

A fair portion of Executive Directors total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. Long term incentives, in the form of Management Co-Investment Plan, seek to reward Executive Directors, Management Committee members and other eligible employees by aligning their deliverables to business results. This program has been further strengthened as part of the review exercise for Executive Directors, Key Managerial Personnel and senior management employees of the Company.

In line with the Evaluation Policy of the Company, the Nomination and Remuneration Committee considers the outcome of the annual Evaluation before recommending the changes in the remuneration of the Executive Directors and appointment / re-appointment of Directors.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the approval of Members of the Company.

Independent Directors are currently paid sitting fees of ₹ 30,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors remuneration which is also available at Company's website at https://www.hul.co.in/investor-relations/corporate-governance/. As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of ₹ 15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a member of the Committee(s).

The remuneration payable to the Independent Directors under the Differential Remuneration Policy in within the overall limit of ₹ 300 lakhs, as approved by the Members at the Annual General Meeting held on 29th June, 2015. The criteria adopted by the Company for Differential Remuneration Policy is as under:

(₹ Lakhs)

Particulars	Commission (p.a.)
Fixed Commission:	
Base Fixed Commission for Independent Directors	15.00
Additional Variable Commission:	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee(s)*	2.00
In the capacity of Member of the Committee(s)*	1.00

*Committee includes Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The Non-Executive Directors, who continuously serve minimum two terms of five years each, are also entitled to one time commission of ₹ 10 lakhs at the time of stepping down from the Board.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees and commission. The Company has not granted any stock options to any of its Non-Executive Independent Directors.

The details of remuneration paid, stock options and conditional grants made to Executive Directors and remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2017 are provided hereinafter:

Details of Remuneration of Executive Directors for the financial year ended 31st March, 2017

(₹ Lakhs)

Name	Salary and Allowances	Bonus	Perquisites	Contribution to PF	Pension	Total
Sanjiv Mehta	752	227	416	25	-	1,420
P. B. Balaji	613	94	90	17	19	833
Pradeep Banerjee	212	84	143	17	19	475
Dev Bajpai*	248	78	111	15	17	469

Details of Conditional Grants of Performance Shares made to the Executive Directors

Name	Performance Shares outstanding as at 31st March, 2016	Performance Shares exercised during the year	Grant under Performance Share Scheme during the year	Performance Shares balance as at 31st March, 2017
Pradeep Banerjee	13,320**	9,275	1,800	5,845
Dev Bajpai*	20,235**	6,065	2,159	16,329

* Appointed as a Whole-time Director w.e.f. 23rd January, 2017. Remuneration given above also includes remuneration prior to the date of appointment as a Director, which was paid to Mr .Dev Bajpai in the capacity of Key Managerial Personnel of the Company.

** Includes Vesting Adjustment.

Details of Remuneration of Non-Executive Directors for the financial year ended 31st March, 2017

(₹ Lakhs)

Name	Sitting Fees*	Commission#	Total
Harish Manwani##	-	62.00	62.00
Aditya Narayan	5.40	24.00	29.40
S. Ramadorai	4.50	22.69	27.19
O. P. Bhatt	6.00	26.00	32.00
Sanjiv Misra	5.40	23.00	28.40
Kalpana Morparia	4.20	22.00	26.20

* Includes sitting fees paid for Board and Board Committee meetings.

The Commission for the financial year ended 31st March, 2017 as per the Differential Remuneration Policy will be paid to Independent Directors, subject to deduction of tax, after adoption of accounts by the shareholders at the Annual General Meeting to be held on 30th June, 2017.

In addition to Commission, the Non-Executive Chairman is entitled to reimbursement of expenses towards accommodation, travel, transport and business centre/club usage in accordance with the approval of the Board within the overall limits approved by the shareholders of the Company.

Corporate Social Responsibility Committee

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

The role of Corporate Social Responsibility Committee is as follows:

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

During the financial year ended 31st March, 2017, the Committee met twice on 9th May, 2016 and 23rd December, 2016.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises Mr. O. P. Bhatt, Independent Director as the Chairman and Mr. Sanjiv Mehta and Mr. P. B. Balaji, as members of the Committee.

The role of Stakeholders' Relationship Committee is as follows:

- consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- provide guidance and make recommendations to improve investor service levels for the investors.

The Committee has periodic interaction with the representatives of the Registrar and Transfer Agent of the Company.

During the year, the Committee had specifically reviewed the risks and controls processes being followed by Karvy Computershare Private Limited ('Karvy'), the Registrar and Share Transfer Agent of the Company. Karvy had conducted an external Audit on RTA operations for which a detailed Report was shared with the Committee.

During the financial year ended 31st March, 2017, the Committee met twice on 9th May, 2016 and 23rd December, 2016.

Details of Shareholders' / Investors' Complaints

Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary, is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the financial year ended 31st March, 2017, 66 complaints were received from the shareholders. All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2017.

Particulars	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	15	15
Non-Receipt of Shares lodged for Transfer	27	27
Others (e.g. non-receipt of Annual Report)	24	24
TOTAL	**66**	**66**

Risk Management Committee

The Risk Management Committee of the Company comprises of Mr. Sanjiv Mehta as the Chairman and Mr. P. B. Balaji, Mr. Pradeep Banerjee, Mr. Dev Bajpai and Mr. V. Hariharan as members of the Committee. The Board of Directors in their meeting held on 17th May, 2017 appointed Mr. Aasif Malbari, Group Controller as member of the Risk Management Committee replacing Mr. V. Hariharan, who was acting as member of the Committee during the financial year 2016-17.

The role of Risk Management Committee is to:

- oversee the implementation of Risk Management Systems and Framework;
- review the Company's financial and risk management policies;
- assess risk and procedures to minimise the same;
- frame, implementing and monitoring the risk management plan for the Company.

During the financial year ended 31st March, 2017, the Risk Management Committee met twice on 15th December, 2016 and 21st March, 2017 for reviewing the Company level risks and mitigation plans and actions.

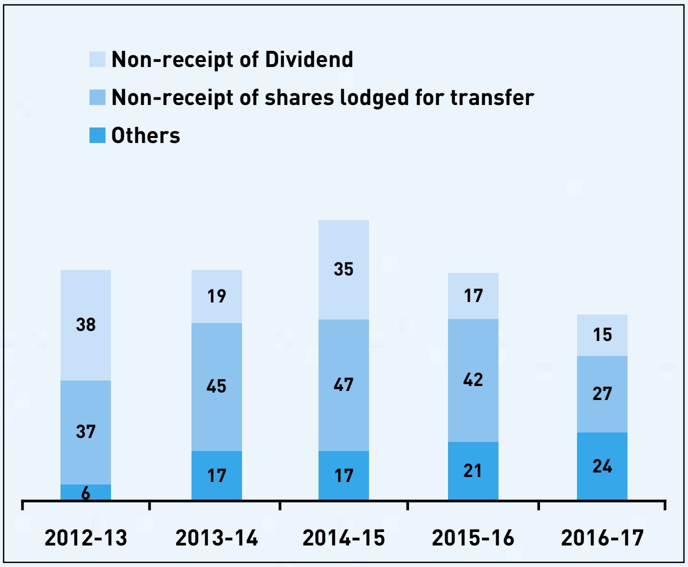
Share Transfer / Transmission Committee

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

The Committee comprises three Executive Directors of the Board. The Committee *inter alia* considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets generally on a weekly basis to ensure that share transfers, and other related requests are registered and returned within a period of 15 days from the date of receipt, provided the documents are complete in all respects.

TREND OF COMPLAINTS RECEIVED DURING LAST 5 YEARS:



Committee for Allotment of Shares under ESOPs

The Committee for Allotment of Shares under ESOPs has been constituted for approval, issue and allotment of shares under ESOP Schemes.

The Committee comprises three Executive Directors of the Board and is constituted to expedite the process of allotment and issue of eligible shares to the employees under the Stock Option Plan of the Company.

Other Functional Committees

Apart from the above statutory Committees, the Board of Directors has constituted the following Functional Committees to raise the level of governance as also to meet the specific business needs.

Routine Business Matter Committee

The Routine Business Matter Committee has been set up to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. The Committee comprises three Executive Directors of the Board. The Committee reports to the Board and the minutes of these meetings are placed before the Board for information.

Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets has been set up and entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property.

The Committee is fully authorised to take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee comprises three Executive Directors of the Board. The Committee reports to the Board and minutes of these meetings are placed before the Board for information.

Attendance of Directors / Members at Board and Committee Meeting(s)

The following table shows attendance of Directors at the Board and Members of the statutory Committee meeting(s) for the year ended 31st March, 2017. Attendance is presented as number of meeting(s) attended, (including meetings attended through electronic mode) out of the number of meeting(s) required to be attended.

Name	Board Meeting	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Harish Manwani	6 of 6#	-	4 of 4	-	-	
Sanjiv Mehta	5 of 6	-	-	1 of 2	1 of 2	2 of 2#
P. B. Balaji	6 of 6	-	-	2 of 2	2 of 2	2 of 2
Pradeep Banerjee	6 of 6	-	-	-	-	2 of 2
Aditya Narayan	6 of 6	6 of 6#	4 of 4	-	2 of 2	-
S. Ramadorai	5 of 6	6 of 6	4 of 4#	-	-	-
O. P. Bhatt	6 of 6	6 of 6	4 of 4	2 of 2#	2 of 2#	-
Sanjiv Misra	6 of 6	6 of 6	4 of 4	-	2 of 2	-
Kalpana Morparia	6 of 6	6 of 6	-	-	2 of 2	-
Dev Bajpai*	1 of 1	-	-	-	-	2 of 2
V. Hariharan	-	-	-	-	-	1 of 2

Chairman
* Appointed as member of the Board with effect from 23rd January, 2017.

In addition to the meetings attended, Mr. Sanjiv Mehta participated in the meeting held on 23rd December, 2016 for specific business item over the phone. The last Annual General Meeting of the Company held on 30th June, 2016 was attended by all members of the Board of Directors.

GOVERNANCE OF SUBSIDIARY COMPANIES

The minutes of the Board Meetings of the subsidiary companies along with the details of significant transactions and arrangements entered into by the subsidiary companies are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your Company.

The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Notes to the standalone financial statements.

COMPANY POLICIES

Code of Business Principles / Whistle Blower Policy

The Code of Business Principles (CoBP) is the Company's statement of values and represents the standard of conduct which all employees are expected to observe in their business endeavours. The Code reflects the Company's commitment to principles of integrity, transparency and fairness. It forms the benchmark against which the world at large is invited to judge the Company's activities. The copy of the Code of Business Principles is available on the website of the Company https://www.hul.co.in/about/who-we-are/purpose-and-principles/.

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Business Principles of the Company. The Company has provided dedicated e-mail addresses whistleblowing.hul@unilever.com and cobp.hul@unilever.com for reporting such concerns. Alternatively, employees can also send written communications to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to the Whistle Blower Policy. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Code of Business Principles and the Whistle Blower Policy of the Company, are reported to the Management Committee and are subject to the review of the Audit Committee. The Whistle Blower Policy is available on the website of the Company https://www.hul.co.in/investor-relations/corporate-governance/

Preventing Conflict of Interest

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

The members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board. The Code of Conduct is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company https://www.hul.co.in/investor-relations/corporate-governance/. In addition, members of the Board and Management Committee also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. The members of the Board inform the Company of any change in their Directorship(s), chairmanship(s)/membership(s) of the Committees, in accordance with the requirements of the Companies Act, 2013 and Listing Regulations. Transactions with any of the entities referred above are placed before the Board for approval. Details of all Related Party Transactions are placed before the Audit Committee on quarterly basis.

Policy on dealing with Related Party Transactions

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website under the weblink: https://www.hul.co.in/investor-relations/corporate-governance/.

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

Policy on Material Subsidiary

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiary is available on the website of the Company under the weblink: https://www.hul.co.in/investor-relations/corporate-governance/

Policy on Dividend Distribution

The Company has adopted Dividend Distribution Policy in terms of the requirement, of Listing Regulations. The Policy is available on the website of the Company under the weblink https://www.hul.co.in/investor-relations/corporate-governance/. The Dividend Distribution Policy forms a part of this Report.

Share Dealing Code

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing in the securities of the Company. In accordance with the SEBI Regulations as amended, the Company has established systems and procedures to prohibit insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company prohibits the Directors of the Company and other specified employees dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large.

The Board of Directors of the Company have adopted a new Share Dealing Code and formulated the Code of Practices and Procedures for Fair Disclosure in terms of the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The details of dealing in Company's shares by Specified Employees (which include members of the Management Committee and Directors) are placed before the Board for information on quarterly basis.

The Code also prescribes sanction framework and any instance of breach of Code is dealt with in accordance with the same. A copy of the Share Dealing Code of the Company is made available to all employees of the Company and compliance of the same is ensured. The Share Dealing Code is available on the website of the Company https://www.hul.co.in/investor-relations/corporate-governance/.

UN Global Compact

Unilever is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN Global Compact which covers human rights, labour practices, environment commitment and prevention of corruption in business organisations. The UN Global Compact is a symbol of leadership in a complex business world and provides a forward looking forum in which the United Nations, companies and civil society organisations can come together in an open and transparent dialogue. The Company's Code of Business Principles upholds the ideals of UN Global Compact in all aspects of its business operations.

AFFIRMATION AND DISCLOSURE

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2017 and a declaration to that effect, signed by the Managing Director and Chief Executive Officer (CEO), is attached and forms part of this Report.

The members of the Management Committee have made disclosure to the Board of Directors relating to transactions with potential conflict of interest with the Company. There were no material, financial or commercial transaction, between the Company and members of the Management Committee that may have a potential conflict with the interest of the Company at large.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

Disclosure on Website

The following information has been disseminated on the website of the Company at www.hul.co.in;

1. Details of business of the Company
2. Terms and conditions of appointment of Independent Directors
3. Composition of various Committees of Board of Directors
4. Code of Conduct for Board of Directors and Senior Management Personnel
5. Details of establishment of vigil mechanism/Whistle Blower policy
6. Criteria of making payments to Non-Executive Directors
7. Policy on dealing with Related Party Transactions
8. Policy for determining material subsidiaries
9. Details of familiarization programmes imparted to Independent Directors
10. Policy for determination of materiality of events
11. Policy for Dividend Distribution

Disclosure of Pending Cases / Instances of Non-Compliance

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

The Company has been impleaded in certain legal cases related to disputes over title to shares arising in the ordinary course of share transfer operations. However, none of these cases are material in nature, which may lead to material loss or expenditure to the Company.

Commodity Price Risk / Foreign Exchange Risk and Hedging Activities

Commodities form a major part of the raw materials required for Company's products portfolio and hence commodity price risk is one of the important market risk for the Company. The commodities are priced using pricing benchmarks and commodity derivatives are priced using exchange-traded pricing benchmarks. Your Company has a robust framework and governance mechanism in place to ensure that the organisation is adequately protected from the market volatility in terms of price and availability.

The Commodity Risk Management (CRM) team of Unilever, based on intelligence and monitoring, forecasts commodity prices and movements and advises the Procurement team on cover strategy. A robust planning and strategy ensure that Company's interests are protected despite volatility in commodity prices.

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with the no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the context of the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2017 are disclosed in Notes to the standalone financial statements.

Compliance with the Discretionary Requirements under Listing Regulations

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- **The Board & separate posts of Chairman and CEO:** The positions of the Chairman and the CEO are separate. Mr. Harish Manwani, Non-Executive Chairman of the Company maintains office at the Company's expense and is allowed reimbursement of expenses incurred in performance of his duties.
- **Shareholders' rights:** The quarterly results along with the press release are uploaded on the website of the Company https://www.hul.co.in/investor-relations/quarterly-results/. The soft copy of the quarterly results is also sent to the shareholders who have registered their e-mail addresses.
- **Audit qualifications:** Company's financial statements are unqualified.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

Secretarial Audit Report

The Company has undertaken Secretarial Audit for the financial year 2016-17 which, *inter alia*, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by the Securities and Exchange Board of India and Foreign Exchange Management Act, 1999 and Secretarial Standards issued by the Institute of the Company Secretaries of India. The Secretarial Audit Report forms part of this Annual Report.

Corporate Governance Code Audit

The Board of Directors has adopted 'Corporate Governance Code' for the Company which is a statement of practices and procedures to be followed by the Company. The copy of the Code is available on Company's website https://www.hul.co.in/investor-relations/corporate-governance/.

The Company had appointed M/s. S. N. Ananthasubramanian and Co., a firm of Company Secretaries as the Auditor for the audit of the practices and procedures followed by the Company under the Code. The Company has received the Corporate Governance Audit Report for the financial year 2016-17.

SHAREHOLDER INFORMATION

General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:

Financial year ended	Date and Time	Venue	Special resolutions passed
31st March, 2014	30th June, 2014 2.00 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	• No special resolutions were passed in this meeting
31st March, 2015	29th June, 2015 2.00 p.m.	Same as above	• Increase in overall limit of remuneration payable to Non-Executive Directors • Adoption of new Articles of Association of the Company
31st March, 2016	30th June, 2016 3.30 p.m.	Same as above	• No special resolutions were passed in this meeting

No special resolution was passed by the Company last year through Postal Ballot. No special resolution is proposed to be conducted through Postal Ballot as on the date of this report.

Annual General Meeting for the financial year 2016-17

Date	Friday, 30th June, 2017
Venue	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	3.30 p.m.
Book Closure Dates for Final Dividend	Saturday, 24th June, 2017 to Friday, 30th June, 2017 (both days inclusive)
Last date of receipt of Proxy Forms	Wednesday, 28th June, 2017 before 3.30 p.m. at Registered Office of the Company

Calendar of financial year ended 31st March, 2017

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2017 were held on the following dates:

First Quarter Results	18th July, 2016
Second Quarter and Half yearly Results	26th October, 2016
Third Quarter Results	23rd January, 2017
Fourth Quarter and Annual Results	17th May, 2017

Tentative Calendar for financial year ending 31st March, 2018

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2018 are as follows:

First Quarter Results	18th July, 2017
Second Quarter and Half yearly Results	25th October, 2017
Third Quarter Results	22nd January, 2018
Fourth Quarter and Annual Results	17th May, 2018

Dividend

The Board of Directors at their meeting held on 17th May, 2017, recommended a Final Dividend of ₹ 10/- per equity share of face value of ₹ 1/- each, for the financial year ended 31st March, 2017. Together with the Interim Dividend of ₹ 7.00 per equity share paid on 15 November, 2016, the total dividend for the year works out to ₹ 17/- per equity share of face value of ₹ 1/- each. Final Dividend, if approved by Members, will be paid on or after Wednesday, 5th July, 2017.

Unpaid / Unclaimed Dividends

During the year under review, the Ministry of Corporate Affairs notified provisions relating to unpaid / unclaimed dividends under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules. As per the new Rules, dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate companies to transfer shares of shareholders whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can now claim their shares / dividend from the Authority.

In accordance with the new IEPF Rules, the Company sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published requisite advertisement in the newspaper.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 5.43 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

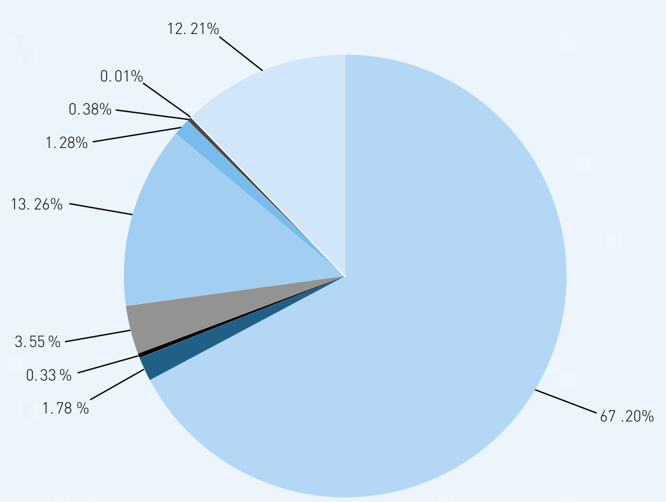
The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th June, 2016 (date of last Annual General Meeting) on the Company's website https://www.hul.co.in/investor-relations/ and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in/.

Distribution of Shareholding as on 31st March, 2017

Holding	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	3,20,344	96.41	13,66,25,836	6.31
5001 – 10000	6,837	2.06	4,80,26,756	2.22
10001 – 20000	3,101	0.93	4,28,26,696	1.98
20001 – 30000	776	0.24	1,87,84,910	0.87
30001 – 40000	310	0.09	1,07,11,025	0.50
40001 – 50000	167	0.05	74,47,875	0.34
50001 – 100000	310	0.09	2,16,56,279	1.00
100001 and above	430	0.13	187,82,70,262	86.78
TOTAL	**3,32,275**	**100.00**	**216,43,49,639**	**100.00**

Categories of shareholders as on 31st March, 2017

Category	No. of Folios	Shares	%
Unilever and its Associates	7	1,45,44,12,858	67.20
Mutual Funds & Unit Trust of India	251	3,84,35,314	1.78
Financial Institutions / Banks	143	71,19,045	0.33
Insurance Companies	18	7,68,60,446	3.55
Foreign Institutional Investors	752	28,70,42,963	13.26
Bodies Corporate	2,247	2,77,34,361	1.28
NRIs / Foreign Bodies Corporate / Foreign Nationals	6,095	83,99,911	0.38
Directors and Their Relatives	7	1,20,783	0.01
Resident Individuals & Others	3,22,755	26,42,23,958	12.21
Total	**3,32,275**	**2,16,43,49,639**	**100.00**



Bifurcation of shares held in physical and demat form as on 31st March, 2017

Particulars	No. of Shares	%
Physical Segment	4,75,59,208	2.20
Demat Segment		
NSDL (A)	2,08,69,60,640	96.42
CDSL (B)	2,98,29,791	1.38
Total (A+B)	2,11,67,90,431	97.80
TOTAL	**2,16,43,49,639**	**100.00**

* includes shares held by Unilever PLC and its Affiliates representing 67.20% of the total shareholding There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company

Listing Details

Name and Address of Stock Exchange	Stock Code
BSE Limited (BSE) Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	500696
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	HINDUNILVR
ISIN	INE030A01027

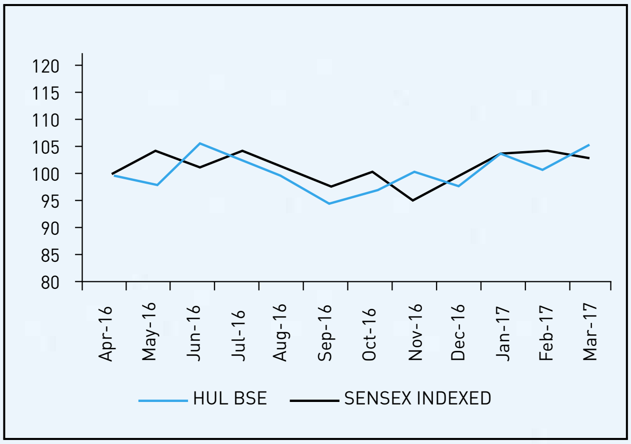
The listing fee for the financial year 2016-17 has been paid to the above Stock Exchanges.

Share Price Data

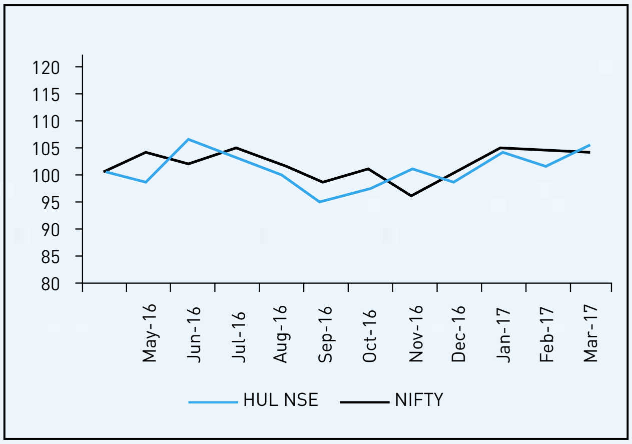
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2017 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-16	907.00	844.95	12,47,947	906.90	845.10	2,13,40,028
May-16	869.45	806.75	21,27,436	869.70	806.15	4,07,75,944
Jun-16	907.30	835.10	21,08,689	908.00	835.00	2,80,74,289
Jul-16	949.00	886.00	29,52,075	951.45	886.10	2,48,37,369
Aug-16	945.85	899.75	33,35,719	947.00	900.00	2,23,34,367
Sep-16	954.00	865.00	18,27,787	954.00	865.00	2,61,86,308
Oct-16	888.55	820.05	13,94,964	889.70	818.40	2,83,78,884
Nov-16	866.85	783.25	17,36,352	866.40	783.25	3,02,11,072
Dec-16	854.00	782.95	10,70,549	855.70	781.95	1,62,14,478
Jan-17	875.65	817.25	23,49,507	875.95	816.55	2,06,56,698
Feb-17	871.80	839.00	36,33,291	872.00	837.50	2,15,50,956
Mar-17	925.00	862.80	34,53,761	923.80	862.20	2,67,99,345

BSE SENSEX Vs HUL SHARE PRICE (INDEXED)



NSE NIFTY Vs HUL SHARE PRICE (INDEXED)



10 - year Performance of Hindustan Unilever Share vis-à-vis Sensex and Nifty

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01-01-2008	218.10	278%	20,300.00	31%	218.45	278%	6,144.35	33%
01-01-2009	250.75	229%	9,903.46	169%	250.75	229%	3,033.45	170%
01-04-2010	264.70	212%	17,558.73	51%	264.70	212%	5,232.20	56%
01-03-2011	313.15	163%	20,561.05	29%	313.15	164%	6,157.60	33%
01-03-2012	407.95	102%	15,939.36	67%	407.70	102%	4,765.30	72%
01-01-2013	530.60	55%	19,580.81	36%	530.60	56%	5,950.85	37%
01-01-2014	570.00	45%	21,222.19	25%	570.65	45%	6,301.65	30%
01-01-2015	758.25	9%	27,507.54	-3%	758.45	9%	8,284.00	-1%
01-01-2016	856.55	-4%	26,160.90	2%	856.55	-4%	7,963.20	3%
02-01-2017	824.55	-	26,595.45	-	825.35	-	8,179.50	-

Source : BSE and NSE Website

All comparisons are with respect to 2nd January, 2017 (the reference date).

Mergers and Demergers

The details of Mergers and Demergers with Companies and respective share exchange ratios are available on 'Investor Centre' page on the website of the Company www.hul.co.in.

Plant Locations

The details of Plant Locations form part of this Report.

COMMUNICATION TO SHAREHOLDERS

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Maharashtra Times. These results are also made available on the website of the Company www.hul.co.in/investorrelations/QuarterlyResults. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. The Company also sends quarterly, half yearly and annual results as well as the notice of the Board Meeting to Members through e-mail.

The Investor Relation page of the Company's website provides more than 50 Frequently Asked Questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites.

Investor Services

Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting https://karisma.karvy.com/ and clicking on 'INVESTORS' option for query registration through free identity registration process.

Investors can submit their query in the 'QUERIES' option provided on the above website, which would generate the grievance a registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievence till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Relation page on website of the Company at https://www.hul.co.in/investor-relations/.

Alternative Dispute Redressal

Long pending litigations involve significant investment as monetary value of the disputed shares and accrued dividends / other benefits are locked up unutilised till the dispute is settled. Further, in terms of the requirements of the Companies Act, 2013, such dividends / other specified incomes remaining unclaimed / unpaid for a period of seven years are to be credited to the Investor Education and Protection Fund Authority (IEPF Authority) and the shares pertaining to such dividends / other specified incomes shall be transferred to IEPF Authority. In accordance with the newly notified IEPF Rules, the Shareholders are entitled to claim the dividends / other specified incomes / shares from the IEPF Authority.

Keeping the above in mind, the Company in 2004, pioneered the mechanism of providing an alternate dispute redressal for Shareholders to resolve the shares related disputes pending before the courts / authorities by amicable settlement.

The Company had started this unique initiative of organising Alternative Dispute Redressal meetings wherein aggrieved investors come face to face and get a chance to settle their disputes, some of which were pending for years.

A number of Shareholders have availed the benefit of this process and the Company through its various initiatives keeps exploring the possibilities of settling such issues. The process helps the investors in releasing the locked up investment and save their time consumed in contesting legal proceedings. The objective of this process is to facilitate quick resolution of the dispute between the parties.

The Shareholders who are willing to avail the benefits of Alternative Dispute Redressal mechanism may approach the Investor Service Department of the Company at the Registered Office of the Company.

Address for Correspondence

All shareholders' correspondence should be forwarded to Karvy Computershare Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below.

The Company's dedicated e-mail address for Investors' Complaints and other communications is levercare.shareholder@unilever.com.

Karvy Computershare Private Limited	Investor Service Department	Compliance Officer
Unit: Hindustan Unilever Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 Phone: +91 - 40 671 61500, 332 11000 Fax: +91 - 40 – 234 20814, 230 01153 Toll Free no.: 1800-345-4001 E-mail: einward.ris@karvy.com Website: www.karvy.com	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 Phone: +91 - 22 – 39832285 / 32452 Fax: +91 - 22 - 28249457 E-mail: levercare.shareholder@unilever.com Website: www.hul.co.in	Mr. Dev Bajpai Executive Director (Legal & Corporate Affairs) and Company Secretary E-mail: levercare.shareholder@unilever.com Phone: +91 - 22 - 39832557 / 34485 / 32532 /32312

Annexure to the Corporate Governance Report

Dividend Distribution Policy

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is in excess of its immediate and foreseeable needs back to the shareholders over the long term. Interim dividend is considered for declaration by the Board based on the performance of the Company during the year and final dividend is based on the performance for the full year. The actual quantum of dividend pay-out on a yearly basis will be dependent on the existing and expected underlying financial performance, market conditions, cash flow position, interim dividend, if any, already declared during the year and future requirements of funds. As such any amount retained will be utilized for securing the long term growth objectives of the business. With this in mind, the Company shall strive to declare a steady stream of dividends to the shareholders that is in their best long term interest.

The declaration and distribution of dividends, whether interim or final, will, at all times, be in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, such other applicable provisions of law and the Articles of Association of the Company as amended.

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.

CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To
The Board of Directors
Hindustan Unilever Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Hindustan Unilever Limited ('the Company'), to the best of our knowledge and belief certify that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2017 and to the best of our knowledge and belief, we state that:
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

(d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
   (i) significant changes, if any, in the internal control over financial reporting during the year;
   (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

	Sanjiv Mehta	**P. B. Balaji**
Mumbai, 17th May, 2017	Managing Director and Chief Executive Officer DIN: 06699923	Executive Director - Finance & IT and Chief Financial Officer DIN: 02762983

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Hindustan Unilever Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 15th July, 2016.
2. This report contains details of compliance of conditions of corporate governance by Hindustan Unilever Limited ('the Company') for the year ended 31st March, 2017 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2017.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **BSR & Co. LLP**

Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master

Partner
Membership No: 046768

Mumbai, 17th May, 2017

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B D Sawant Marg,
Chakala, Andheri East, Mumbai - 400099.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Unilever Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2017,** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder and the applicable provisions of the Companies Act, 1956;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not Applicable as the Company has not issued any further capital under the regulations during the period under review]**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review];**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the financial year under review];**

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review].**

vi. The Management has identified and confirmed the following laws as specifically applicable to the Company:

   i. The Hazardous Wastes (Management and Handling) Rules, 1989;

   ii. The Insecticide Act, 1968;

   iii. The Drugs and Cosmetics Act, 1940;

   iv. The Prevention of Food Adulteration Act, 1954;

   v. The Legal Metrology Act, 2009;

   vi. The Legal Metrology (Packaged Commodities) Rules 2011;

   vii. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and regulations.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.
- Adequate notice is given to all Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent generally seven days in advance.
- A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committees were carried with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were following specific events / actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.: -

- The members at a Court Convened Meeting held on 30th June, 2016 has considered and approved Scheme of arrangement under Section 391-394 of the Companies Act, 1956 between the Company and its members to re-classify and transfer the amounts lying to the credit of the General Reserve to the Profit and Loss account of the Company.

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

S. N. ANANTHASUBRAMANIAN
PARTNER
C.P No: 1774

Thane, 15th May 2017

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed and Forms an integral part of this report.

Annexure to Secretarial Auditors' Report

To,

The Members,
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B D Sawant Marg,
Chakala, Andheri East,
Mumbai- 400099.

Our Secretarial Audit Report for the financial year 31st March, 2017 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

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

S. N. ANANTHASUBRAMANIAN
PARTNER
C.P No: 1774

Thane, 15th May 2017

ECONOMIC VALUE ADDED

ADDITIONAL INFORMATION : ECONOMIC VALUE ADDED (EVA)

What is EVA?

Traditional approaches to measuring Shareholder's Value Creation' have used parameters such as earnings capitalisation, market capitalisation and present value of estimated future cash flows. Extensive equity research has established that it is not earnings per se, but VALUE that is important. A measure called 'Economic Value Added' (EVA) is increasingly being applied to understand and evaluate financial performance.

***EVA = Net Operating Profit after Taxes (NOPAT) - Cost of Capital Employed (COCE), where,**

NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungeared basis to provide a return to lenders and shareholders, and

COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed

*Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated Company like HUL for a short term debt, net of taxes. We have considered a pre tax rate of 7.42% for 2016-17 (8.22% for 2015-16)

*Cost of Equity is the return expected by the investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 6.68% for 2016-17)

+

Market risk premium (taken at 8.69%) (x) Beta variant for the Company, (taken at 0.710) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity = 6.68% + 8.69% (x) 0.710 = 12.85%

What does EVA show?

EVA is residual income after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

When will EVA increase?

EVA will increase if:

a. Operating profits can be made to grow without employing more capital, i.e. greater efficiency.

b. Additional capital's invested in projects that return more than the cost of obtaining new capital, I.e. profitable growth.

c. Capital is curtailed in activities that do not cover the cost of capital, i.e liquidate unproductive capital.

EVA in practice at Hindustan Unilever Limited.

In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

ECONOMIC VALUE ADDED (CONTD.)

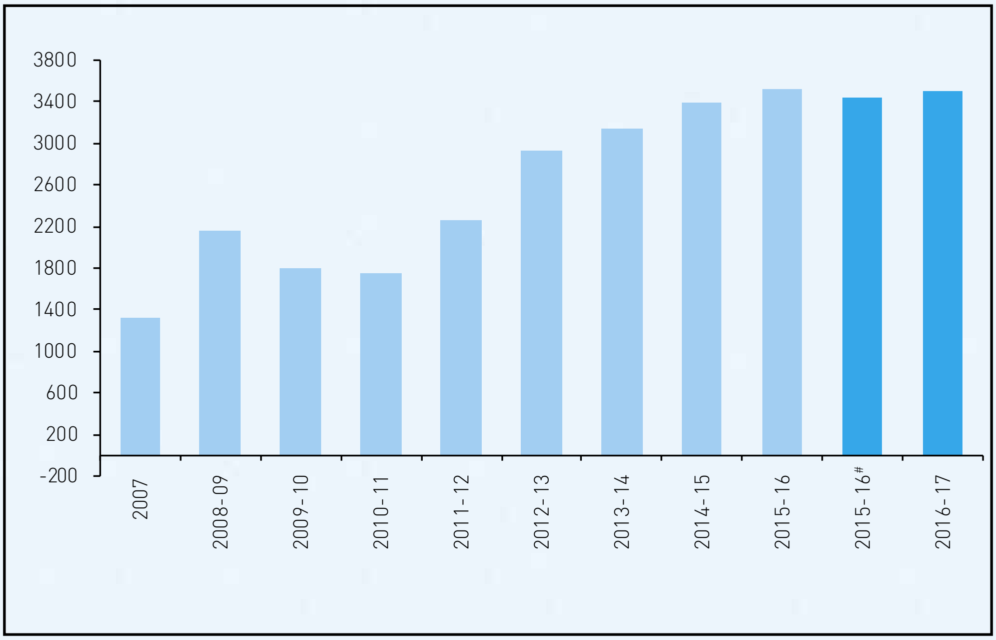
EVA Trends:2007-2017 (Unaudited)

(₹ crores)

Particulars	I-GAAP									IND AS	
	2007	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16#	2016-17
Cost of Capital Employed (COCE)											
1. Average Debt	382	342	119	2	0	0	0	0	0	0	0
2. Average Equity	2,402	1,928	2,497	3,118	3,462	4,018	3,715	4,338	4,603	5,664	5,831
3. Average Capital Employed : (1) + (2)	**2,784**	**2,270**	**2,616**	**3,120**	**3,462**	**4,018**	**3,715**	**4,338**	**4,603**	**5,664**	**5,831**
4. Cost of Debt, post-tax %	6.24	3.91	3.95	5.36	6.20	6.02	6.36	5.56	5.43	5.43	4.90
5. Cost of Equity %	17.59	14.47	12.51	12.93	10.10	10.07	11.62	10.91	11.99	11.98	12.85
6. Weighted Average Cost of Capital % (WACC)	16.03	12.88	12.12	12.92	10.10	10.07	11.62	10.91	11.99	11.98	12.85
7. COCE : (3) x (6)	**446**	**365**	**317**	**403**	**350**	**405**	**432**	**474**	**552**	**679**	**749**
Economic Value Added (EVA)											
8. Profit after tax, before exceptional items	1,743	2,501	2,103	2,153	2,599	3,314	3,555	3,843	4,078	4,116	4,247
9. Add : Interest, after taxes	17	17	5	0	1	17	24	11	0	0	0
10. Net Operating Profits After Taxes (NOPAT)	1,760	2,518	2,108	2,153	2,600	3,331	3,579	3,854	4,078	4,117	4,247
11. COCE, as per (7) above	446	365	317	403	350	405	432	474	552	679	749
12. EVA : (10) - (11)	**1,314**	**2,154**	**1,791**	**1,750**	**2,250**	**2,926**	**3,147**	**3,380**	**3,526**	**3,438**	**3,498**

ECONOMIC VALUE ADDED (EVA)

(₹ crores)



#Figures are restated as per IND AS

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Hindustan Unilever Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;

   (e) On the basis of the written representations received from the Directors as on 31 March 2017 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2017 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      1. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 25 to the standalone Ind AS financial statements;

      2. The Company has made provision, as required under the applicable law or accounting standards, for material

INDEPENDENT AUDITOR'S REPORT (Contd.)

foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 47 to the standalone Ind AS financial statements;

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

4. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 45 to the standalone Ind AS financial statements.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:
101248W/ W - 100022

Akeel Master
Partner
Membership No: 046768

Mumbai: 17 May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2017

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 4A to the standalone Ind AS financial statements, are held in the name of the Company, except for the following:

(Rs. in Crores)

Particulars	Leasehold Land	Freehold Land	Buildings
Gross block as at 31 March 2017	0.76	0.19	75.36
Net block as at 31 March 2017	0.62	0.19	42.86

(ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under sub section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Appendix I to this report.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures, as at the balance sheet date the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W/ W - 100022

Akeel Master
Partner
Membership No: 046768

Mumbai : 17 May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2017 (Contd.)

APPENDIX I

(Rs. in Crores)

Name of the Statute	Nature of dues	Amount Demanded Rs. in crores	Amount Paid under dispute Rs. in crores	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1994	Excise duty (including interest and penalty, if applicable)	71.67	3.67	1987-2016	Appellate Authority upto Commissioner's level
The Central Excise Act	Excise duty (including interest and penalty, if applicable)	71.51	3.69	1994-2016	Customs, Excise and Service Tax Appellate Tribunals of various states
The Central Excise Act	Excise duty (including interest and penalty, if applicable)	3.59	-	2003-2010	High Courts of various states
Customs Act, 1962	Custom Duty (including interest and penalty, if applicable)	1.62	0.12	2011-2013	Appellate Authority upto Commissioner's level
Customs Act, 1962	Custom Duty (including interest and penalty, if applicable)	0.05	0.05	2012	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	150.17	49.83	1985-2017	Appellate Authority upto Commissioner's level
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	28.78	2.23	1984-2014	Sales Tax Appellate Tribunals of various states
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	142.36	101.29	1984-2017	High Courts of various states
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	27.63	12.76	1985-2009	Supreme Court
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, as applicable)	79.25	0.56	2005-2017	Appellate Authority upto Commissioner's level
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, as applicable)	8.11	1.5	2003-2008	Customs, Excise and Service Tax Appellate Tri-bunals of various states
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	153.21	-	1979 - 1980, 1991, AY 2006-07, AY 2007-08, AY 2009-10, AY 2011-12	Appellate Authority upto Commissioner's Level
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	0.20	-	1982-1983	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	0.06	-	1963-1964 1982-1983	Bombay High Court

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT- 31 MARCH 2017 ON STANDALONE IND AS FINANCIAL STATEMENTS

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited the internal financial controls over financial reporting of Hindustan Unilever Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:
101248W/ W - 100022

Akeel Master
Partner
Membership No: 046768

Mumbai: 17 May 2017

BALANCE SHEET
As at 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4A	3,654	2,902	2,435
Capital work-in-progress	4B	203	386	479
Goodwill	5	0	-	-
Other intangible assets	5	370	12	22
Investments in subsidiaries, associates and joint venture	6	254	313	298
Financial assets				
Investments	7	6	6	6
Loans	8	198	162	180
Other financial assets	9	114	132	108
Non-current tax assets (net)	10D	311	246	252
Deferred tax assets (net)	10C	160	168	155
Other non-current assets	11	70	41	44
Current assets				
Inventories	12	2,362	2,528	2,603
Financial assets				
Investments	7	3,519	2,461	2,724
Trade receivables	13	928	1,064	783
Cash and cash equivalents	14	572	635	720
Bank balances other than cash and cash equivalents mentioned above	15	1,099	2,124	1,818
Other financial assets	9	306	253	323
Other current assets	16	553	465	380
Assets held for sale	17	72	22	9
TOTAL ASSETS		**14,751**	**13,920**	**13,339**

BALANCE SHEET (CONTD.)
As at 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	216	216	216
Other equity	19A	6,274	6,063	5,928
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	20	71	19	18
Provisions	21	485	594	482
Non-current tax liabilities (net)	10D	296	193	135
Other non-current liabilities	22	207	183	133
Current liabilities				
Financial liabilities				
Trade payables				
Dues to micro and small enterprises	23	0	-	-
Dues to Others	23	6,006	5,498	5,252
Other financial liabilities	20	181	237	208
Other current liabilities	24	628	627	738
Provisions	21	387	290	229
TOTAL EQUITY AND LIABILITIES		**14,751**	**13,920**	**13,339**
Basis of preparation, measurement and significant accounting policies	2			
First time adoption of Ind AS	3			
Contingent liabilities and commitments	25			

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

STATEMENT OF PROFIT AND LOSS
For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2017	Year ended 31st March, 2016
INCOME			
Revenue from operations	26	34,487	33,491
Other income	27	526	564
TOTAL INCOME		**35,013**	**34,055**
EXPENSES			
Cost of materials consumed	28	11,363	11,267
Purchases of stock-in-trade	29	4,166	3,951
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	30	156	87
Excise duty	31	2,597	2,430
Employee benefits expenses	32	1,620	1,573
Finance costs	33	22	15
Depreciation and amortisation expenses	34	396	321
Other expenses	35	8,538	8,434
TOTAL EXPENSES		**28,858**	**28,078**
Profit before exceptional items and tax		**6,155**	**5,977**
Exceptional items	36	241	(31)
Profit before tax		**6,396**	**5,946**
Tax expenses			
Current tax	10A	(1,865)	(1,816)
Deferred tax credit/(charge)	10A	(41)	7
PROFIT FOR THE YEAR (A)		**4,490**	**4,137**

STATEMENT OF PROFIT AND LOSS
For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2017	Year ended 31st March, 2016
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	19C	(32)	(16)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	10A	11	5
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	19C	1	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	10A	(0)	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		**(20)**	**(12)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**4,470**	**4,125**
Earnings per equity share			
Basic (Face value of ₹ 1 each)	37	**₹ 20.75**	**₹ 19.12**
Diluted (Face value of ₹ 1 each)	37	**₹ 20.74**	**₹ 19.11**
Basis of preparation, measurement and significant accounting policies	2		
First time adoption of Ind AS	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 1st April, 2015		**216**
Changes in equity share capital during the year		0
As at 31st March, 2016		**216**
Changes in equity share capital during the year		0
As at 31st March, 2017	18	**216**

B. OTHER EQUITY

	Reserves and Surplus							Items of Other Comprehensive Income (OCI)		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Total
As at 1st April, 2015	4	6	81	41	2,187	3,599	9	-	1	5,928
Profit for the year	-	-	-	-	-	4,137	-	-	-	4,137
Other comprehensive income for the year	-	-	-	-	-	-	-	(11)	(1)	(12)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,137**	**-**	**(11)**	**(1)**	**4,125**
Dividend on equity shares for the year (Note: 38)	-	-	-	-	-	(3,354)	-	-	-	(3,354)
Dividend distribution tax (Note: 38)	-	-	-	-	-	(655)	-	-	-	(655)
Issue of equity shares on exercise of employee stock options	-	-	17	(17)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	19	-	-	-	-	-	19
As at 31st March, 2016	4	6	98	43	2,187	3,727	9	(11)	0	6,063
Profit for the year	-	-	-	-	-	4,490	-	-	-	4,490
Other comprehensive income for the year	-	-	-	-	-		-	(21)	1	(20)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,490**	**-**	**(21)**	**1**	**4,470**
Dividend on equity shares for the year (Note: 38)	-	-	-	-	-	(3,571)	-	-	-	(3,571)
Dividend distribution tax(Note: 38)	-	-	-	-	-	(693)	-	-	-	(693)
Issue of equity shares on exercise of employee stock options	-	-	18	(18)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	5	-	-	-	-	-	5
As at 31st March, 2017	4	6	116	30	2,187	3,953	9	(32)	1	6,274

a) Refer note 19B for nature and purpose of reserves

b) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of balance of ₹ 2,187 crores standing to the credit of General Reserves to the profit and Loss account (currently retained earnings). The Scheme, under relevant section of the Companies Act, 1956 and 2013, was approved in Annual General Meeting held on 30th June, 2016 and is now pending for approval with National Company Law Tribunal (NCLT).

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

PB Balaji
Executive Director (Finance & IT) and CFO
[DIN: 02762983]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

STATEMENT OF CASH FLOWS
For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2017	Year ended 31st March, 2016
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before exceptional items and tax	**6,155**	**5,977**
	Adjustments for:		
	Depreciation and amortisation expenses	396	321
	(Gain)/loss on sale of non-current assets held for sale	13	18
	Interest income	(262)	(331)
	Dividend income	(178)	(166)
	Fair value (gain)/loss on investments	(86)	(67)
	Net (gain)/loss on sale of investments	(0)	(0)
	Interest expense	22	15
	Provision for expenses on emploee stock options	4	19
	Impairment of non-current investments	8	-
	Provision/(write back) for doubtful debts and advances (net)	4	(7)
	Bad debts/assets written off	2	5
	Mark-to-market (gain)/loss on derivative financial instruments	13	7
	Cash Generated from operations before working capital changes	**6,091**	**5,791**
	Adjustments for:		
	(Increase)/decrease in trade receivables	131	(279)
	(Increase)/decrease in other non-current financial assets	20	(25)
	(Increase)/decrease in other current financial assets	(58)	81
	(Increase)/decrease in other non-current assets	(10)	8
	(Increase)/decrease in other current assets	(88)	(83)
	(Increase)/decrease in inventories	166	74
	Increase/(decrease) in trade payables	508	166
	Increase/(decrease) in other non-current financial liabilities	52	1
	Increase/(decrease) in other current financial liabilities	(71)	9
	Increase/(decrease) in non-current provisions	(37)	27
	Increase/(decrease) in current provisions	61	(28)
	Increase/(decrease) in other non-current liabilities	(9)	48
	Increase/(decrease) in other current liabilities	1	(112)
	Cash generated from operations	**6,757**	**5,678**
	Taxes paid (net of refunds)	(1,783)	(1,696)
	Cash flow before exceptional items	**4,974**	**3,982**
	Exceptional items:		
	Amounts paid for other restructuring activities	(21)	(8)
	Net cash (used in) / generated from operating activities - [A]	**4,953**	**3,974**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	(1,024)	(756)
	Sale proceeds of property, plant and equipment	5	21
	Purchase of Intangibles	(348)	(1)
	Investment in equity shares of a joint venture	-	(15)
	Purchase of non-current investments	-	(0)

STATEMENT OF CASH FLOWS (CONTD.)
For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2017	Year ended 31st March, 2016
	Sale proceeds of non-current investments	0	0
	Purchase of current investments	(26,230)	(18,907)
	Sale of current investments	25,260	19,236
	Loans given to subsidiaries	(84)	(35)
	Loans repaid by subsidiaries	48	53
	Redemption/maturity of bank deposits (having original maturity of more than 3 months)	2,590	2,328
	Investment in bank deposits (having original maturity of more than 3 months)	(1,555)	(2,625)
	Investment in non-current deposits with banks	(1)	-
	Redemption of non-current deposits with banks	-	0
	Interest received	266	324
	Dividend received from subsidiaries	167	136
	Dividend received from others	11	30
	Cash flow before exceptional items	**(895)**	**(211)**
	Exceptional items:		
	Consideration received on disposal of surplus properties	167	61
	Consideration received on disposal of subsidiary/ business	20	161
	Taxes paid for exceptional items	(44)	(62)
	Net cash (used in) / generated from investing activities - [B]	**(752)**	**(51)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividends paid	(3,561)	(3,342)
	Dividend distribution tax paid	(693)	(655)
	Amounts deposited in bank accounts towards unpaid dividends	(10)	(11)
	Interest paid	(0)	(0)
	Proceeds from share allotment under employee stock options/ performance share schemes	0	0
	Net cash (used in) / generated financing activities - [C]	**(4,264)**	**(4,008)**
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**(63)**	**(85)**
	Add: Cash and cash equivalents at the beginning of the year (refer Note 14)	635	720
	Cash and cash equivalents at the end of the year (refer Note 14)	**572**	**635**

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
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Chairman - Audit Committee
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Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

Notes
to the financial statements for the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

1 COMPANY INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited Company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising primarily of Home Care, Personal Care, Foods and Refreshments segments. The Company has manufacturing facilities across the country and sells primarily in India through independent distributors and modern trade.

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements for the year ended 31st March, 2017 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2016 , the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The financial statements for the year ended 31st March, 2016 and the opening Balance Sheet as at 1st April, 2015 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 3.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

The financial statements of the Company for the year ended 31st March, 2017 were approved for issue in accordance with the resolution of the Board of Directors on 17th May, 2017.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 41

(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 21 and 25

(c) Recognition of deferred tax assets - Note 10

(d) Key assumptions used in discounted cash flow projections - Note 43

(e) Measurement of consideration and assets acquired as part of business combination - Note 43

(f) Impairment of Intangibles - Note 5

2.3 RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the Company.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

2.4 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.
- assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Company has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2015.

(b) Intangible Assets:

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Design	-	10 years
Know-how	-	10 years
Computer software	-	5 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Indefinite life intangibles mainly consist of brands/trademarks. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations [refer note 2.4.(q)]. These assets are not amortised but are tested for impairment annually.

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2015.

(c) Investments in Subsidiaries and Joint Venture:

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2015.

(d) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(e) Cash and Cash Equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(f) Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

(g) Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) **Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(b) **Measured at fair value through other comprehensive income:** Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) **Measured at fair value through profit or loss:** A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value , the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Companys trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(h) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(i) Revenue Recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc.

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

(j) Expenditure:

Expenses are accounted on accrual basis.

(k) Employee Benefits:

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits including to the employees of Indian subsidiaries and a subsidiary of parent Company.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit liabilities (using a discount rate by reference to market yields on government bonds at the end of the reporting period).

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

Share-Based Payments:

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independant valuer basis Black Scholes model. At the end of each reporting period, apart from the non market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 42 for details.

(l) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

(m) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(n) Leases:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(o) Foreign Currencies:

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

(p) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(q) Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from 1st April 2015. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward as at the date of transition to Ind AS.

3. FIRST TIME ADOPTION OF IND AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with a transition date of 1st April, 2015. These financial statements for the year ended 31st March, 2017 are the first financial statements the Company has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2016 , the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and

Notes
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(All amounts in ₹ crores, unless otherwise stated)

consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended 31st March, 2017, together with the comparative information as at and for the year ended 31st March, 2016 and the opening Ind AS Balance Sheet as at 1st April, 2015, the date of transition to Ind AS.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at 1st April, 2015 and the financial statements as at and for the year ended 31st March, 2016.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Company has elected to apply the following optional exemptions from retrospective application:

(i) Business combinations

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2015. The carrying amounts of assets and liabilities in accordance with Previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS Balance Sheet is its carrying amount in accordance with the Previous GAAP.

(ii) Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(iii) Investments in subsidiaries and joint ventures

The Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(iv) Share-based payments

The Company has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

B. Mandatory Exceptions from retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(i) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st April, 2015

II. A. Reconciliation of Equity as at 31st March, 2016

B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

III. Adjustments to Statement of Cash Flows for the year ended 31st March, 2016

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with financial statements prepared under Ind AS.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

I. Reconciliation of Equity as at 1st April, 2015

	Note	Previous GAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		2,435		2,435
Capital work-in-progress		479		479
Other intangible assets		22		22
Investments in subsidiaries, associates and joint ventures		298		298
Financial assets				
Investments	(a)	356	(350)	6
Loans		180		180
Other financial assets		108		108
Non current tax assets (net)		252		252
Deferred tax assets (net)	(g)	196	(41)	155
Other non-current assets		44		44
Current assets				
Inventories		2,603		2,603
Financial assets				
Investments	(b)	2,630	94	2,724
Trade receivables		783		783
Cash and cash equivalents	(b)	720	0	720
Bank balances other than cash and cash equivalents above		1,818		1,818
Other financial assets	(c)	322	1	323
Other current assets		380		380
Assets held for sale		9		9
TOTAL		**13,635**	**(296)**	**13,339**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		216		216
Other equity	(a), (b), (d), (e) ,(f), (g), (k)	3,509	2,419	5,928
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities		18		18
Provisions	(a), (k)	829	(347)	482
Non current tax liabilities (net)		135		135
Other non-current liabilities	(e)	152	(19)	133
Current liabilities				
Financial liabilities				
Trade payables				
Dues to micro and small enterprises		-		-
Dues to others		5,252		5,252
Other financial liabilities	(c)	207	1	208
Other current liabilities		738		738
Provisions	(a), (d)	2,579	(2,350)	229
TOTAL		**13,635**	**(296)**	**13,339**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

II. A. Reconciliation of Equity as at 31st March, 2016

	Note	Previous GAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		2,902		2,902
Capital work-in-progress		386		386
Other intangible assets		12		12
Investment in subsidiaries, associates and joint venture		313		313
Financial assets				
Investments	(a)	356	(350)	6
Loans		162		162
Other financial assets		132		132
Non-current tax assets (net)		246		246
Deferred tax assets (net)	(g)	232	(64)	168
Other non-current assets		41		41
Current assets				
Inventories		2,528		2,528
Financial assets				
Investments	(b)	2,298	163	2,461
Trade receivables		1,064		1,064
Cash and cash equivalents		635		635
Bank balances other than cash and cash equivalents above		2,124		2,124
Other financial assets	(c)	250	3	253
Other current assets		465		465
Assets held for sale		22		22
TOTAL		**14,168**	**(248)**	**13,920**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		216		216
Other equity	(a), (b), (d), (e) ,(f), (g), (k)	3,471	2,592	6,063
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities		19		19
Provisions	(a), (k)	939	(345)	594
Non-current tax liabilities (net)		193		193
Other non-current liabilities	(e)	200	(17)	183
Current liabilities				
Financial liabilities				
Trade payables				
Dues to micro and small enterprises		-		-
Dues to others		5,498		5,498
Other financial liabilities	(c)	234	3	237
Other-current liabilities		627		627
Provisions	(a), (d)	2,771	(2,481)	290
TOTAL		**14,168**	**(248)**	**13,920**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

II. B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

	Note	Previous GAAP	Ind AS adjustments	Ind AS
Revenue from operations	(h), (i)	31,987	1,504	33,491
Other income	(b), (j)	501	63	564
TOTAL INCOME		**32,488**	**1,567**	**34,055**
EXPENSES				
Cost of materials consumed		11,267		11,267
Purchases of stock-in-trade		3,951		3,951
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress		87		87
Excise duty	(h)	-	2,430	2,430
Employee benefits expenses	(e) , (f), (l)	1,592	(19)	1,573
Finance costs	(a), (e) , (l)	0	15	15
Depreciation and amortisation expenses		321		321
Other expenses	(i)	9,360	(926)	8,434
TOTAL EXPENSES		**26,578**	**1,500**	**28,078**
Profit before exceptional items and tax		**5,910**	**67**	**5,977**
Exceptional items	(k), (l)	(39)	8	(31)
Profit before tax		**5,871**	**75**	**5,946**
Tax expenses				
Current tax	(j)	(1,823)	7	(1,816)
Deferred tax credit/(charge)	(g)	35	(28)	7
PROFIT FOR THE YEAR (A)		**4,083**	**54**	**4,137**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Remeasurements of the net defined benefit plans	(a), (l)	-	(16)	(16)
Income tax relating to items that will not be reclassified to profit or loss				-
Remeasurements of the net defined benefit plans	(g)	-	5	5
Items that will be reclassified to profit or loss				-
Fair value of debt instruments through other comprehensive income	(b)	-	(2)	(2)
Income tax relating to items that will be reclassified to profit or loss				-
Fair value of debt instruments through other comprehensive income	(g)	-	1	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		**-**	**(12)**	**(12)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**4,083**	**42**	**4,125**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

III. Adjustments to Statement of Cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Notes to the Reconciliations

(a) Investment in Controlled Trust

Under Previous GAAP, the investment in the Hindustan Unilever Limited Securitisation of Retirement Benefit Trust ('HURB Trust') did not qualify as plan asset under AS 15 and accordingly presented as non-current investment. Under Ind AS, the HURB Trust qualifies as a plan asset. Accordingly, the plan asset has been fair valued as per actuarial valuation carried in accordance with Ind AS on date of transition to Ind AS and as at each balance sheet date. The plan asset recognised has been netted off against provision for employee benefits. The interest income and remeasurement gain/(loss) on the recognised plan asset has been recognised in Statement of Profit and Loss and Other Comprehensive Income respectively.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Investments (Non-current)	(350)	(350)	-
Liability:			
Provisions (Non-current)	347	339	-
Provisions (Current)	6	7	-
Equity:			
Other equity (Retained earnings)	(3)	4	-
(Profit)/Loss:			
Finance cost	-	-	(5)
Remeasurement (gain)/loss on net defined benefit plans	-	-	13

(b) Current Investments

i. Investments in treasury bills and government securities - Under Previous GAAP, the investments in treasury bills and government securities were measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments as fair value through other comprehensive income (FVOCI). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the investments and carrying value under previous GAAP has been recognised in Other equity (Retained earnings for interest income component and Debt instruments through Other Comprehensive Income for fair value change). Interest income and fair value changes are recognised in the Statement of Profit and Loss and Other Comprehensive Income respectively for the year ended 31st March, 2016.

ii. Mutual funds - Under Previous GAAP, the mutual funds were measured at cost or market value, whichever is lower. Under Ind AS, the Company has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and the carrying value under Previous GAAP has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Investments (Current)	94	163	-
Cash and cash equivalents	0	-	-
Equity:			
Other equity (Retained earnings)	(92)	(163)	-
Other equity (Debt instruments through other comprehensive income)	(2)	(0)	-
(Profit)/Loss:			
Other income	-	-	(70)
(Gain)/loss on debt instruments through other comprehensive income	-	-	2

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(c) Derivative Instruments - Foreign Exchange Forward Contracts

Under Previous GAAP, unrealised net loss on foreign exchange forward contracts, if any, as at each Balance Sheet date was provided for. Under Ind AS, foreign exchange forward contracts are mark-to-market as at Balance Sheet date and unrealised net gain or loss is recognised in profit and loss statement. Derivative assets and derivative liabilities are presented on gross basis.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Other financial assets (Current)	1	3	-
Liability:			
Other financial liabilities (Current)	(1)	(3)	-

(d) Proposed Dividend

Under Previous GAAP, proposed dividends and related dividend distribution tax was recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Retained earnings)	(2,344)	(2,474)	-
Liability:			
Provisions (Current)	2,344	2,474	-

(e) Other Non-Current Liabilities

Under Previous GAAP, non-current liabilities were recognised on undiscounted basis. Ind AS requires such liabilities to be recognised at present value (discounted value) where the effect of time value of money is material. This led to a decrease in the value of non-current liabilities on the date of transition which was adjusted against retained earnings. Ind AS also provides that where discounting is used, the carrying amount of the liability increases in each period to reflect the passage of time. This increase is recognised as finance cost. The interest cost on unwinding of discount and impact of change in discount rate are recognised in the Statement of Profit and Loss under 'Finance costs' and 'employee benefit expenses' respectively for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Retained earnings)	(19)	(17)	-
Liability:			
Other non-current liabilities	19	17	-
(Profit)/Loss:			
Employee benefits expenses	-	-	0
Finance costs	-	-	2

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(f) Employee Stock Option Plan

Under Previous GAAP, the intrinsic value of the employee stock option plan was recognised as an expense over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant. The reduction in employee compensation cost for the unvested options as on the date of transition based on fair value method has been adjusted against retained earnings. The impact for the year ended 31st March, 2016 has been recognised in 'Employee benefits expenses' in the Statement of Profit and Loss.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Securities Premium Reserve)	-	1	-
Other equity (Employee Stock Options Outstanding Account)	2	1	-
Other equity (Retained earnings)	(2)	(2)	-
(Profit)/Loss:			
Employee benefits expenses	-	-	(0)

(g) Deferred Taxes

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Deferred tax assets (net)	(41)	(64)	
Equity:			
Other equity (Retained earnings)	40	64	
Other equity (Debt instruments through Other Comprehensive Income)	1	0	
(Profit)/Loss:			
Deferred tax (credit)/charge			28
Income tax relating to			
Remeasurement (gain)/loss on net defined benefit plans			(5)
(Gain)/loss on debt instruments through other comprehensive income			(1)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(h) Excise Duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Revenue from operations	-	-	(2,430)
Excise duty	-	-	2,430

(i) Revenue from Sale of Goods

Under Previous GAAP, revenue was recognised net of trade discounts, rebates, sales taxes and excise duties. Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as sales tax and value added tax except excise duty. Discounts given include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs which have been reclassified from 'advertising and sales promotion' within other expenses under Previous GAAP and netted from revenue under Ind AS.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Revenue from operations	-	-	926
Other expenses	-	-	(926)

(j) Interest on Income Tax Refund

Under Previous GAAP, the interest on income tax refund was recognised as 'other income'. Under Ind AS, the Company has adopted the accounting policy to recognise interest income/expense related to income tax as part of income tax expense. Accordingly, the interest on income tax refund has been reclassified from 'other income' to 'tax expenses - current tax' for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Other income	-	-	7
Tax expenses - current tax	-	-	(7)

(k) Non-Current Provisions

Under Previous GAAP, non-current provisions were recognised on undiscounted basis. Ind AS requires such provisions to be recognised at present value (discounted value) where the effect of time value of money is material. This led to a decrease in the value of non-current provisions for the year ended 31st March,2016 which was recognised in 'Exceptional items' in the Statement of Profit and Loss where the underlying provision was initially recognised. Subsequently, the present value is increased to reflect passage of time by recognising finance cost.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Retained earnings)	-	(6)	-
Liability:			
Provisions (Non-current)	-	6	-
(Profit)/Loss:			
Exceptional items	-	-	(6)

(l) Defined Benefit Plans

i. **Actuarial gain/(loss) -** Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans had been recognised in Statement of Profit and Loss as an exceptional item. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognised in Other Comprehensive Income net of tax.

ii. **Net interest cost on defined benefit plans -** Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets was recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Company has recognised the net interest cost on defined benefit plans as finance cost.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Employee benefits expenses	-	-	(19)
Finance costs	-	-	18
Exceptional items	-	-	(2)
Remeasurement (gain)/loss on net defined benefit plans	-	-	3

4 PROPERTY, PLANT AND EQUIPMENT

Refer Note 2.4 (a) for accounting policy on Property, Plant and Equipment

A Property, Plant and Equipment

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross Block								
Balance as at 1st April, 2015 (Deemed Cost)	**59**	**27**	**797**	**1,496**	**36**	**0**	**20**	**2,435**
Additions	0	0	102	709	7	0	25	843
Disposals	(1)	-	(27)	(48)	-	(0)	(7)	(83)
Balance as at 31st March, 2016	**58**	**27**	**872**	**2,157**	**43**	**0**	**38**	**3,195**
Additions	-	-	279	848	7	0	22	1,156
Disposals	(0)	(0)	(6)	(24)	(1)	-	(1)	(32)
Balance as at 31st March, 2017	**58**	**27**	**1,145**	**2,981**	**49**	**0**	**59**	**4,319**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Accumulated Depreciation								
Balance as at 1st April, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	0	33	258	8	0	11	310
Disposals	-	-	(0)	(15)	-	(0)	(2)	(17)
Balance as at 31st March, 2016	**-**	**0**	**33**	**243**	**8**	**0**	**9**	**293**
Additions	-	0	38	325	9	0	12	384
Disposals	-	(0)	(1)	(10)	(1)	-	(0)	(12)
Balance as at 31st March, 2017	**-**	**0**	**70**	**558**	**16**	**0**	**21**	**665**
Net Block								
Balance as at 1st April, 2015	59	27	797	1,496	36	0	20	2,435
Balance as at 31st March, 2016	58	27	839	1,914	35	0	29	2,902
Balance as at 31st March, 2017	58	27	1,075	2,423	33	0	38	3,654

The Company has elected to measure all its property, plant and equipement at the previous GAAP carrying amount i.e 31st March 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e 1st April 2015. The movement in carrying value of property, plant and equipement as per IGAAP is mentioned below:

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross Block								
Balance as at 1st April, 2015 (IGAAP)	**59**	**32**	**1,076**	**3,060**	**83**	**1**	**97**	**4,408**
Additions	-	-	102	709	7	-	25	843
Disposals	(1)	-	(29)	(142)	(1)	(0)	(10)	(183)
Balance as at 31st March, 2016	**58**	**32**	**1,149**	**3,627**	**89**	**1**	**112**	**5,068**
Additions	-	-	279	848	7	-	22	1,156
Disposals	(0)	(0)	(8)	(82)	(5)	(0)	(6)	(101)
Balance as at 31st March, 2017	**58**	**32**	**1,420**	**4,393**	**91**	**1**	**128**	**6,123**
Accumulated Depreciation								
Balance as at 1st April, 2015	**0**	**5**	**279**	**1,564**	**47**	**1**	**77**	**1,973**
Additions	-	0	33	259	8	0	10	310
Disposals	-	-	(2)	(110)	(1)	(0)	(4)	(117)
Balance as at 31st March, 2016	**0**	**5**	**310**	**1,713**	**54**	**1**	**83**	**2,166**
Additions	-	0	38	325	9	-	12	384
Disposals	-	(0)	(3)	(68)	(5)	(0)	(5)	(81)
Balance as at 31st March, 2017	**0**	**5**	**345**	**1,970**	**58**	**1**	**90**	**2,469**
Net Block								
Balance as at 1st April, 2015	59	27	797	1,496	36	0	20	2,435
Balance as at 31st March, 2016	58	27	839	1,914	35	0	29	2,902
Balance as at 31st March, 2017	58	27	1,075	2,423	33	0	38	3,654

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTES:

(a) Buildings include ₹ 0 crores (31st March, 2016: ₹ 0 crores and 1st April, 2015: ₹ 0 crores) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 0 crores (31st March, 2016: ₹ 1 crores and 1st April, 2015: ₹ 1 crores), Leasehold Land, net block aggregating ₹ 1 crores, (31st March, 2016: ₹ 1 crores and 1st April, 2015: ₹ 1 crores) are in the process of perfection of title.

(c) Additions in capital expenditure of ₹ 1 crores (2015-16: ₹ 1 crores) and ₹ 1 crores (2015-16: ₹ 1 crores) incurred at Company's inhouse R&D facilities at Mumbai and Bengaluru respectively are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961.

(d) The Property, Plant and Equipment in 4A includes assets given on lease given in the below table:

	Building	Plant & equipment	Furniture & fixtures	Office equipment	Total
Gross Block as at 1st April, 2015 (Deemed cost)	0	57	0	0	57
Accumulated Dep. as at 1st April, 2015	-	-	-	-	-
Net Block as at 1st April, 2015	**0**	**57**	**0**	**0**	**57**
Gross Block as at 31st March, 2016	0	60	0	0	60
Accumulated Dep. as at 31st March, 2016	(0)	(1)	-	(0)	(1)
Net Block as at 31st March, 2016	**0**	**59**	**0**	**0**	**59**
Gross Block as at 31st March, 2017	0	53	0	(0)	53
Accumulated Dep. as at 31st March, 2017	(0)	(4)	(0)	0	(3)
Net Block as at 31st March, 2017	**0**	**49**	**0**	**0**	**50**

B Capital work-in-progress

Capital work in progress as at 31st March 2017 is ₹ 203 crores (31st March 2016: ₹ 386 crores and 1st April 2015: ₹ 479 crores)

For contractual commitment with respect to property, plant and equipment refer Note 25.B.(ii).

5 INTANGIBLE ASSETS

Refer Note 2.4 (b) for accounting policy on Intangible Assets

	Goodwill	Other intangible assets			
		Brands/ Trademarks	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 1st April, 2015 (Deemed Cost)	**-**	**4**	**-**	**18**	**22**
Additions	-	-	-	1	1
Disposals	-	-	-	-	-
Balance as at 31st March, 2016	**-**	**4**		**19**	**23**
Additions				0	0
Disposals	-	-	-	(0)	(0)
Acquisitions through business combination (Refer note 43)	0	311	59	-	370
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**393**
Accumulated Amortisation and Impairment					
Balance as at 1st April, 2015	**-**	**-**	**-**	**-**	**-**
Additions	-	4	-	7	11
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	**-**	**4**	**-**	**7**	**11**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Goodwill	Other intangible assets			
		Brands/ Trademarks	Knowhow and Design	Computer Software	Total
Balance as at 31st March, 2016	**-**	**4**	**-**	**7**	**11**
Additions	-	-	6	6	12
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2017	**-**	**4**	**6**	**13**	**23**
Net Block					
Balance as at 1st April, 2015	-	4	-	18	22
Balance as at 31st March, 2016	-	-	-	12	12
Balance as at 31st March, 2017	0	311	53	6	370

The Company has elected to measure all its intangibles at the previous GAAP carrying amount i.e 31st March 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e 1st April 2015. The movement in carrying value of intangible asset as per IGAAP is mentioned below:

	Goodwill	Other intangible assets			
		Brands/ Trademarks	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 1st April, 2015 (IGAAP)	**12**	**160**	**-**	**141**	**301**
Additions	-	-	-	1	1
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	**12**	**160**	**-**	**142**	**302**
Additions	-	-	-	0	0
Disposals	-	-	-	(0)	(0)
Acquisitions through business combination (Refer note 43)	0	311	59	-	370
Balance as at 31st March, 2017	**12**	**471**	**59**	**142**	**672**
Accumulated Amortisation and Impairment					
Balance as at 1st April, 2015	**12**	**156**	**-**	**123**	**279**
Additions	-	4	-	7	11
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	**12**	**160**		**130**	**290**
Additions	-	-	6	6	12
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2017	**12**	**160**	**6**	**136**	**302**
Net Block					
Balance as at 1st April, 2015	-	4	-	18	22
Balance as at 31st March, 2016	-	-	-	12	12
Balance as at 31st March, 2017	0	311	53	6	370

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were identified for FY 2016-17 (Nil for FY2015-16)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

SIGNIFICANT CASH GENERATING UNITS (CGUs)

The Company has identified its reportable segments, i.e. Home care, Personal Care, Foods, Refreshments and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been entirely allocated to CGU 'Personal Care' segment of the Company. The carrying amount of goodwill and brand as at March 31, 2017 is ₹ 0 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing

Long term sustainable growth rates	7%
Weighted Average Cost of Capital % (WACC) befor tax (Discount rate)	13%
Average segmental margins	24%

The projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. Segmental margins are based on FY 2016-17 performance.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company).

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

6 INVESTMENT IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

Refer Note 2.4 (c) for accounting policy on Investment in Subsidiaries and Joint Venture

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. INVESTMENT IN SUBSIDIARIES			
Unquoted			
7,36,560 equity shares [31st March, 2016: 7,36,560 and 1st April, 2015: 7,36,560] of Nepalese ₹ 100 each held in Unilever Nepal Limited	5	5	5
29,75,000 equity shares [31st March, 2016: 29,75,000 and 1st April, 2015: 29,75,000] of ₹ 10 each held in Unilever India Exports Limited	73	73	73
3,59,07,547 equity shares [31st March, 2016: 3,59,07,547 and 1st April, 2015: 3,59,07,547] of ₹ 10 each held in Lakme Lever Private Limited	172	172	172
1,79,10,132 equity shares [31st March, 2016: 1,79,10,132 and 1st April, 2015: 1,79,10,132] of ₹ 1 each held in Pond's Export Limited [net of impairment in value of ₹ 2.58 crores (31st March, 2016: Nil and 1st April, 2015: Nil)]	-	3	3
50,00,000 equity shares [31st March, 2016: 50,00,000 and 1st April, 2015: 50,00,000] of ₹ 10 each held in Jamnagar Properties Private Limited[net of impairment in value of ₹ 5.00 crores (31st March, 2016: Nil and 1st April, 2015: Nil)]	-	5	5
2,21,700 equity shares [31st March, 2016: 2,21,700 and 1st April, 2015: 2,21,700] of ₹ 10 each held in Daverashola Estates Private Limited	4	4	4
50,000 equity shares [31st March, 2016: 50,000 and 1st April, 2015: 50,000] of ₹ 10 each held in Levindra Trust Limited	0	0	0
50,000 equity shares [31st March, 2016: 50,000 and 1st April, 2015: 50,000] of ₹ 10 each held in Hindlever Trust Limited	0	0	0
50,00 equity shares [31st March, 2016: 50,000 and 1st April, 2015: 50,000] of ₹ 10 each held in Levers Associated Trust Limited	0	0	0
7,600 equity shares [31st March, 2016: 7,600 and 1st April, 2015: 7,600] of ₹ 10 each held in Hindustan Unilever Foundation	0	0	0

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
10,000 equity shares [31st March, 2016: 10,000 and 1st April, 2015: 10,000] of ₹ 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0	0	0
Total (A)	**254**	**262**	**262**
B. INVESTMENT IN JOINT VENTURE			
Unquoted			
4,51,69,778 equity shares [31st March, 2016: 4,51,69,778 and 1st April, 2015: 4,23,46,667] of ₹ 10 each held in Kimberly Clark Lever Private Limited [net of impairment in value of ₹ 50 crores (31st March, 2016: ₹ 50 crores and 1st April, 2015: ₹ 50 crores)] [Classified as Asset held for Sale during the year, Note: 17]	-	51	36
Total (B)	**-**	**51**	**36**
Total (A+B)	**254**	**313**	**298**
Aggregate amount of quoted investments	-	-	-
Market value of quoted investments	-	-	-
Aggregate amount of unquoted investments	254	313	298
Aggregate amount of impairment in value of investments	8	50	50

C. INVESTMENT IN ASSOCIATE

The Company holds 24% of equity holdings in Comfund Consulting Limited and 26% equity and preference capital holding in Aquagel Chemicals (Bhavnagar) Private Limited. The Company does not exercise significant influence or control on decisions of the investee. Hence, they are not being construed as associate companies.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

INFORMATION ABOUT SUBSIDIARIES AND JOINT VENTURE

Name of the Company	Country of incorporation	Principal activities	Proportion (%) of equity interest		
			As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Subsidiaries					
Unilever India Exports Limited	India	FMCG export business	100	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80	80
Pond's Export Limited	India	Leather products business (primarily exports)	90	90	90
Jamnagar Properties Private Limited	India	Real estate Company	100	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100	100
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100	100
Hindustan Unilever Foundation	India	Not-for-profit Company in the field of community development initiatives.	76	76	76
Bhavishya Alliance Child Nutrition Initiatives	India	Not-for-profit Company that works in the area of social development issues	100	100	100
Joint venture					
Kimberly Clark Lever Private Limited	India	FMCG business (infant care and feminine care products)	50	50	50

7 INVESTMENTS

Refer Note 2.4 (g) for accounting policy on Investments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT INVESTMENTS			
A. Equity instruments			
Fair value through profit and loss			
Quoted	0	0	0
Unquoted	1	1	1
Total (A)	**1**	**1**	**1**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
B. Other instruments			
Amortised cost			
Unquoted			
Investment in debentures and bonds	0	0	0
Investment in National Savings Certificates	0	0	0
Fair value through profit and loss			
Unquoted			
Investment in preference shares	5	5	5
Total (B)	**5**	**5**	**5**
Total (A+B)	**6**	**6**	**6**
CURRENT INVESTMENTS			
C. Other instruments			
Fair value through other comprehensive income			
Quoted			
Investments in treasury bills	1,459	1,265	1,328
Investments in government securities	-	-	471
Fair value through profit and loss			
Unquoted			
Investments in mutual funds	2,060	1,196	925
Total (C)	**3,519**	**2,461**	**2,724**
Total (A+B+C)	**3,525**	**2,467**	**2,730**
Aggregate amount of quoted investments	1,459	1,265	1,799
Market value of quoted investments	1,459	1,265	1,799
Aggregate amount of unquoted investments	2,066	1,202	931
Aggregate amount of impairment in value of investments	-	-	-

Refer Note 39 for information about fair value measurement and Note 40 for credit risk and market risk of investments.

8 LOANS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Loans.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Loans to related parties (Refer Note 44)	198	162	180
Total	**198**	**162**	**180**

Refer Note 40 for information about credit risk and market risk for loans.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

9 OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Investments in term deposits (with remaining maturity of more than twelve months)	1	0	1
Security deposits	108	100	100
Other assets (includes other receivables etc.)	5	32	7
Total (A)	**114**	**132**	**108**
CURRENT			
Current account balances with group companies and joint venture	70	81	84
Derivatives - foreign exchange forward contracts	0	3	2
Other assets (includes other receivables, etc.)	236	169	237
Total (B)	**306**	**253**	**323**
Total (A+B)	**420**	**385**	**431**

Refer Note 40 for information about credit risk and market risk for other financial assets

10 INCOME TAXES

Refer Note 2.4 (m) for accounting policy on Income Taxes.

A. COMPONENTS OF INCOME TAX EXPENSE

	Year ended 31st March, 2017	Year ended 31st March, 2016
I. Tax expense recognised in the Statement of Profit and Loss		
Current tax		
Current year	1,930	1,877
Adjustments/(credits) related to previous years - (net)	(65)	(61)
Total (A)	**1,865**	**1,816**
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	41	(7)
Total (B)	**41**	**(7)**
Total (A+B)	**1,906**	**1,809**
II. Tax on Other Comprehensive Income		
Deferred tax		
(Gain)/loss on remeasurement of net defined benefit plans	(11)	(5)
(Gain)/loss on debt instruments through other comprehensive income	0	(1)
	(11)	**(6)**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	Year ended 31st March, 2017	Year ended 31st March, 2016
Statutory income tax rate	34.6%	34.6%
Differences due to:		
Expenses not deductible for tax purposes	2.0%	1.9%
Income exempt from income tax	-0.9%	-0.9%
Income tax incentives	-4.6%	-4.7%
Others*	-1.3%	-0.5%
Effective tax rate	**29.8%**	**30.4%**

* Others include prior period adjustment tax refunds and tax on exceptional items

C. MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

Movement during the year ended 31st March, 2016	**As at 1st April, 2015**	**Credit/ (charge) in the Statement of Profit and Loss**	**Credit/(charge) in Other Comprehensive Income**	**On account of Business Combination**	**As at 31st March, 2016**
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	153	-	5	-	158
Provision for doubtful debts and advances	29	(8)	-	-	21
Expenses allowable for tax purposes when paid	136	0	-	-	136
Depreciation	(271)	(9)	-	-	(280)
Fair value gain/(loss) on investments	(41)	(22)	1	-	(62)
Other temporary differences	149	46	-	-	195
	155	**7**	**6**	**-**	**168**

Movements during the year ended 31st March, 2017	**As at 1st April, 2016**	**Credit/ (charge) in the Statement of Profit and Loss**	**Credit/(charge) in Other Comprehensive Income**	**On account of Business Combination**	**As at 31st March, 2017**
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	158	(33)	11	-	136
Provision for doubtful debts and advances	21	(1)	-	-	20
Expenses allowable for tax purposes when paid	136	(13)	-	-	123
Depreciation	(280)	(71)	-	22	(329)
Fair value gain/(loss) on investments	(62)	(21)	-	-	(83)
Other temporary differences	195	98	(0)	-	293
	168	**(41)**	**11**	**22**	**160**

Notes
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(All amounts in ₹ crores, unless otherwise stated)

D. TAX ASSETS AND LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non current tax assets (net)	311	246	252
Non current tax liabilities (net)	296	193	135

11 OTHER NON-CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Security Deposits with customs, port trust, excise and other government authorities	37	27	35
Capital advances	33	14	9
Other advances (includes advances for materials)	30	35	47
Less: Allowance for bad and doubtful advances	(30)	(35)	(47)
	70	**41**	**44**
The movement in allowance for bad and doubtful advances is as follows:			
Balance as at beginning of the year	35	47	51
Allowance for bad and doubtful assets during the year	4	5	7
Written off during the year	(9)	(17)	(11)
Balance as at the end of the year	**30**	**35**	**47**

12 INVENTORIES

Refer Note 2.4 (d) for accounting policy on inventories.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw materials [includes in transit: ₹ 79 crores (31st March, 2016: ₹ 58 crores and 1st April, 2015: ₹ 25 crores)]	789	807	777
Packing materials	90	100	109
Work-in-progress	205	354	295
Finished goods [includes in transit: ₹ 18 crores (31st March, 2016: ₹ 29 crores and 1st April, 2015: ₹ 30 crores)] (Refer note (a) below)	1,214	1,206	1,361
Stores and spares	64	61	61
	2,362	**2,528**	**2,603**

(a) Finished goods includes goods purchased for re-sale, as both are stocked together.

(b) During FY 2016-17 an amount of ₹ 128 crores (31st March, 2016: ₹ 152 crores) was charged to the Statement of Profit and Loss on account of damage and slow moving inventory. The reversal on account of above during the year amounted to Nil (31st March, 2016: Nil).

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

13 TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Trade Receivables.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Considered good	928	1,064	783
Considered doubtful	31	23	37
Less: Allowance for bad and doubtful debts	(31)	(23)	(37)
	928	**1,064**	**783**
The movement in allowance for bad and doubtful debts is as follows:			
Balance as at beginning of the year	23	37	36
Allowance for bad and doubtful debts during the year	11	3	5
Trade receivables written off during the year	(3)	(17)	(4)
Balance as at the end of the year	**31**	**23**	**37**

Refer note 40 for information about credit risk and market risk of trade receivables.

14 CASH AND CASH EQUIVALENTS

Refer Note 2.4 (e) for accounting policy on Cash and Cash Equivalents.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash on hand	0	0	1
Balances with Banks			
In current accounts	65	240	32
Term deposits with original maturity of less than three months	507	395	540
Short term, highly liquid investments			
Treasury bills with original maturity of less than three months	-	-	147
	572	**635**	**720**

15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Earmarked balances with banks			
Unpaid dividend	114	104	92
Margin money deposits	-	-	2
Investments in term deposits (with original maturity of more than three months but less than twelve months)	985	2,020	1,724
	1,099	**2,124**	**1,818**

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(All amounts in ₹ crores, unless otherwise stated)

16 OTHER CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Export benefits receivable	3	1	11
VAT credit receivable	55	26	27
CENVAT receivable	243	228	165
Other advances (includes prepaid expenses etc.)	252	210	177
	553	**465**	**380**

17 ASSETS HELD FOR SALE

Refer Note 2.4 (f) for accounting policy on Assets Held for Sale

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Groups of assets held for sale			
Freehold Land	2	2	1
Buildings	18	19	4
Plant and equipment	1	1	4
Furniture and fixtures	0	0	0
Vehicles	0	0	-
Office equipment	0	0	0
Investment in Joint Venture	51	-	-
	72	**22**	**9**

18 EQUITY SHARE CAPITAL

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
2,25,00,00,000 (31st March, 2016: 2,25,00,00,000 and 1st April, 2015: 2,25,00,00,000) equity shares of ₹ 1 each	225	225	225
Issued, subscribed and fully paid up			
2,16,43,49,639 (31st March, 2016: 2,16,39,36,971 and 1st April, 2015: 2,16,34,64,851) equity shares of ₹1 each	216	216	216
	216	**216**	**216**

a) Reconciliation of the number of shares

Equity Shares:	As at 31st March , 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,39,36,971	216	2,16,34,64,851	216	2,16,26,96,292	216
Add: ESOP shares issued during the year (Refer note 42)	4,12,668	0	4,72,120	0	7,68,559	0
Balance as at the end of the year	**2,16,43,49,639**	**216**	**2,16,39,36,971**	**216**	**2,16,34,64,851**	**216**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

b) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

c) Shares held by holding Company and subsidiaries of holding Company in aggregate

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Shares of ₹1 each			
1,11,43,70,148 shares (31st March, 2016: 1,11,43,70,148 and 1st April, 2015: 1,11,43,70,148) held by Unilever PLC, UK, the holding Company	111	111	111
34,00,42,710 shares (31st March, 2016: 34,00,42,710 and 1st April, 2015: 34,00,42,710) held by subsidiaries of the holding Company	34	34	34

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Number of shares	1,11,43,70,148	1,11,43,70,148	1,11,43,70,148
Unilever PLC, UK, the holding Company	51.49%	51.50%	51.51%

e) Shares reserved for issue under options

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of ₹1 each, at an exercise price of ₹132.05 per share	-	0	-	0	23,100	0
Under 2006 HUL Performance Share Scheme: equity shares of ₹1 each, at an exercise price of ₹ 1 per share	-	0	-	0	3,64,566	0
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share (refer note 42)	5,52,414	0	8,85,044	0	7,47,221	0
	5,52,414	**0**	**8,85,044**	**0**	**11,34,887**	**0**

For terms and other details Refer note 42.

f) Aggregate number of shares bought back during 5 years immediately preceding 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
No. of equity shares bought back by the Company	-	2,28,83,204	2,28,83,204

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

19 OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Reserve	4	4	4
Capital Redemption Reserve	6	6	6
Securities Premium Reserve	116	98	81
Employee Stock Options Outstanding Account	30	43	41
General Reserve	2,187	2,187	2,187
Retained Earnings	3,953	3,727	3,599
Other Reserves	9	9	9
Items of Other Comprehensive Income			
- Remeasurements of defined benefit plans	(32)	(11)	-
- Fair value of Debt instruments through OCI	1	0	1
Total Other Equity	**6,274**	**6,063**	**5,928**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on buyback of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

(c) **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

(f) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

(h) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of defined benefit plans	Debt instruments through Other Comphrehensive Income	Total
As at 1st April, 2015	**-**	**1**	**1**
Remeasurement gain/(loss) on defined benefit plans	(16)	-	(16)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	(2)	(2)
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	5	1	6
As at 31st March 2016	**(11)**	**0**	**(11)**
Remeasurement gain/(loss) on defined benefit plans	(32)	-	(32)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	1	1
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	11	(0)	11
As at 31st March, 2017	**(32)**	**1**	**(31)**

D. Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps iin order to maintain, or if necessary adjust, its capital structure.

20 OTHER FINANCIAL LIABILITIES

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Security deposits	22	19	18
Contingent consideration	49	-	-
Total (A)	**71**	**19**	**18**
CURRENT			
Unpaid dividends	114	104	92
Derivative financial liabilities - forward contracts	13	10	38
Other payables (payable for purchase of property, plant and equipment, employee liability, etc.)	54	123	78
Total (B)	**181**	**237**	**208**
Total (A+B)	**252**	**256**	**226**

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as 31st March,2017 (31st March 2016: Nil, 1st April 2015: Nil).

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

21 PROVISIONS

Refer Note 2.4 (h) for accounting policy on Provisions.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Provision for employee benefits (pension, medical, compensated absences and others)[Refer Note 41]	105	202	176
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	380	392	306
Total (A)	**485**	**594**	**482**
CURRENT			
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)[Refer Note 41]	41	29	44
Other provisions (including restructuring etc.) [Refer (a) below]	346	261	185
Total (B)	**387**	**290**	**229**
Total (A+B)	**872**	**884**	**711**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax related	Legal and Other Matters	Total
Balance as at 1st April, 2015	248	243	491
Add: Provision/reclassified during the year *	63	204	267
Less: Amount utilised/reversed during the year	(71)	(34)	(105)
Balance as at 31st March, 2016	**240**	**413**	**653**
Add: Provision/reclassified during the year *	132	69	201
Less: Amount utilised/reversed during the year	(92)	(36)	(128)
Balance as at 31st March, 2017	**280**	**446**	**726**

* includes unwinding of discount and effect of change in discount rate.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

22 OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Employee and ex-employee related liabilities	207	183	133
	207	**183**	**133**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

23 TRADE PAYABLES

Refer Note 2.4 (g) for accounting policy on Trade Payables.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
DUES TO MICRO AND SMALL ENTERPRISES (as per the intimation received from vendors)			
a. Principal and interest amount remaining unpaid	0	-	-
b. Interest due thereon remaining unpaid	-	-	-
c. Interest paid by the Company in terms of Sections 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without addming interest specified under the Micro, Small and Medium Enterprise Act, 2006	-	-	-
e. Interest accrued and remaining unpaid	-	-	-
f. Interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-
DUES TO OTHERS			
Acceptances	242	340	437
Trade payables	5,764	5,158	4,815
	6,006	**5,498**	**5,252**

Refer note 40 for information about liquidity risk and market risk related to trade payables.

24 OTHER CURRENT LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Salaries, wages, bonus and other employee payable	192	186	274
Statutory dues (including provident fund, tax deducted at source and others)	366	401	404
Advance from customers	70	40	44
Other payables	-	-	16
	628	**627**	**738**

25 CONTINGENT LIABILITIES AND COMMITMENTS

Refer Note 2.4 (h) for accounting policy on Contingent Liabilities.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. CONTINGENT LIABILITIES			
Claims against the Company not acknowledged as debts			
Income tax matters	581	641	559
Sales tax matters	122	60	61
Excise duty, service tax and customs duty matters	193	236	203
Other matters including claims related to employees /ex-employees, property related demands, etc.	83	81	78

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(i) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(iii) The Company's pending litigations comprise of claims against the Company by employees and pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(iv) The Company has given Bank Guarantees in respect of certain contingent liabilities included above.

Corporate Guarantee given	8	8	8

B. COMMITMENTS

i) **Operating lease commitments**

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Company has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 14 crores (2015-16: ₹ 13 crores) on such lease is included in Rent.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Not later than one year	12	12
Later than one year and not later than five years	56	53
Later than five years	24	38

	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 1st April, 2015
ii) **Capital commitments**			
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	254	140	163
	254	**140**	**163**

iii) **Other commitments**

During the year, the Company has issued letters of undertakings to the bankers of its below mentioned fully owned subsidiaries to provide need based financial support :

i) Lakme Lever Private Limited
ii) Daverashola Estates Private Limited
iii) Jamnagar Properties Private Limited

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

26 REVENUE FROM OPERATIONS

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Sale of products (including excise duty)	33,895	32,929
Other operating revenue		
Income from services rendered	513	490
Others (including scrap sales, commission, etc.)	79	72
	34,487	**33,491**

27 OTHER INCOME

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest income on		
Bank deposits	173	205
Current investments	74	108
Others	15	18
Dividend income from		
Subsidiaries	167	136
Current-investments	11	30
Non-current investments	-	1
Fair value gain/(loss)		
Investments measured at fair value through profit or loss	86	69
Investments measured at fair value through other comprehensive income	0	(3)
Net gain on sale of investments	0	0
	526	564

28 COST OF MATERIALS CONSUMED

	Year ended 31st March, 2017	Year ended 31st March, 2016
Raw materials consumed	8,999	8,896
Packing materials consumed	2,364	2,371
	11,363	**11,267**

29 PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchases of stock-in-trade	4,166	3,951
	4,166	**3,951**

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(All amounts in ₹ crores, unless otherwise stated)

30 CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening inventories		
Finished goods	1,206	1,361
Work-in-progress	355	295
Closing inventories		
Finished goods	(1,214)	(1,206)
Work-in-progress	(205)	(355)
Excise duty on increase/(decrease) of finished goods	14	(8)
	156	**87**

31 EXCISE DUTY

	Year ended 31st March, 2017	Year ended 31st March, 2016
Excise duty	2,597	2,430
	2,597	**2,430**

32 EMPLOYEE BENEFITS EXPENSES

Refer Note 2.4 (k) for accounting policy on Employee Benefits.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries and wages, bonus etc.	1,330	1,245
Contribution to provident funds and other funds	81	77
Defined benefit plan expense (Refer Note 41)	18	19
Share based payments to employees (Refer note 42)	94	127
Workmen and staff welfare expenses	97	105
	1,620	**1,573**

33 FINANCE COSTS

	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest expense on bank overdraft and others	0	0
Net interest on the net defined benefit liability (Refer Note 41)	6	14
Unwinding of discount on provisions and liabilities	9	-
Unwinding of discount on employee and ex-employee related liabilities	7	1
	22	**15**

34 DEPRECIATION AND AMORTISATION EXPENSES

Refer Note 2.4 (a) and (b) for accounting policy on Property, Plant and Equipment and Intangibles.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Depreciation on property, plant and equipment	384	310
Amortisation on intangible assets	12	11
	396	**321**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

35 OTHER EXPENSES

		Year ended 31st March, 2017		Year ended 31st March, 2016
Advertising and promotion		3,470		3,600
Carriage and freight		1,457		1,474
Royalty				
- Technology	511		489	
- Brand	169		131	
- Service	364	1,044	267	887
Processing charges		290		332
Power, fuel, light and water		257		271
Rent		241		233
Travelling and motor car expenses		176		177
Repairs		117		119
Rates & taxes (excluding income tax)		116		125
Corporate social responsibility expense [Refer note (c) below]		104		92
Miscellaneous expenses [Refer note (a) below]		1,266		1,124
		8,538		**8,434**

	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Statutory audit fees	2	2
Tax audit fees	1	1
Non audit fees	-	-
Others		
Fees for other audit related services	1	1
Fees for certification	0	0
Reimbursement of out-of-pocket expenses	0	0
Total	**4**	**4**

(b) Total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to ₹ 28 crores (2015-16: ₹ 37 crores). The details are as below:

	Year ended 31st March, 2017		Year ended 31st March, 2016	
Location of the R&D facility	Bengaluru	Mumbai	Bengaluru	Mumbai
Revenue expenditure eligible u/s 35(2AB)				
Salaries & wages	9	11	10	14
Materials, consumables and spares	1	2	1	5
Utilities	-	0	-	0
Other expenditure directly related to R&D	2	3	3	4
	12	**16**	**14**	**23**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(c) The Company has spent ₹ 104 crores (2015-16: ₹ 92 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Company during the year: ₹ 102 crores (2015-16: ₹ 92 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2017		Year ended 31st March, 2016	
	In cash /payable	Yet to be paid in Cash	In cash /payable	Yet to be paid in Cash
i) Construction/Acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	104	-	92	-
	104	**-**	**92**	**-**

III. Above includes a contribution of ₹ 18 crores (2015-16: ₹ 8 crores) to subsidiary Hindustan Unilever Foundation which is a Section 8 registered Company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as water harvesting, health and hygiene awareness, women empowerment and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

IV. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

36 EXCEPTIONAL ITEMS

	Year ended 31st March, 2017	Year ended 31st March, 2016
i) Profit on disposal of surplus properties	164	60
ii) Profit on disposal of business/subsidiary	19	50
iii) Decrease in liability on account of plans amendments basis actuarial valuation	115	-
Total exceptional income (A)	**298**	**110**
i) Restructuring costs		
a) Other costs	(57)	(141)
Total exceptional expenditure (B)	**(57)**	**(141)**
Exceptional items (net) (A+B)	**241**	**(31)**

37 EARNINGS PER EQUITY SHARE

Refer Note 2.4 (p) for accounting policy on Earnings Per Share.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Earnings Per Share has been computed as under:		
Profit for the year	4,490	4,137
Weighted average number of equity shares outstanding	2,16,42,12,891	2,16,37,96,723
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ 20.75	₹ 19.12
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	4,25,681	7,21,610
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,46,38,572	2,16,45,18,333
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ 20.74	₹ 19.11

Notes
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(All amounts in ₹ crores, unless otherwise stated)

38 DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2017	Year ended 31st March, 2016
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 9.50 per share for FY 2015-16 (2014-15: ₹ 9.00 per share)	2,056	1,947
Dividend distribution tax on final dividend*	419	396
Interim dividend of ₹ 7.00 per share for FY 2016-17 (2015-16: ₹ 6.50 per share)	1,515	1,407
Dividend distribution tax on interim dividend*	274	259
	4,264	**4,009**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹ 10.00 per share for FY 2016-17 (2015-16: ₹ 9.50 per share)	2,164	2,056
Dividend distribution tax on final dividend	441	419
	2,605	**2,475**
Payout ratio for FY 2016-17	**98%**	

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income-tax Act, 1961 by the Company on dividend received from its domestic and foreign subsidiaries during the year.

39 FINANCIAL INSTRUMENTS

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

A. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The carrying amounts and fair values of financial instruments by class are as follows:

		Carrying value /Fair value		
	Note	As at 31st March , 2017	As at 31st March, 2016	As at 1st April, 2015
FINANCIAL ASSETS				
Financial assets measured at fair value				
Investments measured at				
i. Fair value through other comprehensive income	7	1,459	1,265	1,799
ii. Fair value through profit and loss	7	2,066	1,202	931
Derivatives - foreign exchange forward contracts	9	0	3	2
Financial assets measured at amortised cost				
Investments	7	0	0	0
Loans	8	198	162	180
Investments in term deposits	9,15	986	2,020	1,725
Security deposits	9	108	100	100
Other assets	9	241	201	244
		5,058	**4,953**	**4,981**
FINANCIAL LIABILITIES				
Financial liabilities measured at fair value				
Derivatives - foreign exchange forward contracts	20	13	10	38
Contingent consideration	20	49	-	-
Financial liabilities measured at amortised cost				
Security deposits	20	22	19	18
Other payables	20	54	123	78
		138	**152**	**134**

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, current account balances with group companies and joint venture, trade payables and unpaid dividends at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. INCOME, EXPENSES, GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Financial assets measured at amortised cost		
Interest income	188	223
Allowance for doubtful debts	4	(7)
Financial assets measured at fair value through other comprehensive income		
Investment in debt instruments		
Interest income	74	108
Fair value gain/(loss) recognised in other comprehensive income	2	(4)
Reclassified from other comprehensive income to Statement of Profit and Loss	0	(3)
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in equity instruments	-	-
Fair value gain/(loss) on investment in debt instruments	86	69
Financial liabilities measured at amortised cost		
Interest expense	0	0
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	(6)	(7)

C. FAIR VALUE HIERARCHY

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2017				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,459	-	-	1,459
ii. Fair Value through Profit or Loss	0	2,060	6	2,066
Derivatives - foreign exchange forward contracts	-	0	-	0
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	13	-	13
Contingent consideration	-	-	49	49

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(All amounts in ₹ crores, unless otherwise stated)

	Level 1	Level 2	Level 3	Total
As at 31st March, 2016				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,265	-	-	1,265
ii. Fair Value through Profit or Loss	0	1,196	6	1,202
Derivatives - foreign exchange forward contracts	-	3	-	3
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	10	-	10
Contingent consideration	-	-	-	-
As at 1st April, 2015				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,799	-	-	1,799
ii. Fair Value through Profit or Loss	0	925	6	931
Derivatives - foreign exchange forward contracts	-	2	-	2
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	38	-	38

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2016-17.

CALCULATION OF FAIR VALUES

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2016.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills, government securities and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and cash equivalents (except for investments in mutual funds), trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUES

As at 31st March, 2017	Significant unobservable inputs	Sensitivity of input to fair value measurement
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue will have additional liability of ₹ 5 crores and 10% decrease will have an equal but opposite effect.
	Discount rate: 12%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

40 FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2017 and 31st March, 2016. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

		Undiscounted Amount		
	Carrying amount	**Payable within 1 year**	**More than 1 years**	**Total**
As at 31st March, 2017				
Non-derivative liabilities				
Trade payables (including acceptances)	6,006	6,006	-	6,006
Security deposits	22	-	22	22
Unpaid dividend	114	114	-	114
Other Payables	54	54	-	54
Contingent consideration	49	-	73	73
Derivative liabilities				
Forward exchange contracts	13	13	-	13
As at 31st March, 2016				
Non-derivative liabilities				
Trade payables (including acceptances)	5,498	5,498	-	5,498
Security deposits	19	-	19	19
Unpaid dividend	104	104	-	104
Other Payables	123	123	-	123
Derivative liabilities				
Foreign exchange forward contracts	10	10	-	10
As at 1st April, 2015				
Non-derivative liabilities				
Trade payables (including acceptances)	5,252	5,252	-	5,252
Security deposits	18	-	18	18
Unpaid dividend	92	92	-	92
Other Payables	77	77	-	77
Derivative liabilities				
Foreign exchange forward contracts	38	38	-	38

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(All amounts in ₹ crores, unless otherwise stated)

B. MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. CURRENCY RISK		
The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2017, the net unhedged exposure to the Company on holding financial assets (trade receivables and capital advances) and liabilities (trade payables and capital creditors) other than in their functional currency amounted to ₹ 2 crores payable (31st March, 2016: ₹ 3 crores and 1st April, 2015: ₹ 4 crores).	The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Company is exposed (net of hedge) would have led to approximately an additional ₹ 0 crores gain in the Statement of Profit and Loss (2015-16: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.
2. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2017, the investments in debt mutual funds amounts to ₹ 2,060 crores (31st March, 2016: ₹ 1,196 crores and 1st April, 2015: ₹ 925 crores). These are exposed to price risk.	The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 21 crores gain in the Statement of Profit and Loss (2015-16: ₹ 12 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. INTEREST RATE RISK		
The Company is mainly exposed to the interest rate risk due to its investment in treasury bills and government securities. The interest rate risk arises due to uncertainties about the future market interest rate on these investments. In addition to treasury bills and government securities, the Company invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2017, the investments in treasury bill and government securities amounts to ₹ 1,459 (31st March, 2016: ₹ 1,265 crores and 1st April, 2015: ₹ 1,946 crores). These are exposed to interest rate risk.	The Company has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk.	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 1 crore gain in the Statement of Profit and Loss (2015-16: ₹ 1 crore gain). A 0.25% decrease in interest rates would have led to an equal but opposite effect.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Refer note 2.4(g) for accounting policy on Financial Instruments.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, government securities, money market liquid mutual funds and derivative instrument with financial institutions. The Company has set counter-parties limits based on multiple factors including financial position, credit rating, etc. The Company has given inter-corporate deposits (ICD) only to its subsidiaries amounting ₹ 198 crores (31st March, 2016: ₹ 162 crores and 1st April, 2015: ₹ 180 crores).

The Company's maximum exposure to credit risk as at 31st March, 2017, 2016 and 1st April, 2015 is the carrying value of each class of financial assets.

41 DEFINED BENEFIT PLANS

Refer note 2.4(k) for accounting policy on Employee Benefits.

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other Post-Employment Benefit Plans includes Post-Retirement Medical Benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Company managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Company managed trust.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

During the year the Company has amended its discreationary increase clause with respect to post retirement benefit plan, which has resulted into ₹115 crores credit to the Statement of Profit and Loss.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Present value of obligation	2,424	2,318	2,129	162	146	137
Fair value of plan assets	(2,377)	(2,170)	(1,976)	(93)	(92)	(96)
(Asset)/Liability recognised in the Balance Sheet	**47**	**148**	**153**	**69**	**54**	**41**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Of which in respect of:						
Funded plans in surplus:						
Present value of obligation	12	10	12		-	-
Fair value of plan assets	(42)	(47)	(50)		-	-
(Asset)/Liability recognised in the Balance Sheet*	-*	-*	-*		-	-
**The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.*						
Funded plans in deficit:						
Present value of obligation	2,412	2,308	2,117		146	137
Fair value of plan assets	(2,365)	(2,160)	(1,964)		(92)	(96)
(Asset)/Liability recognised in the Balance Sheet	**47**	**148**	**153**		**54**	**41**

B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 1st April, 2015	**2,014**	**2,129**	**115**	**96**	**137**	**41**
Current service cost	-	75	75	-	0	0
Past service cost	-	-	-	-	-	-
Interest cost	-	167	167	-	11	11
Interest income	178	-	(178)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(11)	7	18	(3)	2	5
Actuarial (gain)/loss arising from experience adjustments	-	5	5	-	5	5
Employer contributions	91	-	(91)	-	-	-
Employee contributions	131	131	-	-	-	-
Assets acquired/ (settled)*	(26)	(26)	-	-	-	-
Benefit payments	(169)	(169)	-	(8)	(8)	-
As at 31st March, 2016	**2,208**	**2,318**	**111**	**92**	**146**	**54**
As at 31st March, 2016	**2,208**	**2,318**	**111**	**92**	**146**	**54**
Current service cost	-	73	73	-	0	0
Past service cost	-	(115)	(115)	-	-	-
Interest cost	-	170	170	-	11	11
Interest income	171	-	(171)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	27	30	3	3	14	11

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
Actuarial (gain)/loss arising from experience adjustments	-	22	22	-	(1)	(1)
Employer contributions	76	-	(76)	-	-	-
Employee contributions	129	129	-	-	-	-
Assets acquired/ (settled)*	(42)	(42)	0	-	-	-
Benefit payments	(162)	(162)	-	(9)	(9)	-
As at 31st March, 2017	**2,407**	**2,424**	**17**	**93**	**162**	**69**

* On account of Business Combination

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2017	Year ended 31st March, 2016	**Year ended 31st March, 2017**	Year ended 31st March, 2016
Employee Benefit Expenses *:				
Current service cost	18	19	0	0
Past service cost	(115)	-	-	-
Finance costs * :				
Interest cost	44	53	11	11
Interest income	(42)	(43)	(7)	(7)
Net impact on profit (before tax)	**(95)**	**29**	**4**	**4**
Remeasurement of the net defined benefit plans:				
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	20	15	11	5
Actuarial gains/(losses) arising from experience adjustments	0	(9)	(1)	5
Net impact on other comprehensive income (before tax)	**20**	**6**	**10**	**10**

* Service cost and Finance cost has not been recognised in P&L for Officer's Pension and Provident Fund

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Quoted						
Government debt instruments	809	700	637	-	-	-
Other debt instruments	1,000	914	814	93	92	96
Total (A)	**1,809**	**1,614**	**1,451**	**93**	**92**	**96**

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(All amounts in ₹ crores, unless otherwise stated)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unquoted						
Other debt instruments	201	227	238	-	-	-
Others	397	367	325	-	-	-
Total (B)	**598**	**594**	**563**	**-**	**-**	**-**
Total (A+B)	**2,407**	**2,208**	**2,014**	**93**	**92**	**96**

Note: Assets to the extent of ₹ 42 crores is not recognised in Balance Sheet of Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust fund

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
Financial Assumptions	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Discount rate (per annum)	7.0%	7.8%	7.9%	7.0%	7.8%	7.9%
Salary escalation rate (per annum)						
Management employees- for first 5years	7.0%	7.0%	7.0%			
Management employees- after 5 years	5.0%	5.0%	5.0%			
Non-management employees	8.0%	8.0%	8.0%			
Pension increase rate (per annum)*	2.5%	2.5%	2.5%			
Annual increase in healthcare costs (per annum)				9.0%	9.0%	9.0%

*For management pension only.

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	**Change in plan obligation (%)**	**Change in assumption (%)**	**Change in plan obligation (%)**
Discount rate (per annum)	Increase	0.5%	-0.7%	0.5%	-5.6%
	Decrease	0.5%	0.7%	0.5%	6.2%
Salary escalation rate (per annum)	Increase	0.3%	2.0%	-	-
	Decrease	0.3%	-2.0%	-	-
Pension rate	Increase	0.3%	2.4%	-	-
	Decrease	0.3%	-2.4%	-	-
Life expectancy	Increase	1 year	1.9%	1 year	4.0%
	Decrease	1 year	-2.0%	1 year	-4.0%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.0%	12.7%
	Decrease	-	-	1.0%	-10.7%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. Weighted average duration and expected employers contribution for FY 2017-18 for each of the defined benefit plan

	Weighted average duration (yrs.)		
	Year ended 31st March, 2017	Year ended 31st March, 2016	**Expected Employers contribution for the next year**
Gratuity	10.9	10.4	42.6
Management Pension	6.9	8.5	1.0
Officer's Pension	3.9	4.0	-
Provident Fund	15.2	14.5	61.8
Post-Retirement Medical Benefits	11.9	11.5	-

42 SHARE BASED PAYMENTS

Refer note 2.4(k) for accounting policy on Share Based Payments.

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹ 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent Company.

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(All amounts in ₹ crores, unless otherwise stated)

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (₹) per share	Weighted Average Exercise Price (₹) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	1,23,887			1.00	1.00

Number of Share Options

Scheme	Year	Outstanding at the beginning of the year	Granted during the year*	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2001 HLL Stock Option Plan	2005	-	-	-	-	-	-
		(23,100)	-	-	(23,100)	-	-
2006 HUL performance Share Scheme	2012	-	-	-	-	-	-
		(3,24,629)	-	-	(3,24,629)	-	-
	Interim 2012	-	-	-	-	-	-
		(39,937)	(18,305)	-	(58,242)	-	-
2012 HUL Performance Share Scheme	2013	3,08,705		-	3,08,705	-	-
		(3,19,252)	(55,602)	-	(66,149)	(3,08,705)	(3,08,705)
	Interim 2013	23,044	5,964	-	29,008	-	-
		(25,418)	-	(2,374)	-	-	(23,044)
	2014	2,31,763	-	41,918	74,955	1,14,890	1,14,890
		(2,43,708)	-	(11,945)	-	-	(2,31,763)
	Interim 2014	16,805	-	1,702	-	-	15,103
		(16,805)	-	-	-	-	(16,805)
	2015	1,36,054	-	8,903	-	-	1,27,151
		(1,42,038)	-	(5,984)	-	-	(1,36,054)
	Interim 2015	12,322	-	632	-	-	11,690
		-	(12,322)	-	-	-	(12,322)
	2016	1,56,351	-	8,492	-	-	1,47,859
		-	(1,57,193)	(842)	-	-	(1,56,351)
	Interim 2016	-	11,834	-	-	-	11,834
		-	-	-	-	-	-
	2017	-	1,23,887	-	-	-	1,23,887
		-	-	-	-	-	-

* Granted during the year includes additional shares granted upon meeting the vesting conditions
(figures in bracket pertain to 2015-16)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Weighted average equity share price at the date of exercise of options during the year was ₹ 864 (2015-16: ₹ 848).

Weighted average remaining contractual life of options as at 31st March, 2017 was 1.68 years (31st March, 2016: 1.34 years and 1st April, 2015: 1.34 years).

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Risk-free interest rate (%)	6.6%	7.4%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	22.3%	26.3%
Dividend yield	1.9%	1.9%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

CASH SETTLED SHARE BASED PAYMENTS

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the Holding Company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 200% of grant level, depending on the satisfaction of the performance metrics. The performance metrics of both MCIP and GPSP are underlying sales growth, operating cash flow and core operating margin improvement. Under the SHARES Plan, eligible employees can invest upto EUR 200 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's employees at the end of the 3 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other non-current liabilities	130	102	90
Other current liabilities	86	92	88
Total carrying amount of liabilities	**216**	**194**	**178**

Effect of share based payment transactions on the Statement of Profit and Loss:

	As at 31st March, 2017	As at 31st March, 2016
Equity settled share based payments	5	19
Cash settled share based payments	89	108
Total expense on share based payments	94	127

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

43 BUSINESS COMBINATION

Refer note 3.A.(i) for treatment of business combination on first time adoption of Ind AS.

Refer note 2.4(q) for accounting policy on Business Combination.

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores (excluding taxes) and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19. The transaction is accounted as business combination under Ind AS 103.

The acquisition is in line with the Company's strategic intent to strengthen its leadership position in Personal Care by providing an impetus to its play in the evolving Premium Naturals segment. Indulekha brings to the Company, a premium brand with strong credentials around Ayurveda that will complement its existing portfolio and strengthen its presence in the Hair Care category.

Purchase consideration transferred:

	₹ Cr
Upfront cash consideration (including taxes)	348
Deferred contingent consideration	44
	392

Deferred contingent consideration

The contingent consideration arrangement requires the Company to pay 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19. As on the acquisition date, the fair value of contingent consideration was valued at ₹ 44 crores.

The determination of the fair value as at Balance Sheet date is based on discounted cash flow method. Basis the projection of the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2017, the fair value of the contingent consideration is ₹ 49 crores which is classified as other financial liability.

Assets acquired and liabilities assumed:

The fair values of identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	₹ Cr
Specified Intangibles Assets	
Indulekha Brand	311
Manufacturing Know-how and Design	59
Deferred tax asset	22
Total identifiable assets	**392**
Less: Liabilities assumed	-
Total identifiable net assets	**392**
Goodwill	0
Total Net Assets	**392**

The deferred tax asset mainly comprises the effect of depreciation on intangible assets deductible for tax purposes.

Acquisition-related costs

In addition to cash consideration mentioned above, acquisition-related costs of ₹ 12 crores paid towards professional and legal fees, stamp duty etc. are included in 'Exceptional Items' in the Statement of Profit and Loss.

Impact of acquisition on the results

The acquired business contributed revenues of ₹ 75 crores and profit (before tax) of ₹ 7 crores to the Company for the year ended 31st March, 2017.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

44 DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

	Year ended 31st March, 2017	Year ended 31st March, 2016
(a) Loans to subsidiaries		
Loan to subsidiary: Pond's Exports Limited, India		
Balance as at the year end	4	4
Maximum amount outstanding at any time during the year	8	12
[Pond's Export Limited has utilised the loan for meeting working capital requirements. It is repayable over a period of 7 years and carries an average rate of interest at 7.58% (2015-16: 8.46%)]		
Loan to subsidiary: Lakme Lever Private Limited, India		
Balance as at the year end	194	158
Maximum amount outstanding at any time during the year	200	168
[Lakme Lever Private Limited has utilised the loan for meeting capital projects for job work business and working capital requirements of salon business. It is repayable over a period of 7 years and carries an average rate of interest at 7.60% (2015-16: 8.46%)]		

(b) Investment by the loanees in the shares of the Company

The loanees have not made any investments in the shares of the Company

45 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amounts in ₹)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	**19,72,000**	**3,88,282**	**23,60,282**
(+) Permitted receipts	-	1,16,331	1,16,331
(-) Permitted payments	-	2,33,999	2,33,999
(-) Amount deposited in banks	19,72,000	69,585	20,41,585
Closing cash in hand as on 30th December, 2016	**-**	**2,01,029**	**2,01,029**

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

46 Related Party Disclosures

A. Enterprises exercising control

(i) Holding Company	: Unilever Plc

B. Enterprises where control exists

(i) Subsidiaries (Extent of holding)	: Daverashola Estates Private Limited (100%) Hindlever Trust Limited (100%) Jamnagar Properties Private Limited (100%) Lakme Lever Private Limited (100%) Levers Associated Trust Limited (100%) Levindra Trust Limited (100%) Pond's Exports Limited (90%) Unilever India Exports Limited (100%) Unilever Nepal Limited (80%) Bhavishya Alliance Child Nutrition Initiatives (100%) (with effect from March 12, 2015) (Section 8 Company) Hindustan Unilever Foundation (76%) (Section 8 Company)
(ii) Trust	: Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100%)
(iii) Joint Ventures	: Kimberly Clark Lever Private Limited (50% control)
(iv) Key Management Personnel	
(a) Executive directors	: Sanjiv Mehta PB Balaji Pradeep Banerjee Dev Bajpai Geetu Verma BP Biddappa Priya Nair Sandeep Kohli (with effect from 1st June, 2016) Sudhir Sitapati (with effect from 1st July, 2016) Srinandan Sundaram (with effect from 1st September, 2016) Samir Singh (up to 31st May, 2016) Punit Misra (up to 30th September, 2016)
(b) Non-executive directors	: Harish Manwani Aditya Narayan S. Ramadorai O. P. Bhatt Sanjiv Misra Kalpana Morparia
(v) Employees' Benefit Plans where there is significant influence	: Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund

Notes

to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2017

			Year ended 31st March, 2017	Year ended 31st March, 2016
Holding Company	:	Dividend paid	1,839	1,727
		Royalty expense	1,027	876
		Income from services rendered	500	473
		Expenses for Services received	96	-
		Outstanding as at the year end :		
		- Trade payables [1st April, 2015: ₹ 136 crores]	338	172
Subsidiaries/ Trust	:	Sale of finished goods / raw materials etc.	393	300
		Processing charges	115	112
		Sale of fixed assets	-	4
		Purchase of fixed assets	0	0
		Investment in equity shares	-	-
		Purchase of finished goods / raw materials etc.	12	17
		Royalty income	8	9
		Rent income	1	1
		Management fees paid	-	0
		Commission paid	1	1
		Expenses shared by subsidiary companies	19	16
		Dividend income	167	136
		Interest income	13	15
		Reimbursement received/ receivable towards pension and medical benefits	19	28
		Purchase of export licences	36	8
		Rent expense	0	0
		Contribution to foundation	18	8
		Reimbursements paid	36	7
		Reimbursements received	14	7
		Inter corporate loans given during the year	84	35
		Inter corporate loans repaid during the year	48	53
		Deposit Received	0	-
		Deposit Paid	0	-
		Outstanding as at the year end:		
		- Current account balances receivable with subsidiaries and trust [1st April, 2015: ₹ 17 crores]	19	19
		- Trade receivables [1st April, 2015: ₹ 23 crores]	34	44
		- Trade payables [1st April, 2015: ₹ 12 crores]	35	12
		- Loans & advances to subsidiaries [1st April, 2015: ₹ 180 crores]	198	162
		- Security deposits [1st April, 2015: ₹ 2 crores]	-	0

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

			Year ended 31st March, 2017	Year ended 31st March, 2016
Fellow Subsidiaries	:	Purchased of fixed assets	37	-
		Rent income	2	1
		Sale of fixed assets	-	0
		Income from services rendered	12	17
		Management fees paid	29	13
		Purchase of finished goods / raw materials etc.	581	371
		Dividend paid	561	527
		Royalty expense	17	11
		Expenses shared by fellow subsidiary companies	6	4
		Maintenance and support costs for licences and software	6	8
		Reimbursements paid	49	105
		Reimbursements received	34	32
		Outstanding as at the year end with fellow subsidiaries		
		- Current account balances receivable with fellow subsidiaries [1st April, 2015: ₹ 35 crores]	28	35
		- Trade payables [1st April, 2015: ₹ 71 crores]	209	131
Joint Venture	:	Purchase of finished goods / raw materials etc.	303	346
		Reimbursements received	95	72
		Investment in equity shares	-	15
		Outstanding as at the year end with joint venture		
		- Current account balances receivable with joint venture [1st April, 2015: ₹ 32 crores]	24	27
		- Trade payables [1st April, 2015: ₹ 2 crores]	1	2
Key Management Personnel	:	Remuneration :		
(Executive directors)		- Short-term employee benefits	45	34
		- Post-employment benefits*	6	5
		- Share-based payments	16	13
		Dividend paid	0	1
		Consideration received on exercise of options	0	0
Key Management Personnel	:	Dividend paid	0	0
(Non-executive directors)		Commission paid	2	2
Employees' Benefit Plans where	:	Contributions during the year (Employer's contribution only)		
there is significant influence		Outstanding as at the year end :	61	82
		- Advances recoverable in cash or kind or for value to be received [1st April, 2015: Nil]	-	17
		- Payables [1st April, 2015: ₹ 1 crore]	12	-

*As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

For the year ended 31st March, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2015-16: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

47 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

48 The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Hindustan Unilever Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (together referred to as "the Group"), comprising the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance (including other comprehensive income), its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs 309 crores and net assets of Rs 200 crores as at 31 March 2017, total revenues of Rs 315 crores and net cash outflows amounting to Rs 3 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor. Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in

INDEPENDENT AUDITOR'S REPORT (Contd.)

agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies incorporated in India, none of the Directors of the Group are disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of sub section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A";

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of a subsidiary, as noted in the 'Other Matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 26 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts – Refer note 49 to the consolidated Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and

iv. The requisite disclosures in the consolidated Ind AS financial statements for holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures and reliance on management representation, we report that the disclosures are in accordance with books of account and other records maintained by the Holding Company and subsidiaries incorporated in India and as produced to us by the Management of the Holding Company- Refer Note 48 to the consolidated Ind AS financial statements.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:
101248W/ W - 100022

Akeel Master
Partner
Membership No: 046768

Mumbai: 17 May 2017

ANNEXURE "A"

To The Independent Auditor's Report - 31 March 2017

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of Hindustan Unilever Limited ("the Holding Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's, and its subsidiary companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial control system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No:
101248W/ W - 100022

Akeel Master
Partner
Membership No: 046768

Mumbai: 17 May 2017

CONSOLIDATED BALANCE SHEET
As at 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4A	3,968	3,165	2,676
Capital work-in-progress	4B	229	408	511
Goodwill	5A	0	-	-
Other intangible assets	5A	370	12	22
Goodwill on consolidation	5B	81	81	81
Investments in subsidiaries, associates and joint venture	6	-	26	20
Financial assets				
Investments	7	6	6	6
Other financial assets	8	128	147	120
Non-current tax assets (net)	9E	461	381	363
Deferred tax assets (net)	9C	170	168	157
Other non-current assets	10	75	55	50
Current assets				
Inventories	11	2,541	2,726	2,816
Financial assets				
Investments	7	3,788	2,560	2,773
Trade receivables	12	1,085	1,264	1,007
Cash and cash equivalents	13	628	830	805
Bank balances other than cash and cash equivalents mentioned above	14	1,200	2,179	1,881
Other financial assets	8	331	239	295
Other current assets	15	598	525	439
Assets held for sale	16	47	22	9
TOTAL ASSETS		**15,706**	**14,794**	**14,031**

CONSOLIDATED BALANCE SHEET (CONTD.)

As at 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	216	216	216
Other equity	18A	6,528	6,357	6,238
Non-controlling interests	19	22	20	19
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	20	73	20	20
Provisions	21	514	623	518
Non-current tax liabilities (net)	9E	432	306	230
Deferred tax liabilities (net)	9C	-	1	-
Other non-current liabilities	22	207	184	134
Current liabilities				
Financial liabilities				
Borrowings	23	277	177	-
Trade payables				
Dues to micro and small enterprises	24	0	-	-
Dues to others	24	6,186	5,685	5,441
Other financial liabilities	20	195	258	223
Other current liabilities	25	664	654	762
Provisions	21	392	293	230
TOTAL EQUITY AND LIABILITIES		**15,706**	**14,794**	**14,031**
Basis of preparation, measurement and significant accounting policies	2			
First time adoption of Ind AS	3			
Contingent liabilities, capital and other commitments	26			

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2017	Year ended 31st March, 2016
INCOME			
Revenue from operations	27	35,759	34,616
Other income	28	369	423
TOTAL INCOME		**36,128**	**35,039**
EXPENSES			
Cost of materials consumed	29	11,946	11,812
Purchases of stock-in-trade	30	4,223	3,972
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	31	144	83
Excise duty	32	2,597	2,430
Employee benefits expenses	33	1,743	1,680
Finance costs	34	35	17
Depreciation and amortisation expense	35	432	353
Other expenses	36	8,766	8,619
TOTAL EXPENSES		**29,886**	**28,966**
Profit before exceptional items and tax		**6,242**	**6,073**
Exceptional items	37	237	(31)
Profit before tax		**6,479**	**6,042**
Share of net loss from Joint venture accounted for using equity method	6B	-	(9)
Profit before tax from Continuing Operation		**6,479**	**6,033**
Tax expenses			
Current tax	9A	(1,947)	(1,879)
Deferred tax credit/(charge)	9A	(30)	4
Profit after tax from Continuing Operations (A)		**4,502**	**4,158**
Loss from discontinued operations before tax	38A	(13)	(6)
Tax expenses of discontinued operations	38A	1	(1)
Loss from discontinued operations after tax (B)		**(12)**	**(7)**
PROFIT FOR THE YEAR (A+B)		**4,490**	**4,151**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	18B	(33)	(16)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	9A	11	5
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	18B	2	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of Debt instruments through other comprehensive income	9A	(0)	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (C)		**(20)**	**(12)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		**4,470**	**4,139**

STATEMENT OF CONSOLIDATED PROFIT AND LOSS (CONTD.)

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit attributable to:			
Owners of the Company		**4,476**	**4,139**
Non-controlling interests		**14**	**12**
Other Comprehensive income attributable to:			
Owners of the Company		**(20)**	**(12)**
Non-controlling interests		**(0)**	**(0)**
Total Comprehensive income attributable to:			
Owners of the Company		**4,456**	**4,127**
Non-controlling interests		**14**	**12**
Earnings per equity share from Continuing Operations			
Basic (Face value of ₹ 1 each)	39A	₹ 20.68	₹ 19.13
Diluted (Face value of ₹ 1 each)	39A	₹ 20.68	₹ 19.12
Earnings per equity share from Discontinued Operations			
Basic (Face value of ₹ 1 each)	39B	₹ (0.06)	₹ (0.03)
Diluted (Face value of ₹ 1 each)	39B	₹ (0.06)	₹ (0.03)
Earnings per equity share from continuing and discontinued operations			
Basic (Face value of ₹ 1 each)		₹ 20.62	₹ 19.10
Diluted (Face value of ₹ 1 each)		₹ 20.62	₹ 19.09
Basis of preparation, measurement and significant accounting policies	2		
First time adoption of Ind AS	3		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 1st April, 2015		**216**
Changes in equity share capital during the year		0
As at 31st March, 2016		**216**
Changes in equity share capital during the year		0
As at 31st March, 2017	17	**216**

B. OTHER EQUITY

	Reserves and Surplus									Items of Other Comprehensive Income		Grand Total		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through Other Comprehensive Income	Total Attributable to owners of the Company	Attributable to Non-controlling Interest	Total
As at 1st April, 2015	4	6	81	41	2,301	3,789	9	6	0	-	1	6,238	19	6,257
Profit for the year	-	-	-	-	-	4,139	-	-	-	-	-	4,139	12	4,151
Transfer to Employees Housing Reserve	-	-	-	-	-	(37)	-	37	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-		-	-	-	(11)	(1)	(12)	(0)	(12)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,102**	**-**	**37**	**-**	**(11)**	**(1)**	**4,127**	**12**	**4,139**
Dividend on equity shares for the year	-	-	-	-	-	(3,354)	-	-	-	-	-	(3,354)	(11)	(3,365)
Dividend distribution tax	-	-	-	-	-	(673)	-	-	-	-	-	(673)	-	(673)
Exercise of employee stock options	-	-	17	(17)	-	-	-	-	-	-	-	-	-	-
Share based payment credit	-	-	-	19	-	-	-	-	-	-	-	19	-	19
As at 31st March, 2016	4	6	98	43	2,301	3,864	9	43	0	(11)	0	6,357	20	6,377

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

	Reserves and Surplus									Items of Other Comprehensive Income		Grand Total		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through Other Comprehensive Income	Total Attributable to owners of the Company	Attributable to Non-controlling Interest	Total
Profit for the year	-	-	-	-	-	4,476	-	-	-	-	-	4,476	14	4,490
Transfer to Employees Housing Reserve	-	-	-	-	-	(5)	-	5	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(22)	2	(20)	(0)	(20)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,471**	**-**	**5**	**-**	**(22)**	**2**	**4,456**	**14**	**4,470**
Dividend on equity shares for the year	-	-	-	-	-	(3,571)	-	-	-	-	-	(3,571)	(12)	(3,583)
Dividend distribution tax	-	-	-	-	-	(718)	-	-	-	-	-	(718)	-	(718)
Exercise of employee stock options	-	-	18	(18)	-	-	-	-	-	-	-	0	-	0
Share based payment credit	-	-	-	4	-	-	-	-	-	-	-	4	-	4
As at 31st March, 2017	**4**	**6**	**116**	**29**	**2,301**	**4,046**	**9**	**48**	**0**	**(33)**	**2**	**6,528**	**22**	**6,550**

a) Refer note 18B for nature and purpose of reserves.

b) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of balance of ₹ 2,187 crores standing to the credit of General Reserves to the Profit and Loss account (currently retained earnings). The Scheme, under relevant sections of The Companies Act, 1956 and 2013, was approved in annual general meeting held on 30th June 2016 and is now pending for approval with National Company Law Tribunal (NCLT).

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2017	Year ended 31st March, 2016
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax	**6,229**	**6,058**
Adjustments for:		
Depreciation and amortisation expenses	432	353
(Gain)/loss on sale of non-current assets held for sale	14	3
Interest income	(260)	(323)
Dividend income	(14)	(33)
Fair value (gain)/loss on investments	(86)	(67)
Net (gain)/loss on sale of investments	(9)	-
Interest expense	35	17
Provision for expenses on employee stock options	4	19
Impairment of non-current investments	0	-
Provision/(write back) for doubtful debts and advances (net)	4	(4)
Bad debts/assets written off	2	5
Mark-to-market (gain)/loss on derivative financial instruments	(1)	(3)
Cash Generated from operations before working capital changes	**6,350**	**6,025**
Adjustments for:		
(Increase)/decrease in trade receivables	173	(257)
(Increase)/decrease in other non-current financial assets	19	(26)
(Increase)/decrease in other current financial assets	(82)	79
(Increase)/decrease in other non-current assets	(7)	7
(Increase)/decrease in other current assets	(74)	(83)
(Increase)/decrease in inventories	186	89
Increase/(decrease) in trade payables	501	164
Increase/(decrease) in other non-current financial liabilities	31	1
Increase/(decrease) in other current financial liabilities	(78)	11
Increase/(decrease) in non-current provisions	(39)	32
Increase/(decrease) in current provisions	63	(27)
Increase/(decrease) in other non-current liabilities	12	37
Increase/(decrease) in other current liabilities	10	(108)
Cash generated from operations	**7,065**	**5,944**
Taxes paid (net of refunds)	(1,859)	(1,765)
Cash flow before exceptional items	**5,206**	**4,179**
Exceptional items:		
Amounts paid for other restructuring activities	(21)	(8)
Net cash (used in) / generated from operating activities - [A]	**5,185**	**4,171**
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,113)	(810)
Sale proceeds of property, plant and equipment	9	38
Purchase of Intangibles	(348)	-
Investment in equity shares of a joint venture	(0)	(6)

STATEMENT OF CASH FLOWS (CONTD.)

For the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchase of non-current investments	0	-
Sale proceeds of non-current investments	9	-
Purchase of current investments	(31,214)	(20,660)
Sale of current investments	30,074	20,937
Redemption/maturity of bank deposits (having original maturity of more than 3 months)	2,652	2,398
Investment in bank deposits (having original maturity of more than 3 months)	(1,662)	(2,687)
Investment in non-current deposits with banks	(1)	-
Interest received	264	315
Dividend received from others	14	33
Cash flow before exceptional items	**(1,316)**	**(442)**
Exceptional items:		
Consideration received on disposal of surplus properties	167	61
Consideration received on disposal of subsidiary/ business	20	161
Taxes paid for exceptional items	(44)	(62)
Net cash (used in) / generated from investing activities - [B]	**(1,173)**	**(282)**
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(3,572)	(3,354)
Dividend distribution tax paid	(717)	(673)
Amounts deposited in bank accounts towards unpaid dividends	(11)	(12)
Amount borrowed for short term purpose	460	177
Amount (repaid) for short term purpose	(360)	-
Interest paid	(14)	(2)
Proceeds from share allotment under employee stock options/ performance share schemes	0	-
Net cash (used in) / generated financing activities - [C]	**(4,214)**	**(3,864)**
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**(202)**	**25**
Add: Cash and cash equivalents at the beginning of the year (refer Note 13)	830	805
Cash and cash equivalents at the end of the year (refer Note 13)	**628**	**830**

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
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Aditya Narayan
Chairman - Audit Committee
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Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

Notes
to the financial statements for the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

1 GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising primarily of Home Care, Personal Care, Foods and Refreshments. The Company has manufacturing facilities across the country and sells primarily in India through independent distributors and modern trade.

The Company, its subsidiaries and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

a) Subsidiaries

Name of the Company	Country of incorporation	Principal activities	Proportion (%) of equity interest		
			As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unilever India Exports Limited	India	FMCG export business	100	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80	80
Pond's Export Limited	India	Leather products business (primarily exports)	100	100	100
Jamnagar Properties Private Limited	India	Real estate Company	100	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100	100
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100	100
Hindustan Unilever Foundation*	India	Not-for-profit company in the field of community development initiatives.	100	100	100
Bhavishya Alliance Child Nutrition Initiatives*	India	Not-for-profit company that works in the area of social development issues	100	100	100

*These companies are private companies limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 3 crores (31st March, 2016: ₹ 1 Crore and 1st April, 2015: ₹ 4 crores) and ₹ 1 Crore (31st March, 2016: ₹ 2 crores and 1st April, 2015: ₹ 2 crores) respectively.

b) Joint venture

Name of the Company	Country of incorporation	Principal activities	Proportion (%) of equity interest		
			As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Kimberly Clark Lever Private Limited	India	FMCG business (infant care and feminine care products)	50	50	50

c) Associates

Section 129(3) of the Companies Act, 2013, requires preparation of consolidated financial statement of the Group and of all the subsidiaries including associate company and joint venture businesses in the same form and manner as that of its own. Indian Accounting Standard (Ind AS) 28 on Investments in Associates and Joint Ventures defines Associate Group as an entity over which the investor has significant influence. It mentions that if an entity holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The Group holds investments in the below entities which by share ownership are deemed to be an associate company:

i) Comfund Consulting Limited where the Group has 24% equity holding. This is a Non Banking Finance Company (NBFC) set up between HUL and a partner company, currently dormant.

ii) Aquagel Chemicals (Bhavnagar) Private Limited where the Group has 26% equity and 26% preference capital holding. This is a Group engaged in Silica business.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

However, the Group does not exercise significant influence in any of the above entities, as demonstrated below :

i) The Group does not have any representation on the board of directors or corresponding governing body of the investee.

ii) The Group does not participate in policy making process.

iii) The Group does not have any material transactions with the investee.

iv) The Group does not interchange any managerial personnel.

v) The Group does not provide any essential technical information to the investee.

vi) As these are not investments strategic to the core business of HUL, these are intended to be divested/liquidated in the near future.

Since the Group does not exercise significant influence or control on decisions of the investee, these are not being construed as associate companies and therefore these have not been consolidated in the financial statement of the Group.

d) Share of Entities in Group

Name of the Entity	Net Assets (Total Assets - Total Liabilities)		Share in Sales of Products		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated net Sales	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
Parent Group										
Hindustan Unilever Limited	96.2%	6,489	96.7%	33,895	100.0%	4,490	98.1%	(20)	100.0%	4,470
Subsidiaries										
Indian										
Unilever India Exports Limited	4.7%	320	3.3%	1,163	2.0%	91	0.0%	-	2.0%	91
Lakme Lever Private Limited	2.6%	177	0.1%	34	0.3%	13	0.0%	-	0.3%	13
Pond's Exports Limited	-0.1%	(5)	0.3%	88	-0.3%	(12)	0.0%	-	-0.3%	(12)
Daverashola Estates Private Limited	0.1%	4	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Levers Associated Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Levindra Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Hindlever Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Jamnagar Properties Private Limited	0.0%	-	0.0%	-	-0.1%	(4)	0.0%	-	-0.1%	(4)
Hindustan Unilever Foundation	0.0%	2	0.0%	-	0.1%	3	0.0%	-	0.1%	3
Bhavishya Alliance Child Nutrition Initiatives	0.0%	0	0.0%	-	0.0%	0	0.0%	-	0.0%	0
Foreign										
Unilever Nepal Limited	1.3%	87	0.8%	277	1.2%	55	1.5%	(0)	1.2%	55
Non-controlling interests in all Subsidiaries	0.3%	22	0.0%	-	0.3%	14	0.4%	(0)	0.3%	14
Joint Venture (Investment as per the equity method)										
Indian										
Kimberly Clark Lever Private Limited										
Inter-company eliminations	-5.2%	(351)	-1.2%	(406)	-3.6%	(160)	0.0%	-	-3.6%	(160)
TOTAL	**100%**	**6,745**	**100%**	**35,051**	**100%**	**4,490**	**100%**	**(20)**	**100%**	**4,470**

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(All amounts in ₹ crores, unless otherwise stated)

2 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

(a) Basis of preparation

These Consolidated Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Consolidated Financial statements for the year ended 31st March, 2017 are the first the Group has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2016 , the Group prepared its Consolidated Financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India immediately before adopting Ind AS. The Consolidated Financial statements for the year ended 31st March, 2016 and the opening Balance Sheet as at 1st April, 2015 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 3.

The Consolidated Financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated Financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Subsidiaries are entities where the group exercise or controls more than one-half of its total share capital. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits/ losses, unless cost/revenue cannot be recovered.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these Consolidated Financial statements.

The Consolidated Financial statements of the Company for the year ended 31st March, 2017 were approved for issue in accordance with the resolution of the Board of Directors on 17th May, 2017.

(b) Basis of measurement

These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Consolidated Financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 43

(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 21 and 26

(c) Recognition of deferred tax assets - Note 9

(d) Key assumptions used in discounted cash flow projections - Note 46

(e) Measurement of consideration and assets acquired as part of business combination - Note 46

(f) Impairment of Intangible - Note 5

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

2.3 RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment. The amendments are applicable to the Group from 1st April, 2017

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Consolidated Financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the Consolidated Financial statements is being evaluated by the Group.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The effect on the Consolidated Financial statements is being evaluated by the Group.

2.4 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the consolidated Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.
- assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Upon first-time adoption of Ind AS, the Group has elected to measure all its property, plant and equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2015.

(b) Intangible Assets:

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Design	-	10 years
Know-how	-	10 years
Computer software	-	5 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Indefinite-life intangibles mainly consist of brands/trademarks. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations (refer note 46). These assets are not amortised but are tested for impairment annually.

Upon first-time adoption of Ind AS, the Company has elected to measure its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April,2015.

(c) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(d) Cash and Cash Equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(e) Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criterias are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

(f) Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the group changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost: Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Measured at fair value through profit or loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value , the group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Group recognises 12–month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Group's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially

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measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(g) Provisions and Contingent Liabilities:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(h) Revenue Recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, etc.

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

Interest income is recognized using the effective interest rate (EIR) method.

(i) Expenditure:

Expenses are accounted on accrual basis.

(j) Employee Benefits:

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Group also provides for retirement/post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits including to the employees of Indian subsidiaries and a subsidiary of parent Company.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet comprises the total for each plan of the fair value of plan assets less the present value of the defined benefit liabilities (using a discount rate by reference to market yields on government bonds at the end of the reporting period).

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

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Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-Based Payments:

Employees of the Group receive remuneration in the form of share-based payments in consideration of the services rendered.

Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 44 for details.

Staff Bonus and Staff quarters

Staff bonus and staff quarters are accounted in accordance with the provisions of the Bonus Act, 2030 and Labor Act, 2048 respectively. In accordance with the decision of Honorable Supreme Court, the Group has set aside "Employees' Housing Reserve" for the purpose of construction of staff quarters in line with the requirement of section 41(2) of the Labor Act, 2048. This allocation has been done for all years including previous years since financial year 2005-06.

(k) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

(l) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(m) Leases:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(n) Foreign Currencies:

The Consolidated Financial statements are presented in ₹, the functional currency of the group. Items included in the Consolidated Financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date, exchange rates are recognised in the Statement of Profit and Loss.

(o) Earnings Per Share:

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. The

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weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(p) Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April, 2015. As such, Previous GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward as at the date of transition to Ind AS.

(q) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(r) Operating segments:

The managing committee is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in IND AS 108. The Operating Segment is the level at which discrete financial information is available. The CODM allocates resources and assess performance at this level. The group has identified the below operating segments:

1. Home Care - Fabric Wash, Household care and Water
2. Personal Care - Personal Wash, Skin Care, Hair Care, Oral Care, Deodorants and colours
3. Foods - Packaged foods and popular foods
4. Refreshments - Tea, Coffee, Ice Creams and Frozen Deserts.

3 FIRST TIME ADOPTION OF IND AS

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2016, with a transition date of 1st April, 2015. These consolidated financial statements for the year ended 31st March, 2017 are the first the Group has prepared under Ind AS. For all periods upto and including the year ended 31st March, 2016 , the Group prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Group has prepared financial statements which comply with Ind AS for year ended 31st March, 2017, together with the comparative information as at and for the year ended 31st March, 2016 and the opening Ind AS Balance Sheet as at 1st April, 2015, the date of transition to Ind AS.

In preparing these Ind AS consolidated financial statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the consolidated financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Group in restating its Previous GAAP financial statements, including the Balance Sheet as at 1st April, 2015 and the consolidated financial statements as at and for the year ended 31st March, 2016.

A. Optional Exemptions from retrospective application

Ind AS 101 permits first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. The Group has elected to apply the following optional exemptions from retrospective application:

(a) Business combinations

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures and transactions which are considered businesses for Ind AS, that occurred before 1st April, 2015. The carrying amounts of assets and liabilities in accordance with Previous GAAP are considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. The carrying amount of goodwill in the opening Ind AS Balance Sheet is its carrying amount in accordance with the Previous GAAP.

(b) Deemed cost for property, plant and equipment and intangible assets

The Group has elected to measure all its property, plant and equipment and intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(c) Share-based payments

The Group has elected not to apply Ind AS 102 Share-Based Payment, to equity instruments that vested prior to the date of transition to Ind AS.

(d) Joint arrangements

The Group has elected to measure the investment in the joint venture in Kimberly Clark Lever Private Limited in the consolidated financial statements at the deemed cost of the investment at the date of transition to Ind AS. Accordingly, the investment has been measured at the aggregate of the carrying amounts of the assets and liabilities that had been previously proportionately consolidated under the Previous GAAP for year ended 31st March, 2015.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Mandatory Exceptions to retrospective application

The Group has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101:

(a) Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence that those estimates were in error. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date.

(b) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

(c) Non-controlling interests

The Group has carried the carrying amount of non-controlling interests recognised under Previous GAAP for Unilever Nepal Limited as at the date of transition to Ind AS and will apply the requirements of Ind AS 110, 'Consolidated Financial Statements' applicable to non-controlling interests prospectively from the date of transition to Ind AS.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

I. Reconciliation of Equity as at 1st April, 2015

II. A. Reconciliation of Equity as at 31st March, 2016

B. Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

III. Adjustments to Statement of Cash Flows for the year ended 31st March, 2016

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with Consolidated financial statements prepared under Ind AS.

I. Reconciliation of Equity as at 1st April, 2015

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/ BACN	Others	
ASSETS						
Non-current assets						
Property, plant and equipment	(b), (o)	2,718	(38)	-	(4)	2,676
Capital work-in-progress	(b)	516	(5)	-	-	511
Goodwill on consolidation		81	-	-	-	81
Other intangible assets		22	-	-	-	22
Investment in joint venture under equity method	(b)	-	20	-	-	20
Financial assets						
Investments	(a),(p), (q)	356	-	(0)	(350)	6
Other financial assets	(b), (n)	134	(13)	-	(1)	120
Non-current tax assets (net)	(b)	367	(4)	-	-	363
Deferred tax assets (net)	(h)	201	-	-	(44)	157
Other non-current assets	(b), (n), (o)	69	(24)	-	5	50
Current assets						
Inventories	(b)	2,848	(32)	-	-	2,816
Financial assets						
Investments	(b), (c)	2,679	(0)	-	94	2,773
Trade receivables	(b)	1,010	(3)	-	-	1,007
Cash and cash equivalents	(b), (c), (p), (q)	809	(9)	4	1	805

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/ BACN	Others	
Bank balances other than cash and cash equivalents above		1,881	-	-	-	1,881
Other financial assets	(b), (d), (q)	268	17	0	10	295
Other current assets	(b), (p)	444	(5)	0	-	439
Assets held for sale	(b)	10	(1)	-	-	9
TOTAL ASSETS		**14,413**	**(97)**	**4**	**(289)**	**14,031**
EQUITY AND LIABILITIES						
Equity						
Equity share capital		216	-	-	-	216
Other Equity	(a), (b), (c), (d), (e), (f), (g), (h), (m), (n), (p), (q)	3,813	-	2	2,423	6238
Non-controlling interests		19	-	-	-	19
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	(b)	7	(7)	-	-	-
Other financial liabilities		20	-	-	-	20
Provisions	(a), (m)	864	-	-	(346)	518
Non-current tax liabilities (net)		230	-	-	-	230
Deferred tax liabilities (net)	(b)	-	-	-	-	-
Other non-current liabilities	(f)	153	-	-	(19)	134
Current liabilities						
Financial liabilities						
Borrowings	(b)	36	(36)	-	-	-
Trade payables		-	-	-	-	-
Dues to Micro and Small Enterprises		-	-	-	-	-
Dues to Others	(b)	5,479	(38)	-	-	5,441
Other financial liabilities	(b), (d), (p), (q)	226	(9)	2	4	223
Other current liabilities	(b), (p), (q)	768	(6)	-	-	762
Provisions	(a), (b), (e), (n)	2,582	(1)	-	(2,351)	230
TOTAL EQUITY AND LIABILITIES		**14,413**	**(97)**	**4**	**(289)**	**14,031**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

II. A. Reconciliation of Equity as at 31st March, 2016

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/BACN	Others	
ASSETS						
Non-current assets						
Property, plant and equipment	(b), (o), (p)	3,207	(38)	0	(4)	3,165
Capital work-in-progress	(b)	427	(19)	-	-	408
Goodwill on consolidation		81	-	-	-	81
Other intangible assets		12	-	-	-	12
Investment in joint venture under equity method	(b)	-	26	-	-	26
Financial assets						
Investments	(a), (p), (q)	356	-	(0)	(350)	6
Other financial assets	(n)	148	-	-	(1)	147
Non-current tax assets (net)	(b)	385	(4)	-	-	381
Deferred tax assets (net)	(h)	233	-	-	(65)	168
Other non-current assets	(n), (o)	50	-	-	5	55
Current assets						
Inventories	(b)	2,753	(27)	-	-	2,726
Financial assets						
Investments	(c)	2,397	-	-	163	2,560
Trade receivables	(b)	1,269	(5)	-	-	1,264
Cash and cash equivalents	(b), (q)	850	(21)	1	-	830
Bank balances other than cash and cash equivalents above		2,179	-	-	-	2,179
Other financial assets	(b), (d)	222	1	-	16	239
Other current assets	(b)	557	(32)	-	-	525
Assets held for sale		22	-	-	-	22
TOTAL		**15,148**	**(119)**	**1**	**(236)**	**14,794**
EQUITY AND LIABILITIES						
Equity						
Equity share capital		216	-	-	-	216
Other Equity	(a), (b), (c), (d), (e), (f), (g), (h), (l), (m), (n), (p), (q)	3,758	-	(1)	2,600	6,357
Non-controlling interests		20	-	-	-	20
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	(b)	42	(42)	-	-	-
Other financial liabilities		20	-	-	-	20
Provisions	(a), (l), (m)	967	-	-	(344)	623
Non-current tax liabilities (net)		306	-	-	-	306
Deferred tax liabilities (net)	(b), (h)	0	0	-	1	1
Other non-current liabilities	(f)	200	-	-	(16)	184

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/BACN	Others	
Current liabilities						
Financial liabilities						
Borrowings	(b)	210	(33)	-	-	177
Trade payables		-	-	-	-	-
Dues to Micro and Small Enterprises		-	-	-	-	-
Dues to Others	(b)	5,722	(37)	-	-	5,685
Other financial liabilities	(b), (d), (p), (q)	251	(0)	2	5	258
Other current liabilities	(b), (p), (q)	661	(7)	-	-	654
Provisions	(a), (e), (n)	2,775	-	-	(2,482)	293
TOTAL		**15,148**	**(119)**	**1**	**(236)**	**14,794**

II. B Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2016

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/ BACN	Others	
INCOME						
Revenue from operations	(b), (i), (j), (p), (q)	33,093	14	5	1,504	34,616
Other income	(a), (b), (c), (d), (k), (n)	378	(25)	-	70	423
TOTAL INCOME		**33,471**	**(11)**	**5**	**1,574**	**35,039**
EXPENSES						
Cost of materials consumed	(b)	11,905	(93)	-	-	11,812
Purchases of stock-in-trade	(b)	3,797	175	-	-	3,972
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	(b)	86	(3)	-	-	83
Excise duty on sale of goods	(i)	-	-	-	2,430	2,430
Employee benefits expenses	(a), (b), (f), (g), (m)	1,738	(41)	2	(19)	1,680
Finance costs	(a), (b),(f), (m)	5	(3)	-	15	17
Depreciation and amortisation expense	(b), (o), (p)	357	(4)	0	(0)	353
Other expenses	(b), (d), (j), (n), (o), (p), (q)	9,592	(52)	5	(926)	8,619
TOTAL EXPENSES		**27,480**	**(21)**	**7**	**1,500**	**28,966**
Share of net loss of Joint venture accounted for using equity method			**(9)**			**(9)**
Profit before exceptional items and tax		**5,991**	**1**	**(2)**	**74**	**6,064**
Exceptional items	(b), (l), (m)	(41)	2		8	(31)
Profit before tax		**5,950**	**3**	**(2)**	**82**	**6,033**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Previous GAAP	Ind AS adjustments			Ind AS
			Joint venture	HUVF/ BACN	Others	
Tax expenses						
Current tax	(k)	(1,887)	-	-	8	(1,879)
Deferred tax credit/(charge)	(b), (h)	35	(0)	-	(31)	4
PROFIT FOR THE YEAR (A)		**4,098**	**3**	**(2)**	**59**	**4,158**
Profit/(Loss) from discontinued operations before tax		(2)	-	-	(4)	(6)
Tax expenses of discontinued operations		(2)	-	-	1	(0)
Profit/(Loss) from discontinued operations after tax (B)		(4)	-	-	(3)	(7)
PROFIT FOR THE YEAR (A+B		**4,094**	**3**	**(2)**	**56**	**4,151**
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to profit or loss						
Remeasurement gain/(loss) on net defined benefit plans	(a), (m)	-	-	-	(16)	(16)
Income tax relating to items that will not be reclassified to profit or loss						
Remeasurement gain/(loss) on net defined benefit plans	(h)	-	-	-	5	5
Items that will be reclassified to profit or loss						
Fair value of debt instruments through other comprehensive income	(c)	-	-	-	(2)	(2)
Income tax relating to items that will be reclassified to profit or loss						
Fair value of Debt instruments through other comprehensive income	(h)	-	-	-	1	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		**-**	**-**	**-**	**(12)**	**(12)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**4,094**	**3**	**(2)**	**44**	**4,139**
Profit attributable to:						
Non-controlling interests		12				12
Owners of the parent		4,082	3	(2)	56	4,139
		4,094	**3**	**(2)**	**56**	**4,151**
Total comprehensive income attributable to:						
Non-controlling interests		12			0	12
Owners of the parent		4,082			44	4,127
		4,094	**3**	**(2)**	**44**	**4,139**

III. Adjustments to Statement of Cash Flow

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTES TO RECONCILIATIONS

(a) Investment in Controlled Trust

Under Previous GAAP, the investment in the Hindustan Unilever Limited Securitisation of Retirement Benefit Trust ('HURB Trust') did not qualify as plan asset under AS 15 and has been consolidated as a wholly controlled trust in the Group financial statements and the investments in the trust have been reflected as a non current investment . Under Ind AS, the HURB Trust qualifies as a plan asset and hence has not been consolidated as this is excluded under Ind A S 110 and the previously consolidated assets and liabilities have no longer been aggregated at the date of transition to Ind AS. Additionally, given that the investment is a plan asset for the Group, The plan asset has been fair valued as per actuarial valuation carried in accordance with Ind AS on date of transition to Ind AS and as at each balance sheet date. The plan asset recognised has been netted off against provision for employee benefits. The interest income and remeasurement gain/(loss) on the recognised plan asset has been recognised in Statement of Profit and Loss and Other Comprehensive Income respectively.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Other income	-	-	24
Employee Benefit Expenses	-	-	(28)
Other expenses	-	-	(0)

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
The following items of Assets & Liabilities were previously proportionately consolidated under previous GAAP.			
Asset:			
Investments (Non-current)	(350)	(350)	-
Liability:			
Provisions (Non-current)	346	338	-
Provisions (Current)	7	8	-
EQUITY:			
Other equity (Retained earnings)	(3)	4	-
(Profit)/Loss:			
Finance cost	-	-	(5)
Remeasurement gain/(loss) on net defined benefit plans	-	-	13

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(b) Investment in Kimberly Clark Lever Private Limited

Under Previous GAAP, the investment in the joint venture in Kimberly Clark Lever Private Limited was proportionately consolidated along with the consolidated assets and liabilities. Under Ind AS , the investment in KCLL will be measured using the equity method . The f ollowing previously proportionately consolidated assets and liabilities and items of Income and expenditure under Previous GAAP have been aggregated into a single line investment balance in the joint venture at the date of transition to Ind AS.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
The following items of assets and liabilities were previously proportionately consolidated under Previous GAAP.			
ASSETS			
Property, plant and equipment	(38)	(38)	-
Capital work-in-progress	(5)	(19)	-
Non Current investments	36	51	-
Financial assets - non-current	(13)	-	-
Non financial assets - non-current	(24)	-	-
Non-current tax assets (net)	(4)	(4)	-
Inventories	(32)	(27)	-
Current investments	(0)	-	-
Trade receivables	(3)	(5)	-
Financial assets - current	17	1	-
Cash and cash equivalents	(9)	(21)	-
Non financial assets - current	(5)	(32)	-
Non-current assets classified as held for sale	(1)	-	-
	(81)	**(94)**	
EQUITY AND LIABILITIES			
Equity Share capital	-	36	-
Other Equity	(16)	(61)	-
Borrowings - Non Current	7	42	-
Deferred tax liabilities (Net)	-	0	-
Borrowings - Current	36	33	-
Trade payables	38	37	-
Financial liabilities - current	9	0	-
Non financial liabilities - current	6	7	-
Short-term provisions	1	-	-
	81	**94**	
The following items of income and expenditure were previously proportionately consolidated under Previous GAAP.			
Revenue from operations	-	-	(14)
Other income	-	-	1
Cost of materials consumed	-	-	(93)
Purchases of stock-in-trade	-	-	175

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	-	-	(3)
Employee benefits expenses	-	-	(13)
Finance costs	-	-	(3)
Depreciation and amortisation expense	-	-	(4)
Other expenses	-	-	(52)
Exceptional items	-	-	2
Deferred tax credit/(charge)	-	-	(0)
Impact of Equity Accounting of KCLL under Ind AS .			
Other equity	16	25	-
Non-current investments	(16)	(25)	-

(c) Current Investments

a. Investments in treasury bills and government securities - Under Previous GAAP, the investments in treasury bills a nd government securities are measured at cost or market value, whichever is lower. Under Ind AS, the Group has designated these investments as fair value through other comprehensive income (FVOCI). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised in Other Equity (Retained earnings for interest income component and Debt instruments through Other Comprehensive Income for fair value change). Interest income and fair value changes are recognised in the Statement of Profit and Loss and Other Comprehensive Income respectively for the year ended 31st March, 2016.

b. Mutual funds - Under Previous GAAP, the mutual funds are measured at cost or market value, whichever is lower. Under Ind AS, the Group has designated these investments at fair value through profit or loss (FVTPL). Accordingly, these investments are required to be measured at fair value. At the date of transition to Ind AS, difference between the fair value of the instruments and its Previous GAAP carrying amount has been recognised in retained earnings. Fair value changes are recognised in the Statement of Profit and Loss for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Investments (Current)	94	163	-
Investments (Non - Current)	-	-	-
Cash and cash equivalents	1	-	-
Equity:			
Other equity (Retained earnings)	(93)	(163)	-
Other equity (Debt instruments through Other Comprehensive Income)	(2)	(0)	-
(Profit)/Loss:			
Other income	-	-	(70)
Gain/(loss) on debt instruments through other comprehensive income	-	-	2

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(d) Derivative Instruments - Foreign Exchange Forward Contracts

Under Previous GAAP, unrealised net loss on foreign exchange forward contracts, if any, as at each Balance Sheet date is provided for. Under Ind AS, foreign exchange forward contracts are mark-to-market as at each Balance Sheet date and unrealised net gain or loss is recognised. Derivative assets and derivative liabilities are presented on gross basis.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Other financial assets (Current)	10	16	-
Liability:			
Other financial liabilities (Current)	(4)	(5)	-
Equity:			
Other equity (Retained earnings)	(6)	(11)	
(Profit)/Loss:			
Other income	-	-	(7)
Other expenses	-	-	(0)

(e) Proposed Dividend

Under Previous GAAP, proposed dividends and related the dividend distribution tax are recognised as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognised as a liability in the year in which it is approved by the shareholders in the Annual General Meeting of the Company.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Retained earnings)	(2,344)	(2,474)	-
Liability:			
Provisions (Current)	2,344	2,474	-

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(f) Other Non-Current Liabilities

Under Previous GAAP, non-current liabilities are recognised on undiscounted basis. Ind AS requires such liabilities to be recognised at present value (discounted value) where the effect of time value of money is material. This led to a decrease in the value of non-current liabilities on the date of transition which was adjusted against retained earnings. Ind AS also provides that where discounting is used, the carrying amount of the liability increases in each period to reflect the passage of time. This increase is recognised as finance cost. The interest cost on unwinding of discount and impact of change in discount rate are recognised in the Statement of Profit and Loss under 'Finance costs' and 'Employee benefit expenses' respectively for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Equity:			
Other equity (Retained earnings)	(19)	(16)	-
Liability:			
Other non-current liabilities	19	16	-
(Profit)/Loss:			
Employee benefits expenses	-	-	0
Finance costs	-	-	2

(g) Employee Stock Option Plan

Under Previous GAAP, the intrinsic value of the employee stock option plan is recognised as an expense over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant. The reduction in employee compensation cost for the unvested options as on the date of transition based on fair value method has been adjusted against retained earnings. The impact for the year ended 31st March, 2016 has been recognised in 'Employee benefits expenses' in the Statement of Profit and Loss.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Equity:			
Other equity (Securities Premium Reserve)	-	1	-
Other equity (Employee Stock Options Outstanding Account)	2	1	-
Other equity (Retained earnings)	(2)	(2)	-
(Profit)/Loss:			

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Employee benefits expenses	-	-	(0)

(h) Deferred Taxes

Under Previous GAAP, deferred taxes were recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or through other comprehensive income.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Asset:			
Deferred tax assets (net)	(44)	(65)	-
Liability:			
Deferred tax liabilities (net)	-	(1)	-
Equity:			
Other equity (Retained earnings)	43	66	-
Other equity (Debt instruments through Other Comprehensive Income)	1	0	-
(Profit)/Loss:			
Deferred tax credit/(charge)	-	-	31
Income tax relating to			
Remeasurement gain/(loss) on net defined benefit plans	-	-	(5)
Gain/(loss) on debt instruments through other comprehensive income	-	-	(1)

(i) Excise Duty

Under Previous GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
(Profit)/Loss:			
Revenue from operations	-	-	(2,430)
Excise duty on sale of goods	-	-	2,430

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(j) Revenue from Sale of Goods

Under Previous GAAP, revenue is recognised net of trade discounts, rebates, sales taxes and excise duties. Under Ind AS, revenue is recognised at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as sales tax and value added tax except excise duty. Discounts given include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs which have been reclassified from 'Advertising and sales promotion' within other expenses under Previous GAAP and netted from revenue under Ind AS.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Revenue from operations	-	-	926
Other expenses	-	-	(926)

(k) Interest on Income Tax Refund

Under Previous GAAP, the interest on income tax refund is recognised as 'Other income'. Under Ind AS, the Group has adopted the accounting policy to recognise interest income/expense related to income tax as part of income tax expense. Accordingly, the interest on income tax refund has been reclassified from 'Other income' to 'Tax expenses - Current tax' for the year ended 31st March, 2016.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
(Profit)/Loss:			
Other income	-	-	8
Tax expenses - Current tax	-	-	(8)

(l) Non-Current Provisions

Under Previous GAAP, non-current provisions are recognised on undiscounted basis. Ind AS requires such provisions to be recognised at present value (discounted value) where the effect of time value of money is material. This led to a decrease in the value of non-current provisions for the year ended 31st March,2016 which was recognised in 'Exceptional items' in the Statement of Profit and Loss where the underlying provision was initially recognised. Subsequently, the present value is increased to reflect passage of time by recognising finance cost

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Equity:			
Other equity (Retained earnings)	-	(6)	-
Liability:			
Provisions (Non-current)	-	6	-
(Profit)/Loss:			
Exceptional items	-	-	(5)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(m) Defined Benefit Plans

a. Actuarial gain/(loss) - Under Previous GAAP, the actuarial gain/(loss) of defined benefit plans has been recognised in Statement of Profit and Loss as an exceptional item. Under Ind AS, the remeasurement gain/(loss) on net defined benefit plans is recognised in Other Comprehensive Income net of tax.

b. Net interest cost on defined benefit plans - Under Previous GAAP, the interest cost on defined benefit liability and expected return on plan assets is recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Group has adopted the accounting policy to recognise the net interest cost on defined benefit plans as finance cost.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Equity:			
Other equity (Retained earnings)	(0)	(0)	
Liability:			
Provisions (Non-current)	0	0	
(Profit)/Loss:			
Employee benefits expenses	-	-	(19)
Finance costs	-	-	18
Exceptional items	-	-	(3)
Remeasurement gain/(loss) on net defined benefit plans	-	-	3

(n) Discounting of security deposits for leases

Under Previous GAAP, the security deposits for leases are accounted at an undiscounted value. Under Ind AS, the security deposits for leases have been recognised at discounted value and the difference between undiscounted and discounted value has been recognised as 'Deferred lease rent' which has been amortised over respective lease term as rent expense under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income under 'other income'.

Under Previous GAAP, lease payments are required to be recognised on a straight-line basis over the term of the lease. Under Ind AS, lease payments which are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, are required to be recognised as an expense in line with its contractual term. Accordingly, the provision for scheduled increases on operating lease recognised under Previous GAAP has been written back under Ind AS.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Asset:			
Other financial assets (Non-current)	(1)	(1)	-
Other non-current assets	1	1	-
Equity:			
Other equity (Retained earnings)	(0)	(0)	-
Liability:			
Provisions (Current)	0	0	-
(Profit)/Loss:			
Other income	-	-	(1)
Other expenses	-	-	0

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(o) Reclassification of JPPL leasehold land

Under Previous GAAP, All leasehold lands are classified as property, plant and equipment.. Under Ind AS, leasehold land is to be recognised as an Operating or a Finance lease as per the definition and classification criteria under Ind AS 17. Accordingly deemed cost of the leasehold land for JPPL to be reclassified from property plant and equipment and to be disclosed as operating leases prepayments under "current assets " and "non-current assets" to be amortised annually.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Property Plant and Equipment	(4)	(4)	-
Other non-current assets	4	4	-
(Profit)/Loss:			
Depreciation and amortisation expenses	-	-	(0)
Other expenses	-	-	0

(p) Investments measured in Hindustan Unilever Foundation(HUVF)

Non profit entity are not consolidated as per previous GAAP as economic benefit does not flow to the group. Under Ind As 110(Consolidated financial statements) such non profit entities are not exempt from consolidation

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	As at 31st March, 2016	Year ended 31st March, 2016
Asset:			
Property Plant and Equipment		0	
Investments (Non-current)	(0)	(0)	
Cash and cash equivalents	1		
Other current assets	0		
Equity:			
Other Equity (Retained earnings)	(1)	1	
Liability:			
Other financial Liability (Current)	(0)	(1)	
Other current liabilities	(0)	(0)	
(Profit)/Loss:			
Revenue from operations			(8)
Employee benefits expenses			2
Depreciation and amortisation expense			0
Other expenses			8

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(q) Investment in Bhavishya Alliance Child Nutrition Initiatives(BACN)

Non profit entity are not consolidated as per previous I-GAAP as economic benefit does not flow to the group. Under Ind As 110(Consolidated financial statements) such non profit entities are not exempt from consolidation.

	Debit / (Credit) Balance Sheet		Debit / (Credit) Statement of profit and loss
	As at 1st April, 2015	**As at 31st March, 2016**	**Year ended 31st March, 2016**
Asset:			
Investments (Non-current)	(0)	(0)	
Cash and cash equivalents	3	1	
Other financial assets (Current)	0	-	
Equity:			
Other Equity (Retained earnings)	(1)	0	
Liability:			
Other financial Liability (Current)	(2)	(1)	
Other current liabilities	(0)	(0)	
(Profit)/Loss:			
Revenue from operations			(5)
Other expenses			5

4 PROPERTY, PLANT AND EQUIPMENT

Refer Note 2.4 (a) for accounting policy on Property, Plant and Equipment.

Refer Note 2.4 (k) for accounting policy on Impairment of Non Financial Asset.

A PROPERTY, PLANT AND EQUIPMENT

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross Block								
Balance as at 1st April, 2015 (Deemed Cost)	**61**	**28**	**851**	**1,660**	**54**	**-**	**22**	**2,676**
Additions	-	1	107	756	8	-	26	898
Disposals	(1)	(1)	(27)	(46)	(1)	-	(7)	(83)
Balance as at 31st March, 2016	**60**	**28**	**931**	**2,370**	**61**	**-**	**41**	**3,491**
Additions	-	1	284	934	7	-	22	1,248
Disposals	-	-	(5)	(34)	(2)	-	(1)	(42)
Balance as at 31st March, 2017	**60**	**29**	**1,210**	**3,270**	**66**	**-**	**62**	**4,697**
Accumulated Depreciation								
Balance as at 1st April, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	2	36	284	9	-	11	342
Disposals	-	-	-	(12)	(1)	-	(3)	(16)
Balance as at 31st March, 2016	**-**	**2**	**36**	**272**	**8**	**-**	**8**	**326**

Notes

to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Additions	-	2	40	356	9	-	13	420
Disposals	-	-	(1)	(14)	(1)	-	(1)	(17)
Impairment Loss	-	-	-	0	0	-	0	0
Balance as at 31st March, 2017	**-**	**4**	**75**	**614**	**16**	**-**	**20**	**729**
Net Block								
Balance as at 1st April, 2015	61	28	851	1,660	54	-	22	2,676
Balance as at 31st March, 2016	60	26	895	2,098	53	-	33	3,165
Balance as at 31st March, 2017	60	25	1,135	2,656	50	-	42	3,968

The Group has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e. 31st March 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. 1st April 2015. The movement in carrying value of property, plant and equipment as per IGAAP is mentioned below:

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross Block								
Balance as at 1st April, 2015 (IGAAP)	**61**	**36**	**1,173**	**3,481**	**108**	**1**	**106**	**4,966**
Additions	-	1	107	756	8	-	26	898
Disposals	(1)	(1)	(29)	(150)	(1)	-	(11)	(193)
Balance as at 31st March, 2016	**60**	**36**	**1,251**	**4,087**	**115**	**1**	**121**	**5,671**
Additions	-	1	284	934	7	-	22	1,248
Disposals	-	-	(7)	(99)	(6)	-	(6)	(118)
Balance as at 31st March, 2017	**60**	**37**	**1,528**	**4,922**	**116**	**1**	**137**	**6,801**
Accumulated Depreciation								
Balance as at 1st April, 2015	**-**	**8**	**322**	**1,821**	**54**	**1**	**84**	**2,290**
Additions	-	2	36	284	9	-	11	342
Disposals	-	-	(2)	(116)	(1)	-	(7)	(126)
Balance as at 31st March, 2016	**-**	**10**	**356**	**1,989**	**62**	**1**	**88**	**2,506**
Additions	-	2	40	356	9	-	13	420
Disposals	-	-	(4)	(78)	(5)	-	(6)	(93)
Impairment Loss	-	-	-	0	0	-	0	0
Balance as at 31st March, 2017	**-**	**12**	**392**	**2,267**	**66**	**1**	**95**	**2,833**
Net Block								
Balance as at 1st April, 2015	61	28	851	1,660	54	-	22	2,676
Balance as at 31st March, 2016	60	26	895	2,098	53	-	33	3,165
Balance as at 31st March, 2017	60	25	1,136	2,655	50	-	42	3,968

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTES:

(a) Buildings include ₹ 0 crores (31st March, 2016: ₹ 0 crores and 1st April, 2015: ₹ 0 crores) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 2 crores (31st March, 2016: ₹ 2 crores and 1st April, 2015: ₹ 2 crores), Leasehold Land, net block aggregating ₹ 5 crores, (31st March, 2016: ₹ 5 crores and 1st April, 2015: ₹ 5 crores) are in the process of perfection of title.

(c) The Property, Plant and Equipment in 4A includes assets given on lease mentioned in the below table:

	Building	Plant & equipment	Furniture & fixtures	Office equipment	Total
Gross Block(Deemed cost) as at 1st April, 2015	0	60	0	0	60
Accumulated Dep. as at 1st April, 2015	-	-	-	-	-
Net Block as at 1st April, 2015	**0**	**60**	**0**	**0**	**60**
Gross Block as at 31st March, 2016	1	62	0	0	63
Accumulated Dep. as at 31st March, 2016	(0)	(2)	-	(0)	(2)
Net Block as at 31st March, 2016	**1**	**60**	**0**	**0**	**61**
Gross Block as at 31st March, 2017	0	55	0	(0)	55
Accumulated Dep. as at 31st March, 2017	(0)	(4)	(0)	0	(4)
Net Block as at 31st March, 2017	**0**	**51**	**0**	**0**	**51**

B CAPITAL WORK-IN-PROGRESS

Capital work in progress as at 31st March 2017 is ₹ 229 crores (31st March 2016: ₹ 408 crores and 1st April, 2015: ₹ 511 crores)

For contractual commitment with respect to property, plant and equipment refer Note 26B.

5 INTANGIBLE ASSETS

Refer Note 2.4 (b) for accounting policy on Intangible Assets.

A Intangible Assets	Goodwill	Other intangible assets			
		Brands	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 1st April, 2015 (Deemed Cost)	-	**4**	-	**18**	**22**
Additions	-	-	-	1	1
Disposals	-	-	-	-	-
Balance as at 31st March, 2016	-	**4**	-	**19**	**23**
Additions	-	-	-	1	1
Disposals	-	-	-	(1)	(1)
Acquisitions through business combination (Refer note 46)	0	311	59	-	370
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**393**
Accumulated Amortisation and Impairment					
Balance as at 1st April, 2015	-	-	-	-	-
Additions	-	4	-	7	11
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	-	**4**	-	**7**	**11**
Additions	-	-	6	6	12
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2017	-	**4**	**6**	**13**	**23**
Net Block					
Balance as at 1st April, 2015	-	4	-	18	22
Balance as at 31st March, 2016	-	-	-	12	12
Balance as at 31st March, 2017	0	311	53	6	370

The Company has elected to measure all its intangibles at the previous GAAP carrying amount i.e. 31st March 2015 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. 1st April 2015. The movement in carrying value of intangible asset as per IGAAP is mentioned below:

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Goodwill	Other intangible assets			
		Brands	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 1st April, 2015 (IGAAP)	**12**	**160**	**-**	**141**	**301**
Additions	-	-	-	1	1
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	**12**	**160**	**-**	**142**	**302**
Additions	-	-	-	1	1
Disposals	-	-	-	(1)	(1)
Acquisitions through business combination (Refer note 46)	0	311	59	-	370
Balance as at 31st March, 2017	**12**	**471**	**59**	**142**	**672**
Accumulated Amortisation and Impairment					
Balance as at 1st April, 2015	**12**	**156**	**-**	**123**	**279**
Additions	-	4	-	7	11
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2016	**12**	**160**	**-**	**130**	**290**
Additions	-	-	6	6	12
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2017	**12**	**160**	**6**	**136**	**302**
Net Block					
Balance as at 1st April, 2015	-	4	-	18	22
Balance as at 31st March, 2016	-	-	-	12	12
Balance as at 31st March, 2017	0	311	53	6	370

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were identified for FY 2016-17 (Nil for FY 2015-16)

SIGNIFICANT CASH GENERATING UNITS (CGUs)

The Company has identified its reportable segments Home care, Personal Care, Foods, Refreshments and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been entirely allocated to CGU 'Personal Care' segment of the Company. The carrying amount of goodwill and brand as at 31st March, 2017 is ₹ 0 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing

Long term sustainable growth rates	7%
Weighted Average Cost of Capital % (WACC) before tax	13%
Average segmental margins	24%

The projections cover a period of five years, as we believe this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. Segmental margins are based on FY 2016-17 performance.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company)

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

B Goodwill on consolidation

Pursuant to the merger of Aquagel Chemicals Private Limited(ACPL) with Lakme Lever Private Limited in the FY 14-15, the excess of cost to the Group of its investment in ACPL over the group's portion of equity in ACPL, amounting to ₹ 81 crores has been treated as 'Goodwill on consolidation'. The goodwill on consolidation is tested for impairment and accordingly no impairments charges were identified for FY 2016-17 (Nil for FY 2015-16)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

6 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unquoted			
4,51,69,778 equity shares [31st March, 2016: 4,51,69,778 and 1st April, 2015: 4,23,46,667] of ₹ 10 each held in Kimberly Clark Lever Private Limited [Classified as asset held for sale during the year]	-	26	20
Total	**-**	**26**	**20**
Aggregate amount of unquoted investments	-	26	20

INFORMATION ABOUT JOINT VENTURE

Name of the Company	Country of incorporation	Principal activities	Proportion (%) of equity interest As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Joint venture					
Kimberly Clark Lever Private Limited	India	FMCG business (infant care and feminine care products)	50	50	50

The Company's interest in this Joint Venture is reported as asset held for sale and is stated at lower of cost or fair value. The Company's share of each of the assets, liabilities, income, expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are:

A Balance sheet	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non-current assets	244	220	168
Current assets	85	113	106
Non-current liabilities	(107)	(98)	(21)
Current liabilities	(195)	(184)	(214)
Cash and cash equivalents included in current assets above	1	43	18
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities above	91	84	14
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities above	78	68	92

B Statement of Profit and Loss	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from operations	333	349
Loss for the year	(23)	(19)
Other comprehensive income for the year	(0)	0
Total comprehensive income for the year	**(23)**	**(19)**
Group's share of total comprehensive income (50%)	(11)	(9)

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

7 INVESTMENTS

Refer Note 2.4 (f) for accounting policy on Financial Instruments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT INVESTMENTS			
A. Equity instruments			
Fair value through profit or loss			
Quoted	0	0	0
Unquoted	1	1	1
Total (A)	**1**	**1**	**1**
B. Other instruments			
Amortised cost			
Unquoted			
Investments in debentures and bonds	0	0	0
Investments in National Savings Certificates	0	0	0
Fair value through profit or loss			
Unquoted			
Investments in preference shares	5	5	5
Total (B)	**5**	**5**	**5**
Total (A+B)	**6**	**6**	**6**
CURRENT INVESTMENTS			
C. Other instruments			
Fair value through other comprehensive income			
Quoted			
Investments in treasury bills	1,459	1,264	1,328
Investments in government securities	-	-	471
Fair value through profit or loss			
Unquoted			
Investments in mutual funds	2,329	1,296	974
Total (C)	**3,788**	**2,560**	**2,773**
Total (A+B+C)	**3,794**	**2,566**	**2,779**
Aggregate amount of quoted investments	1,459	1,264	1,799
Market value of quoted investments	1,459	1,264	1,799
Aggregate amount of unquoted investments	2,335	1,302	980

Refer note 41 for information about fair value measurement and Note 42 for credit risk and market risk of investments.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

8 OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (f) for accounting policy on Financial Instruments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Investments in term deposits (with remaining maturity of more than twelve months)	1	0	1
Security deposits	122	115	112
Other assets (includes other receivables etc.)	5	32	7
Total (A)	**128**	**147**	**120**
CURRENT			
Current account balances with group companies and joint venture	71	52	37
Derivatives - foreign exchange forward contracts	14	15	10
Other assets (includes other receivables etc.)	246	172	248
Total (B)	**331**	**239**	**295**
Total (A+B)	**459**	**386**	**415**

9 INCOME TAXES

Refer Note 2.4 (l) for accounting policy on Income Taxes.

A. COMPONENTS OF INCOME TAX EXPENSE

	From Continuing Operation		From Discontinued Operations	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
I. Tax expense recognised in the Statement of Profit and Loss				
Current tax				
Current year	2,011	1,933	-	(0)
Adjustments/(credits) related to previous years - (net)	(64)	(54)	(1)	-
Total (A)	**1,947**	**1,879**	**(1)**	**(0)**
Deferred tax charge/(credit)				
Origination and reversal of temporary differences	30	(4)	-	1
Total (B)	**30**	**(4)**	**-**	**1**
Total (A+B)	**1,977**	**1,875**	**(1)**	**1**
II. Tax on Other Comprehensive Income				
Deferred tax charge/(credit)				
Gain/(loss) on remeasurement of net defined benefit plans	(11)	(5)	-	-
Gain/(loss) on debt instruments through other comprehensive income	(0)	(1)	-	-
	(11)	**(6)**	**-**	**-**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

	As at 31st March, 2017	As at 31st March, 2016
Statutory income tax rate	34.4%	34.6%
Differences due to:		
Expenses not deductible for tax purposes	2.0%	1.9%
Income exempt from income tax	-0.9%	-0.9%
Income tax incentives	-4.5%	-4.5%
Others*	-0.4%	0.0%
Effective tax rate	**30.6%**	**31.1%**

*Others include prior period adjustment tax refunds and tax on exceptional items

C. DEFERRED TAX ASSETS AND LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred tax assets	170	168	157
Deferred tax liabilities	-	(1)	-
Net Deferred tax assets/(liabilities)	**170**	**167**	**157**

D. MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

Movement during the year ended 31st March, 2016	**As at 1st April, 2015**	**Credit/(charge) in the Statement of Profit and Loss**	**Credit/(charge) in Other Comprehensive Income**	**On account of Business Combination**	**As at 31st March, 2016**
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	154	(0)	5	-	159
Provision for doubtful debts and advances	29	(7)	-	-	22
Expenses allowable for tax purposes when paid	139	2	-	-	141
Accelerated Tax Depreciation	(277)	(8)	-	-	(285)
Fair value (gains)/losses	(42)	(26)	1	-	(67)
Other temporary differences	154	43	-	-	197
	157	**4**	**6**	**-**	**167**

Movement during the year ended 31st March, 2017	**As at 1st April, 2016**	**Credit/(charge) in the Statement of Profit and Loss**	**Credit/(charge) in Other Comprehensive Income**	**On account of Business Combination**	**As at 31st March, 2017**
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	159	(33)	11	-	137
Provision for doubtful debts and advances	22	(0)	-	-	22
Expenses allowable for tax purposes when paid	141	(12)	-	-	129
Depreciation	(285)	(71)	-	22	(334)
Fair value gain/(loss) on investments	(67)	(17)	-	-	(84)
Other temporary differences	197	103	0	-	300
	167	**(30)**	**11**	**22**	**170**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

E. TAX ASSETS AND LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non Current tax assets (net)	461	381	363
Non Current tax liabilities (net)	432	306	230

F. UNRECOGNISED DEFERRED TAX ASSETS

	As at 31st March, 2017		As at 31st March, 2016	
	Gross Amount	Unrecognised Tax effect	Gross Amount	Unrecognised Tax effect
Deductible temporary difference	(59)	(20)	(31)	(11)
Tax losses	165	57	139	48
	106	**37**	**108**	**37**

G. TAX LOSSES CARRIED FORWARD

	As at 31st March, 2017	Expiry date	As at 31st March, 2016	Expiry date
Brought forward losses (allowed to carry forward for specified period)	63	2018-22	63	2018-22
Brought forward losses (allowed to carry forward for specified period)	5	2023-25	2	2023-24
Brought forward losses (allowed to carry forward for infinite period)	97		74	

Deferred tax assets have not recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits.The above is arrived basis the balances as on date. Part of the tax losses expires in 2018-2022 and part in 2023-2025. The deductible temporary difference do not expire under the current tax legislation.

10 OTHER NON-CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred lease rent	1	1	1
Security Deposits with customs, port trust, excise and other government authorities	39	32	39
Capital advances	35	22	10
Other advances (includes advances for materials)	30	35	47
Less: Allowance for bad and doubtful advances	(30)	(35)	(47)
	75	**55**	**50**
The movement in allowance for bad and doubtful advances is as follows:			
Balance as at beginning of the year	35	47	51
Allowance for bad and doubtful assets during the year	3	5	7
Written off during the year	(8)	(17)	(11)
Balance as at the end of the year	**30**	**35**	**47**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

11 INVENTORIES

Refer Note 2.4 (c) for accounting policy on Inventories.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Raw materials [includes in transit: ₹ 86 crores (31st March, 2016: ₹ 68 crores and 1st April, 2015: ₹ 32 crores)]	863	904	896
Packing materials	107	125	132
Work-in-progress	229	376	318
Finished goods [includes in transit: ₹ 34 crores (31st March, 2016: ₹ 46 crores and 1st April, 2015: ₹ 39 crores)] (Refer note (a) below)	1,268	1,251	1,400
Stores and spares	74	70	70
	2,541	**2,726**	**2,816**

(a) Finished goods includes goods purchased for re-sale, as both are stocked together.

(b) The write down of Inventories to net realisable value during the year amounted to ₹ 151 crores (31st March, 2016: ₹ 177 crores). The reversal of write down during the year amounted to ₹ 2 crores (31st March, 2016: ₹ 2 crores).

12 TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Refer Note 2.4 (f) for accounting policy on Trade Receivables.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Considered good	1,085	1,264	1,007
Considered doubtful	39	30	41
Less: Allowance for bad and doubtful debts	(39)	(30)	(41)
	1,085	**1,264**	**1,007**
The movement in allowance for bad and doubtful debts is as follows:			
Balance as at beginning of the year	30	41	40
Add: Allowance for bad and doubtful debts during the year	12	6	5
Less: Trade receivables written off during the year	(3)	(17)	(4)
Balance as at the end of the year	**39**	**30**	**41**

Refer Note 42 for information about credit risk and market risk of trade receivables.

13 CASH AND CASH EQUIVALENTS

Refer Note 2.4 (d) for accounting policy on Cash and Cash Equivalents

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Cash on hand	0	0	1
Cheques/drafts on hand	-	-	0
Balances with banks			
In current accounts	110	290	84
Term deposits with original maturity of less than three months	518	540	572
Short-term, highly liquid investments			
Treasury bills with original maturity of less than three months	-	-	148
	628	**830**	**805**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Earmarked balances with banks			
Unpaid dividend account	116	105	94
Margin money deposits	-	-	2
Investments in term deposits (with original maturity of more than three months but less than twelve months)	1,084	2,074	1,785
	1,200	**2,179**	**1,881**

15 OTHER CURRENT ASSETS

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Export benefits receivable	33	36	34
VAT credit receivable	55	26	27
CENVAT receivable	246	231	170
Balances with government authorities (net of provision)	4	4	12
Other advances (includes prepaid expenses etc.)	260	228	196
	598	**525**	**439**

16 ASSETS HELD FOR SALE

Refer Note 2.4 (e) for accounting policy on Assets Held for Sale.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Groups of assets held for sale			
Freehold Land	2	2	1
Buildings	18	19	4
Plant and equipment	1	1	4
Furniture and fixtures	0	0	0
Vehicles	0	0	-
Office equipment	0	0	0
Investment in Joint Venture	26	-	-
	47	**22**	**9**

17 EQUITY SHARE CAPITAL

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Authorised			
2,25,00,00,000 (31st March, 2016: 2,25,00,00,000 and 1st April, 2015: 2,25,00,00,000) equity shares of ₹ 1 each	225	225	225
Issued, subscribed and fully paid up			
2,16,43,49,639 (31st March, 2016: 2,16,39,36,971 and 1st April, 2015: 2,16,34,64,851) equity shares of ₹ 1 each	216	216	216
	216	**216**	**216**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

a) Reconciliation of the number of shares

Equity Shares:	As at 31st March , 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,39,36,971	216	2,16,34,64,851	216	2,16,26,96,292	216
Add: ESOP shares issued during the year (Refer note 44)	4,12,668	0	4,72,120	0	7,68,559	0
Balance as at the end of the year	**2,16,43,49,639**	**216**	**2,16,39,36,971**	**216**	**2,16,34,64,851**	**216**

b) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by holding Company and subsidiaries of holding Company in aggregate

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Equity Shares of ₹ 1 each:			
1,11,43,70,148 shares (31st March, 2016: 1,11,43,70,148 and 1st April, 2015: 1,11,43,70,148) held by Unilever PLC, UK, the holding Company	111	111	111
34,00,42,710 shares (31st March, 2016: 34,00,42,710 and 1st April, 2015: 34,00,42,710) held by subsidiaries of the holding Company	34	34	34

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Number of shares	1,11,43,70,148	1,11,43,70,148	1,11,43,70,148
Unilever PLC, UK, the holding Company	51.49%	51.50%	51.51%

e) Shares reserved for issue under options

	As at 31st March , 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of ₹ 1 each, at an exercise price of ₹ 132.05 per share	-	-	-	-	23,100	0
Under 2006 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share	-	-	-	-	3,64,566	0
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share (refer note 44)	5,52,414	0	8,85,044	0	7,47,221	0
	5,52,414	**0**	**8,85,044**	**0**	**11,34,887**	**0**

For terms and other details Refer Note 44.

f) Aggregate number of shares bought back during 5 years immediately preceding 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
No. of equity shares bought back by the Company	-	2,28,83,204	2,28,83,204

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

18 OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

A. Summary of Other Equity balance

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Capital Reserve	4	4	4
Capital Redemption Reserve	6	6	6
Securities Premium Reserve	116	98	81
Employee Stock Options Outstanding Account	29	43	41
General Reserve	2,301	2,301	2,301
Retained Earnings	4,046	3,864	3,789
Other Reserves	9	9	9
Employees Housing Reserve	48	43	6
Export profit reserves	0	0	0
Items of Other Comprehensive Income			
- Remeasurements of net defined benefit plans	(33)	(11)	-
- Fair value of Debt instruments through OCI	2	0	1
Total Attributable to owners of the Company	**6,528**	**6,357**	**6,238**
Attributable to Non-controlling Interest	22	20	19
Total equity	**6,550**	**6,377**	**6,257**

B. Nature and purpose of reserves

(a) **Capital Reserve:** Investments in associates and subsidiaries by the Company are accounted under the equity method and its share of pre-acquisition profits are reflected as capital reserve. During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on the buyback of equity shares from its retained earnings. The amount in the Capital Redemption Reserve is equal to the nominal amount of the equity shares bought back.

(c) **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve :** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

(f) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

(h) **Employees' Housing Reserve :** As required by the local labour act of Nepal, on a yearly basis a portion of gross profit earned by the Company is transferred to housing fund reserve which will be used to provide housing facilities to the employees.

(I) **Export profit reserves :** Export Profit Reserve has been created to protect, from any losses due to volatility in business.

(j) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of net defined benefit plans	Debt instruments through Other Comprehensive Income	Total
As at 1st April, 2015	**-**	**1**	**1**
Re-measurement gain/(loss) on net defined benefit plans	(16)	-	(16)
Gain/(loss) on debt instruments recognised in other comprehensive income	0	(2)	(2)
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	5	1	6
As at 31st March, 2016	**(11)**	**(0)**	**(11)**
Re-measurement gain/(loss) on net defined benefit plans	(33)	-	(33)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	2	2
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	11	(0)	11
As at 31st March, 2017	**(33)**	**2**	**(31)**

D. Capital Management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the board of directors monitors the return on capital as well as the level of dividends to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

19 NON-CONTROLLING INTERESTS

The following table summarises the financial information relating to Unilever Nepal Limited that has non-controlling interests (20%).

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Non-current assets	156	135	107
Current assets	153	131	132
Non-current liabilities	(122)	(108)	(91)
Current liabilities	(78)	(60)	(51)
Net assets	**109**	**98**	**97**
Carrying amount of non-controlling interests	**22**	**20**	**19**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from operations	312	264
Profit for the year	69	58
Other comprehensive income for the year	(0)	(0)
Total comprehensive income for the year	**69**	**58**
Attributable to non-controlling interests (20%):		
Profit for the year	14	12
Other comprehensive income for the year	(0)	(0)
Cash flows from:		
Operating activities	57	73
Investing activities	(2)	(16)
Financing activities	(58)	(56)
Net increase/(decrease) in cash and cash equivalents	**(3)**	**1**
Dividend paid to non-controlling interests	12	11

20 OTHER FINANCIAL LIABILITIES

Refer Note 2.4 (f) for accounting policy on Financial Instruments.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Security deposits	24	20	20
Contingent consideration	49	-	-
Total (A)	**73**	**20**	**20**
CURRENT			
Unpaid dividends	116	106	94
Derivatives - foreign exchange forward contracts	13	12	39
Other payables (payable for purchase of property, plant and equipment etc.)	62	136	87
Deferred borrowings	3	3	0
Book Overdraft	1	1	3
Interest accrued but not due	0	0	-
Total (B)	**195**	**258**	**223**
Total (A+B)	**268**	**278**	**243**

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as 31st March,2017 (31st March 2016: Nil, 1st April 2015: Nil).

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

21 PROVISIONS

Refer Note 2.4 (g) for accounting policy on Provisions.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
NON-CURRENT			
Provision for employee benefits (pension, medical, compensated absences[Refer Note 43] and others)	106	203	178
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	408	420	340
Total (A)	**514**	**623**	**518**
CURRENT			
Provision for employee benefits (gratuity, pension, medical, compensated absences[Refer Note 43] and others)	41	29	44
Other provisions (including restructuring etc.) [Refer (a) below]	351	264	186
Total (B)	**392**	**293**	**230**
Total (A+B)	**906**	**916**	**748**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax related	Legal and Other Matters	Total
Balance as at 1st April, 2015	260	266	526
Add: Provision/reclassified during the year *	64	205	269
Less: Amount utilised/reversed during the year	(71)	(40)	(111)
Balance as at 31st March, 2016	**253**	**431**	**684**
Add: Provision/reclassified during the year *	135	75	210
Less: Amount utilised/reversed during the year	(93)	(42)	(135)
Balance as at 31st March, 2017	**295**	**464**	**759**

* includes unwinding of discount and change in discount rate.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Group to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

22 OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Employee and ex-employee related liabilities	207	184	134
	207	**184**	**134**

23 CURRENT BORROWINGS

Refer Note 2.4 (q) for accounting policy on Borrowings.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured loan from banks	277	177	-
	277	**177**	**-**

Refer note 42 for information about liquidity risk and market risk of short term borrowings.

Unsecured loan taken from banks for export packing credit requirement amounting to ₹ 280 crores (March 31, 2016 : ₹ 180 crores) payable in April 2017 ₹ 100 crores (@3.47% interest rate) and payable in September 2017 ₹ 180 crores (@ 3.07% interest rate).

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

24 TRADE PAYABLES

Refer Note 2.4 (f) for accounting policy on Trade Payables.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
DUES TO MICRO AND SMALL ENTERPRISES (as per the intimation received from vendors)			
a. Principal and interest amount remaining unpaid	0	-	-
b. Interest due thereon remaining unpaid	-	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-	-
e. Interest accrued and remaining unpaid	-	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-
DUES TO OTHERS			
Acceptances	243	343	440
Trade payables	5,943	5,342	5,001
	6,186	**5,685**	**5,441**

Refer Note 42 for information about liquidity risk and market risk of trade payables.

25 OTHER CURRENT LIABILITIES

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Salaries, wages and bonus payable	211	203	291
Statutory dues (including provident fund, tax deducted at source and others)	375	406	409
Advance from customers	78	45	45
Other payables	-	-	17
	664	**654**	**762**

26 CONTINGENT LIABILITIES AND COMMITMENTS

Refer Note 2.4 (g) for accounting policy on Contingent Liabilities.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
A. CONTINGENT LIABILITIES			
Claims against the Group not acknowledged as debts			
Income tax matters	646	654	566
Sales tax matters	125	64	64
Excise duty, service tax and customs duty matters	194	237	204
Other matters including claims related to employees/ ex-employees, property related demands, etc.	85	83	80

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(i) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.

(ii) The Group does not expect any reimbursements in respect of the above contingent liabilities.

(iii) The Group's pending litigations comprise of proceedings pending with Income Tax, Excise, Custom, Sales tax/VAT, other authorities and claims against the Group by employees. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(iv) The Group has given Bank Guarantees in respect of certain matters of above contingent liabilities.

Corporate Guarantee given	8	8	10

B. COMMITMENTS

i) **Operating lease commitments**

The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Group has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 14 crores (2015-16: ₹ 13 crores) on such lease is included in Rent.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Not later than one year	14	13
Later than one year and not later than five years	58	55
Later than five years	24	38

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ii) **Capital commitments**			
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	257	148	166
iii) **Other commitments**			
Unexpired Letter of credit and acceptances	8	5	5
	265	**153**	**171**

27 REVENUE FROM OPERATIONS

Refer Note 2.4 (h) for accounting policy on Revenue Recognition

	Year ended 31st March, 2017	Year ended 31st March, 2016
Sale of products (including excise duty)	34,964	33,891
Other operating revenue		
Income from services rendered	513	490
Others (including salon services, scrap sales, export incentives, commission, lease license fee etc.)	282	235
	35,759	**34,616**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

28 OTHER INCOME

Refer Note 2.4 (h) for accounting policy on Revenue Recognition

	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest income on		
Bank deposits	184	211
Current investments	74	108
Others	2	4
Dividend income from		
Current investments	14	33
Non-current investments	-	1
Fair value gain/(loss)		
Investments measured at fair value through profit or loss	86	69
Investments measured at fair value through other comprehensive income	0	(3)
Net gain on sale of investments	9	0
	369	**423**

29 COST OF MATERIALS CONSUMED

	Year ended 31st March, 2017	Year ended 31st March, 2016
Raw materials consumed	9,383	9,212
Packing materials consumed	2,563	2,600
	11,946	**11,812**

30 PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchases of stock-in-trade	4,223	3,972
	4,223	**3,972**

31 CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening inventories		
Finished goods	1,251	1,400
Work-in-progress	375	318
Closing inventories		
Finished goods	(1,268)	(1,251)
Work-in-progress	(229)	(376)
Excise duty on increase/(decrease) of finished goods	15	(8)
	144	**83**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

32 EXCISE DUTY

	Year ended 31st March, 2017	Year ended 31st March, 2016
Excise duty	2,597	2,430
	2,597	**2,430**

33 EMPLOYEE BENEFITS EXPENSES

Refer Note 2.4 (j) for accounting policy on Employee Benefits.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries and wages, bonus etc.	1,439	1,340
Contribution to provident funds and other funds	86	81
Defined benefit plan expense (Refer Note 43)	18	19
Share based payments to employees (Refer Note 44)	94	127
Workmen and staff welfare expenses	106	113
	1,743	**1,680**

34 FINANCE COSTS

	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest expense on book overdraft and others	14	2
Net interest on the net defined benefit liability (Refer Note 43)	6	13
Unwinding of discount on provisions and liabilities	8	-
Unwinding of discount on employee and ex-employee related liabilities	7	2
	35	**17**

35 DEPRECIATION AND AMORTISATION EXPENSES

Refer Note 2.4 (a) and (b) for accounting policy on Property, Plant and Equipment and Intangibles.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Depreciation on property, plant & equipment	420	342
Amortisation on intangible assets	12	11
	432	**353**

Notes
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(All amounts in ₹ crores, unless otherwise stated)

36 OTHER EXPENSES

		Year ended 31st March, 2017		Year ended 31st March, 2016
Advertising and promotion		3,542		3,656
Carriage and freight		1,516		1,522
Royalty				
- Technology	521		496	
- Brand	170		132	
- Service	378	1,069	276	904
Power, fuel, light and water		295		309
Rent		267		256
Processing charges		193		236
Travelling and motor car expenses		179		181
Repairs		131		130
Rates & taxes (excluding income tax)		116		126
Corporate social responsibility expense [Refer note (a) below]		107		96
Miscellaneous expenses		1,351		1,203
		8,766		**8,619**

(a) The Group has spent ₹ 107 crores (2015-16: ₹ 96 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Group during the year: ₹ 105 crores (2015-16: ₹ 95 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2017		Year ended 31st March, 2016	
	In cash /payable	Yet to be paid in Cash	In cash /payable	Yet to be paid in Cash
i) Construction/Acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	107	-	96	-
	107	**-**	**96**	**-**

III. The Company does not carry any provisions for Corporate social responsibility expenses for the current year and previous year.

37 EXCEPTIONAL ITEMS

	Year ended 31st March, 2017	Year ended 31st March, 2016
i) Profit on disposal of surplus properties	164	60
ii) Profit on disposal of business/subsidiary	19	50
iii) Decrease in liability on account of plans amendments basis actuarial valuation	115	-
Total exceptional income (A)	**298**	**110**
i) Restructuring costs	(61)	(141)
Total exceptional expenditure (B)	**(61)**	**(141)**
Exceptional items (net) (A+B)	**237**	**(31)**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

38 DISCONTINUED OPERATIONS

During the year Ponds Exports Limited (PEL) has closed down its existing operation and are evaluating future course of action on the going concern assumption. This is in line with our group strategy of exiting non-core business.

A. RESULTS OF DISCONTINUED OPERATION

	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue	90	117
Expenses	103	124
Results from discontinued operations before tax	**(13)**	**(7)**
Less: Inter-company Elimination	0	1
Tax Expense		
Current tax	1	0
Deferred tax credit/(charge)	-	(1)
Results from discontinued operations	**(12)**	**(7)**

The loss from discontinued operations of ₹ 12 crores (2015-16 loss ₹ 7 crores) is attributable entirely to the owners of the Company.

B. NET CASH GENERATED/(USED IN) FROM DISCONTINUED OPERATIONS

	Year ended 31st March, 2017	Year ended 31st March, 2016
Net cash generated from operating activities	(0)	5
Net cash (used in)/generated from investing activities	1	1
Net cash used in financing activities	0	(7)
Net cash flows for the year	**1**	**(1)**

39 EARNINGS PER EQUITY SHARE

Refer Note 2.4 (o) for accounting policy on Earnings Per Share.

A. FROM CONTINUING OPERATIONS

	Year ended 31st Marc h, 2017	Year ended 31st March, 2016
Earnings Per Share has been computed as under:		
Profit for the year attributable to the owners of the Company	4,476	4,139
Weighted average number of equity shares outstanding	2,16,42,12,891	2,16,37,96,723
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ 20.68	₹ 19.13
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	4,25,681	7,21,610
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,46,38,572	2,16,45,18,333
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ 20.68	₹ 19.12

B. From Discountinued operations

	Year ended 31st March, 2017	Year ended 31st March, 2016
Earnings Per Share has been computed as under:		
Profit for the year attributable to the owners of the Company	(12)	(7)
Weighted average number of equity shares outstanding	2,16,42,12,891	2,16,37,96,723
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ (.06)	₹ (.03)
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	4,25,681	7,21,610
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,46,38,572	2,16,45,18,333
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ (.06)	₹ (.03)

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

40 DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2017	Year ended 31st March, 2016
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 9.50 per share for FY 2015-16 (2014-15: ₹ 9.00 per share)	2,056	1,947
Dividend distribution tax on final dividend*	419	396
Interim dividend of ₹ 7.00 per share for FY 2016-17 (2015-16: ₹ 6.50 per share)	1,515	1,407
Dividend distribution tax on interim dividend*	274	259
	4,264	**4,009**

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income-tax Act, 1961 by the Company on dividend received from its domestic and foreign subsidiaries during the year.

41 FINANCIAL INSTRUMENTS

Refer Note 2.4 (f) for accounting policy on Financial Instruments.

A. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value /Fair value		
		As at 31st March , 2017	As at 31st March, 2016	As at 1st April, 2015
FINANCIAL ASSETS				
Financial assets measured at fair value				
Investments measured at				
i. Fair value through other comprehensive income	7	1,459	1,264	1,799
ii. Fair value through profit or loss	7	2,335	1,302	980
Derivatives - foreign exchange forward contracts	8	14	15	10
Financial assets measured at amortised cost				
Investments	7	0	0	0
Investments in term deposits	8,14	1,085	2,074	1,786
Security deposits	8	123	115	112
Other assets	8	251	204	255
		5,267	**4,974**	**4,942**
FINANCIAL LIABILITIES				
Financial liabilities measured at fair value				
Derivatives - foreign exchange forward contracts	20	13	12	39
Contingent consideration	20	49	-	-
Borrowings	23	277	177	-
Financial liabilities measured at amortised cost				
Security deposits	20	24	20	20
Other payables	20	62	136	87
		425	**345**	**146**

The Group has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, current account balances with group companies and joint venture, trade payables, unpaid dividends, deferred borrowings, interest accrued but not due and book overdraft at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. INCOME, EXPENSES, GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Financial assets measured at amortised cost		
Interest income	186	215
Allowance for doubtful debts	6	(3)
Financial assets measured at fair value through other comprehensive income		
Investment in debt instruments		
Interest income	74	108
Fair value gain/(loss) recognised in other comprehensive income	2	(4)
Reclassified from other comprehensive income to Statement of Profit and Loss	0	(3)
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in debt instruments	86	69
Financial liabilities measured at amortised cost		
Interest expense	14	2
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	22	1

C. FAIR VALUE HIERARCHY

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2017				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,459	-	-	1,459
ii. Fair Value through Profit or Loss	0	2,329	6	2,335
Derivatives - foreign exchange forward contracts	-	14	-	14
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	13	-	13
Contingent consideration	-	-	49	49
Borrowings	-	277	-	277

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Level 1	Level 2	Level 3	Total
As at 31st March, 2016				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,264	-	-	1,264
ii. Fair Value through Profit or Loss	0	1,296	6	1,302
Derivatives - foreign exchange forward contracts	-	15	-	15
Other financial assets	-	-	-	-
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	12	-	12
Contingent consideration	-	-	-	-
Borrowings	-	177	-	177
As at 1st April, 2015				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,799	-	-	1,799
ii. Fair Value through Profit or Loss	0	974	6	980
Derivatives - foreign exchange forward contracts	-	10	-	10
Treasury bills with original maturity of less than three months	148	-	-	148
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	39	-	39
Contingent consideration	-	-	-	-
Borrowings	-	-	-	-

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2016-17.

CALCULATION OF FAIR VALUES

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2016.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills, government securities and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

4. Financial liabilities valued using Level 2 valuation techniques comprise of borrowing including deferred borrowings of ₹ 280 crores (March 31, 2016: ₹ 180 crores) from bank under the scheme issued by Government namely, Interest Equalisation on Pre and Post Shipment Rupee Export Credit. The fair values of borrowings are determined by using DCF method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non performance risk as at 31st March 2017 and 31st March 2016 was assessed to be insignificant.

Other financial assets and liabilities

- Cash and cash equivalents (except for investments in mutual funds), trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUES

As at 31st March, 2017	Significant unobservable inputs	Sensitivity of input to fair value measurement
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue will have additional Liability of ₹ 5 crores and 10% decrease will have an equal but opposite effect.
	Discount rate: 12%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.

42 FINANCIAL RISK MANAGEMENT

The Group business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group senior management has the overall responsibility for establishing and governing the Group risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group risk management policies. The Group risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2017 and 31st March, 2016. Cash flow from operating activities provides the funds to service and finance the financial liabilities on a day-to-day basis.

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated , over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2017				
Non-derivative liabilities				
Borrowings	277	277	-	277
Trade payables (including acceptances)	6,186	6,186	-	6,186
Security deposits	24	-	24	24
Unpaid dividend	116	116	-	116
Other Payables*	66	66	-	66
Contingent consideration	49	-	73	73
Derivative liabilities				
Forward exchange contracts	13	13	-	13

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2016				
Non-derivative liabilities				
Borrowings	177	177	-	177
Trade payables (including acceptances)	5,685	5,685	-	5,685
Security deposits	20	-	20	20
Unpaid dividend	106	106	-	106
Other Payables*	140	140	-	140
Contingent consideration	-	-	-	-
Derivative liabilities				
Foreign exchange forward contracts	12	12	-	12
As at 1st April, 2015				
Non-derivative liabilities				
Trade payables (including acceptances)	5,441	5,441	-	5,441
Security deposits	20	-	20	20
Unpaid dividend	94	94	-	94
Other Payables*	90	90	-	90
Contingent consideration	-	-	-	-
Derivative liabilities				
Foreign exchange forward contracts	39	39	-	39

* Includes other payables, deferred borrowings, book overdraft and interest accrued but not due

B. MANAGEMENT OF MARKET RISK

The Group size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group income and expenses, or the value of its financial instruments. The Group exposure to and management of these risks are explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. CURRENCY RISK		
The Group is subject to the risk that changes in foreign currency values impact the Group exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2017, the net unhedged exposure to the Group on holding financial assets (trade receivables and Capital advances) and liabilities (trade payables and capital creditors) other than in their functional currency amounted to ₹ 5 crores payable (31st March, 2016: ₹ 8 crores).	The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Group's approach to management of currency risk is to leave the Group with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Group is exposed (net of hedge) would have led to approximately an additional ₹ 0 crores gain in the Statement of Profit and Loss (2015-16: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

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POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
2. PRICE RISK		
The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2017, the investments in debt mutual funds amounts to ₹ 2329 crores (31st March, 2016: ₹ 1296 crores and 1st April, 2015: ₹ 974 crores). These are exposed to price risk	The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 23 crores gain in the Statement of Profit and Loss (2015-16: ₹ 13 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. INTEREST RATE RISK		
The Group is mainly exposed to the interest rate risk due to its investment in treasury bills and government securities. The interest rate risk arises due to uncertainties about the future market interest rate of these investments. The Group majorly invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2017, the investments in treasury bill and borrowings amounts to ₹ 1192 crores (31st March, 2016: ₹ 1,233 crores and 1st April, 2015: ₹ 1,946 crores). These are exposed to interest rate risk.	The Group has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 1 crores gain in the Statement of Profit and Loss (2015-16: ₹ 1 crores gain). A 0.25% decrease in interest rates would have led to an equal but opposite effect.

C. MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets.

Refer note 2.4(f) for accounting policy on Financial Instruments.

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, government securities, money market liquid mutual funds with financial institutions and derivative financial instruments.

The Group's maximum exposure to credit risk as at 31st March, 2017, 2016 and 1st April, 2015 is the carrying value of each class of financial assets.

43 DEFINED BENEFIT PLANS

Refer Note 2.4 (j) for accounting policy on Employee Benefits.

Description of Plans

Retirement Benefit Plans of the Group include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other post-employment benefit plans includes post retirement medical benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Group managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Group managed trust.

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(All amounts in ₹ crores, unless otherwise stated)

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Group's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Group to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Group has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Group of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

During the year the Group has amended its discretionary increase clause with respect to post retirement benefit plan, which has resulted into ₹115 crores credit to the Statement of Profit and Loss.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	**As at 31st March, 2017**	As at 31st March, 2016	As at 1st April, 2015
Present value of obligation	2,426	2,320	2,130	163	147	137
Fair value of plan assets	(2,378)	(2,172)	(1,977)	(93)	(92)	(96)
(Asset)/Liability recognised in the Balance Sheet	**48**	**148**	**153**	**69**	**55**	**41**
Of which in respect of:						
Funded plans in surplus:						
Present value of obligation	12	10	12	-	-	-
Fair value of plan assets	(42)	(47)	(50)	-	-	-
(Asset)/Liability recognised in the Balance Sheet*	**-***	**-***	**-***	**-**	**-**	**-**
**The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.*						
Funded plans in deficit:						
Present value of obligation	2,414	2,310	2,119	163	147	137
Fair value of plan assets	(2,366)	(2,162)	(1,966)	(93)	(92)	(96)
(Asset)/Liability recognised in the Balance Sheet	**48**	**148**	**153**	**69**	**55**	**41**

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(All amounts in ₹ crores, unless otherwise stated)

B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 1st April, 2015	2,015	2,130	115	96	137	41
Current service cost	-	75	75	-	0	0
Past service cost	-	-	-	-	0	0
Interest cost	-	167	167	-	11	11
Interest income	178	-	(178)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(11)	7	18	(3)	2	5
Actuarial (gain)/loss arising from experience adjustments	-	5	5	-	5	5
Employer contributions	91	-	(91)	-	-	-
Employee contributions	131	131	-			-
Assets acquired/ (settled)*	(26)	(26)	-	-	-	-
Benefit payments	(169)	(169)	-	(8)	(8)	-
As at 31st March, 2016	**2,209**	**2,320**	**111**	**92**	**147**	**55**
As at 31st March, 2016	**2,209**	**2,320**	**111**	**92**	**147**	**55**
Current service cost	-	73	73	-	0	0
Past service cost	-	(115)	(115)	-	-	-
Interest cost	-	171	171	-	11	11
Interest income	171	-	(171)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-		-	-
Actuarial (gain)/loss arising from changes in financial assumptions	27	30	3	3	14	11
Actuarial (gain)/loss arising from experience adjustments	-	23	23	-	(1)	(1)
Employer contributions	76	-	(76)	-	-	-
Employee contributions	129	129	-			-
Assets acquired/ (settled)*	(42)	(42)	-	-	-	-
Benefit payments	(162)	(162)	-	(9)	(8)	-
As at 31st March, 2017	**2,408**	**2,426**	**19**	**93**	**163**	**69**

*On account of Business Combinations.

Notes
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(All amounts in ₹ crores, unless otherwise stated)

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Employee Benefit Expenses * :				
Current service cost	18	19	0	0
Past service cost	(115)	-	-	0
Finance costs * :				
Interest cost	44	52	11	11
Interest income	(42)	(43)	(7)	(7)
Net impact on profit (before tax)	**(95)**	**28**	**5**	**4**
Remeasurement of the net defined benefit plans:				
Actual return on plan assets (excluding amounts in net finance income/charge)				
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	20	16	11	5
Actuarial gains/(losses) arising from experience adjustments	0	(9)	(1)	5
Net impact on other comprehensive income (before tax)	**20**	**7**	**10**	**10**

*Service cost and Finance cost has not been recognised in P&L for Officer's Pension since it has excess Funds over Liabilities.

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Quoted						
Government debt instruments	809	700	637	-	-	-
Other debt instruments	1,000	914	814	93	92	96
Total (A)	**1,809**	**1,614**	**1,451**	**93**	**92**	**96**
Unquoted						
Other debt instruments	201	227	239	-	-	-
Others	398	368	325	-	-	-
Total (B)	**599**	**595**	**564**	**-**	**-**	**-**
Total (A+B)	**2,408**	**2,209**	**2,015**	**93**	**92**	**96**

Note: Assets to the extent of ₹ 42 crores is not recognised in Balance Sheet of Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust fund.

None of the plans invest directly in any property occupied by the Group or any financial securities issued by the Group.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
Financial Assumptions	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Discount rate (per annum)	7.0%	7.8%	7.9%	7.0%	7.8%	7.9%
Salary Escalation Rate (per annum)						
Management employees- for first 5years	7.0%	7.0%	7.0%			
Management employees- after 5 years	5.0%	5.0%	5.0%			
Non-management Employees	8.0%	8.0%	8.0%			
Pension Increase Rate (per annum)*	2.5%	2.5%	2.5%			
Annual Increase in Healthcare Costs (per annum)				9.0%	9.0%	9.0%

*For management pension only

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	**Change in plan obligation (%)**	**Change in assumption (%)**	**Change in plan obligation (%)**
Discount rate (per annum)	Increase	0.5%	-0.7%	0.5%	-5.6%
	Decrease	0.5%	0.7%	0.5%	6.2%
Salary Escalation Rate (per annum)	Increase	0.3%	2.1%	0.3%	0.0%
	Decrease	0.3%	-2.0%	0.3%	0.0%
Pension Rate	Increase	0.3%	2.4%	0.0%	0.0%
	Decrease	0.3%	-2.4%	0.0%	0.0%
Life Expectancy	Increase	1 Year	1.9%	1 Year	4.0%
	Decrease	1 Year	-2.0%	1 Year	-4.0%
Annual Increase in Healthcare Costs (per annum)	Increase	-	-	1.0%	12.7%
	Decrease	-	-	1.0%	-10.7%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

G. Weighted average duration and expected employers contribution for FY 2017-18 for each of the defined benefit plan

	Weighted average duration (yrs.)		
	Year ended 31st March, 2017	Year ended 31st March, 2016	Expected Employers contribution for the next year
Gratuity	10.9	10.4	43
Management Pension	6.9	8.5	1
Officer's Pension	3.9	4.0	-
Provident Fund	15.2	14.5	62
Post-retirement medical benefits	11.9	11.5	-
Retirement One Time Gift Scheme	7.3	8.2	-

44 SHARE BASED PAYMENTS

Refer Note 2.4 (j) for accounting policy on Employee Benefits.

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹ 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent Company.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (₹) per share	Weighted Average Exercise Price (₹) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	1,23,887			1.00	1.00

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Number of Share Options

Scheme	Year	Outstanding at the beginning of the year	Granted during the year*	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2001 HLL Stock Option Plan	2005	-	-	-	-	-	-
		(23,100)	-	-	(23,100)	-	-
2006 HUL performance Share Scheme	2012	-	-	-	-	-	-
		(3,24,629)	-	-	(3,24,629)	-	-
	Interim 2012	-				-	-
		(39,937)	(18,305)	-	(58,242)	-	-
2012 HUL Performance Share Scheme	2013	3,08,705		-	3,08,705	-	-
		(3,19,252)	(55,602)	-	(66,149)	(3,08,705)	(3,08,705)
	Interim 2013	23,044	5,964	-	29,008	-	-
		(25,418)	-	(2,374)	-	-	(23,044)
	2014	2,31,763	-	41,918	74,955	1,14,890	1,14,890
		(2,43,708)	-	(11,945)	-	-	(2,31,763)
	Interim 2014	16,805	-	1,702	-	-	15,103
		(16,805)	-	-	-	-	(16,805)
	2015	1,36,054	-	8,903	-	-	1,27,151
		(1,42,038)	-	(5,984)	-	-	(1,36,054)
	Interim 2015	12,322	-	632	-	-	11,690
		-	(12,322)	-	-	-	(12,322)
	2016	1,56,351	-	8,492	-	-	1,47,859
		-	(1,57,193)	(842)	-	-	(1,56,351)
	Interim 2016	-	11,834	-	-	-	11,834
		-	-	-	-	-	-
	2017	-	1,23,887	-	-	-	1,23,887
		-	-	-	-	-	-

*Granted during the year includes additional shares granted upon meeting the vesting conditions
(figures in bracket pertain to 2015-16)

Weighted average equity share price at the date of exercise of options during the year was ₹ 864 (2015-16: ₹ 848)

Weighted average remaining contractual life of options as at 31st March, 2017 was 1.68 years (31st March, 2016: 1.34 years and 1st April, 2015: 1.34 years)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Risk-free interest rate (%)	6.6%	7.4%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	22.3%	26.3%
Dividend yield	1.9%	1.9%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

CASH SETTLED SHARE BASED PAYMENTS

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the holding Company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 200% of grant level, depending on the satisfaction of the performance metrics. The performance metrics of both MCIP and GPSP are underlying sales growth, operating cash flow and core operating margin improvement. Under the SHARES Plan, eligible employees can invest upto EUR 200 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's employees at the end of the 3 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Other non-current liabilities	130	102	90
Other current liabilities	86	92	88
Total carrying amount of liabilities	**216**	**194**	**178**

Effect of share based payment transactions on the Statement of Profit and Loss:

	Year ended 31st March, 2017	Year ended 31st March, 2016
Equity settled share based payments	4	19
Cash settled share based payments	90	108
Total expense on share based payments	**94**	**127**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

45 Related Party Disclosures

A. Enterprises exercising control

(i) Holding Company : Unilever PLC

B. Other Related Parties with whom the Company had transactions during the year

(i) Joint Ventures : Kimberly Clark Lever Private Limited

(ii) Key Management Personnel

(a) Executive directors : Sanjiv Mehta
PB Balaji
Pradeep Banerjee
Dev Bajpai
Geetu Verma
BP Biddappa
Priya Nair
Sandeep Kohli (with effect from 1st June, 2016)
Sudhir Sitapati (with effect from 1st July, 2016)
Srinandan Sundaram (with effect from 1st September, 2016)
Samir Singh (up to 31st May, 2016)
Punit Misra (up to 30th September, 2016)

(b) Non-executive directors : Harish Manwani
Aditya Narayan
S. Ramadorai
O. P. Bhatt
Sanjiv Misra
Kalpana Morparia

(iii) Employees' Benefit Plans where there is significant influence : Hind Lever Gratuity Fund
The Hind Lever Pension Fund
The Union Provident Fund

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2017

			Year ended 31st March, 2017	Year ended 31st March, 2016
Holding Company	:	Dividend paid	1,839	1,727
		Royalty expense	1,051	893
		Income from services rendered	500	473
		Expenses for Services received	96	-
		Outstanding as at the year end :		
		- Trade payables [1st April, 2015: ₹ 137 crores]	344	176
Fellow Subsidiaries	:	Sale of finished goods / raw materials etc.	879	728
		Purchased of fixed assets	40	-
		Purchase of finished goods / raw materials etc.	614	419
		Rent income	2	1
		Sale of fixed assets	-	0
		Income from services rendered	12	17
		Management fees paid	29	13
		Dividend paid	561	527

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

			Year ended 31st March, 2017	Year ended 31st March, 2016
		Royalty expense	17	11
		Expenses shared by fellow subsidiaries	6	4
		Maintenance and support costs for licences and software	6	8
		Reimbursements paid	49	105
		Reimbursements received	34	32
		Inter corporate loans given during the year	-	-
		Inter corporate loans repaid during the year	-	-
		Interest income	-	-
		Outstanding as at the year end:		
		- Current account balances receivable with fellow subsidiaries [1st April, 2015: ₹ 35 crores]	28	35
		- Trade receivables [1st April, 2015: ₹ 139 crores]	133	174
		- Trade payables [1st April, 2015: ₹ 77 crores]	218	136
Joint Venture	:	Purchase of finished goods / raw materials etc.	152	173
(to the extent 50% holding)		Reimbursements received	48	36
		Investment in equity shares	-	15
		Outstanding as at the year end :		
		- Current account balances receivable with joint ventures [1st April, 2015: ₹ 16 crores]	12	14
		- Trade payables [1st April, 2015: ₹ 1 crores]	0	1
Key Management Personnel	:	Remuneration :		
[Executive Directors]		- Short-term employee benefits	45	34
		- Post-employment benefits*	6	5
		- Other long-term benefits*		
		- Termination benefits		
		- Share-based payments	16	13
		Dividend paid	0	1
		Consideration received on exercise of options	0	0
Key Management Personnel	:	Dividend paid	0	0
[Non-executive Directors]		Commission paid	2	2
Employees' Benefit Plans where there is significant influence	:	Contributions during the year (Employer's contribution only)	62	83
		Outstanding as at the year end :		
		- Advances recoverable in cash or kind or for value to be received [1st April, 2015: Nil]	-	17
		- Payables [1st April, 2015: ₹ 1 crore]	12	-

*As the liabilities for defined benefit plans are provided on actuarial basis for the Group as a whole, the amounts pertaining to Key Management Personnel are not included.

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

For the year ended 31st March, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2015-16: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

46 BUSINESS COMBINATION

Refer note 3.A.(a) for treatment of business combination on first time adoption of Ind AS.

Refer Note 2.4 (p) for accounting policy on Business Combination.

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores (excluding taxes) and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19. The transaction is accounted as business combination under Ind AS 103.

The acquisition is in line with the Company's strategic intent to strengthen its leadership position in Personal Care by providing an impetus to its play in the evolving Premium Naturals segment. Indulekha brings to the Company, a premium brand with strong credentials around Ayurveda that will complement its existing portfolio and strengthen its presence in the Hair Care category.

Purchase consideration transferred:

	₹ Cr
Upfront cash consideration (including taxes)	348
Deferred contingent consideration	44
	392

Deferred contingent consideration

The contingent consideration arrangement requires the Company to pay 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19. As on the acquisition date, the fair value of contingent consideration was valued at ₹ 44 crores.

The determination of the fair value as at balance sheet date is based on discounted cash flow method. Basis the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2017, the fair value of the contingent consideration is ₹ 49 crores which is classified as other financial liability.

Assets acquired and liabilities assumed:

The fair values of identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	₹ Cr
Specified Intangibles Assets	
Indulekha Brand	311
Manufacturing Know-how and Design	59
Deferred tax asset	22
Total identifiable assets	392
Less: Liabilities assumed	-
Total identifiable net assets	**392**
Goodwill	0
	392

The deferred tax asset mainly comprises the effect of depreciation of intangible assets deductible for tax purposes.

Acquisition-related costs

In addition to cash consideration mentioned above, acquisition-related costs of ₹ 12 crores paid towards professional and legal fees, stamp duty etc. are included in 'Exceptional Items' in the Statement of Profit and Loss.

Impact of acquisition on the results

The acquired business contributed revenues of ₹ 75 crores and profit (before tax) of ₹ 7 crores to the Company for the year ended 31st March, 2017.

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

47 SEGMENT INFORMATION

Business Segments

The Group has determined following reporting segments based on the information reviewed by the Group's Chief Operating Decision Maker ('CODM').

a) Home Care include detergent bars, detergent powders, detergent liquids, scourers, water business etc.

b) Personal Care include products in the categories of oral care, skin care (including soaps), hair care, deodorants, talcum powder, colour cosmetics, salon services etc.

c) Foods include branded staples (atta, salt, bread, etc.) and culinary products (tomato based products, fruit based products, soups, etc.)

d) Refreshment include tea and coffee and frozen desserts.

e) Others include exports, infant care products etc.

The above business segments have been identified considering :

a) the nature of products and services
b) the differing risks and returns
c) the internal organisation and management structure, and
d) the internal financial reporting systems.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee as explained in the Director's Report section.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided to group companies, where applicable.

	Year ended 31st March, 2017			Year ended 31st March, 2016		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Home care	11,346	-	11,346	10,813	-	10,813
Personal care	16,432	-	16,432	16,128	-	16,128
Foods	1,124	-	1,124	1,096	-	1,096
Refreshment	4,848	-	4,848	4,475	-	4,475
Others	1,960	-	1,960	2,066	-	2,066
Total Revenue	**35,710**	**-**	**35,710**	**34,578**	**-**	**34,578**
RESULT						
Home care			1,260			1,053
Personal care			3,852			3,801
Foods			85			111
Refreshment			755			679
Others			200			235
Total Segment			**6,152**			**5,879**
Un-allocated corporate expenses net of un-allocated income			(271)			(228)
Operating profit			**5,881**			**5,651**
Finance costs			(35)			(16)
Other Income			396			438
Profit before exceptional items and tax			**6,242**			**6,073**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2017			Year ended 31st March, 2016		
	External	**Intersegment**	**Total**	**External**	**Intersegment**	**Total**
Exceptional items - income/(expenditure) - Segment						
Home care		(15)			(10)	
Personal care		(37)			(30)	
Foods		(1)			(0)	
Refreshment		(4)			(1)	
Others		(0)	(57)		2	(39)
Exceptional items - income/(expenditure) - unallocated/corporate			294			8
Profit before tax			**6,479**			**6,042**
Tax expense						
Current tax			(1,947)			(1,879)
Deferred tax charge/(credit)			(30)			4
Profit for the year from Continuing Operations (A)			**4,502**			**4,167**
Share of net profit/(loss) from Joint venture accounted for using equity method (B)			-			(9)
Profit for the year from Discontinued Operations (C)			**(12)**			(7)
Profit For the Year (A+B+C)			**4,490**			4,151
Less: Non Controlling Interest			(14)			(12)
Profit for the Year			**4,476**			**4,139**

OTHER INFORMATION

	Segment Assets		**Segment Liabilities**	
	As at 31st March , 2017	As at 31st March, 2016	**As at 31st March , 2017**	As at 31st March, 2016
Home care	1,892	1,781	(2,337)	(2,045)
Personal care	4,456	3,580	(3,851)	(3,466)
Foods	300	319	(255)	(286)
Refreshment	1,542	1,664	(807)	(777)
Others	633	712	(300)	(292)
Total	**8,823**	**8,056**	**(7,550)**	**(6,866)**
Unallocated Corporate Assets / (Liabilities)	6,883	6,738	(1,390)	(1,335)
Total Assets / (Liabilities)	**15,706**	**14,794**	**(8,940)**	**(8,201)**

Notes
to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2017			Year ended 31st March, 2016		
	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation
Home care	367	78	7	247	60	10
Personal care	922	232	11	382	183	15
Foods	23	21	1	21	18	1
Refreshment	96	45	3	103	38	4
Others	32	21	3	27	17	5
Unallocated/Corporate	23	35	4	24	37	-

ADDITIONAL INFORMATION BY GEOGRAPHIES

Although the Group's operations are managed by product area, we provide additional information based on geographies.

	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue by Geographical Market		
India	33,742	32,762
Outside India	1,968	1,816
	35,710	**34,578**
Carrying Amount of Segment Assets		
India	8,522	7,738
Outside India	301	318
	8,823	**8,056**

Revenue from major customers

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes

(a) Revenue comprises :

	Year ended 31st March, 2017	Year ended 31st March, 2016
Sale of products (including excise duty)	34,964	33,892
Income from services rendered	513	490
Salon services, Export incentives, scrap sales included in other operating income	233	196
Total	**35,710**	**34,578**

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to the financial statements for the year ended 31st March, 2017 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

48 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes (SBNs) and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017, on the details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	**31,36,500**	**5,96,220**	**37,32,720**
(+) Permitted receipts	-	1,48,53,904	1,48,53,904
(-) Permitted payments	-	9,64,610	9,64,610
(-) Amount deposited in banks	31,36,500	1,35,64,757	1,67,01,257
Closing cash in hand as on 30th December, 2016	**-**	**9,20,757**	**9,20,757**

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

49 The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 17th May, 2017

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

PB Balaji
Executive Director
(Finance & IT) and CFO
[DIN: 02762983]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

FORM AOC-1
to the financial statements for the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Statement containing salient features of the consolidated financial statements of subsidiaries/joint venture

Part "A": Subsidiaries

Name of the subsidiary	Unilever India Exports Limited	Pond'S Exports Limited	Unilever Nepal Limited - Indian Rs (note i and ii)	Unilever Nepal Limited - Nepalese (note i and ii)	Lakme Lever Private Limited	Jamnagar Properties Private Limited	Daverashola Estates Private Limited	Hindustan Unilever Foundation	Bhavishya Alliance Child Nutrition Initiatives	Hindlever Trust Limited	Levindra Trust Limited	Levers Associated Trust Limited
1 The date since when subsidiary was acquired	26/06/1963	15/10/1998	22/06/1992		19/12/2008	16/10/2006	16/03/2005	19/12/2012	12/03/2015	01/04/1958	11/12/1946	11/12/1946
2 Reporting period	31/03/2017	31/03/2017	16/07/2016 (Ashaad, 31, 2073)		31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017
3 Share capital	3	2	6	9	36	5	0	0	0	0	0	0
4 Reserves & surplus	317	(7)	103	164	141	(5)	4	2	0	(0)	(0)	(0)
5 Total assets	808	15	309	494	434	-	4	3	0	0	0	0
6 Total Liabilities	487	19	200	321	257	-	0	1	0	-	-	-
7 Investments	269	-	-	-	-	-	-	-	-	-	-	-
8 Turnover	1,204	88	315	504	247	-	-	23	9	-	-	-
9 Profit / (loss) before taxation	138	(13)	91	145	13	(4)	-	3	1	(0)	(0)	(0)
10 Provision for taxation	(49)	1	(21)	(34)	-	-	-	-	(0)	-	-	-
11 Profit /(loss) after taxation	89	(12)	69	111	13	(4)	-	3	0	(0)	(0)	(0)
12 Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
13 % of shareholding	100%	90%	80%		100%	100%	100%	76%	100%	100%	100%	100%

Note:

i) Converted into indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

ii) The financial statements have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

FORM AOC-1

to the financial statements for the year ended 31st March, 2017

(All amounts in ₹ crores, unless otherwise stated)

Statement containing salient features of the consolidated financial statements of subsidiaries/joint venture

	Part "B": Joint Venture	
Name of the Joint Venture		**Kimberly - Clark Lever Private Limited (Refer note ii above)**
1	Latest audited Balance Sheet Date	31st March, 2017
2	Date on which Joint Venture was associated or acquired	20th September, 1994
3	Shares of Joint Ventures held by the Company on the year end	
	i) Number	4,51,69,778
	ii) Amount of Investment in Joint Venture	51
	iii) Extend of Holding%	50%
4	Description of how there is significant influence	Joint venture agreement
5	Reason why the joint venture is not consolidated	Not applicable
6	Net worth attributable to shareholding as per latest audited Balance Sheet	14
7	Loss for the year	
	i) Considered in Consolidation	-
	ii) Not Considered in Consolidation	(12)

Note:

a) Refer note 1. d of the consolidated financial statements for information on associates

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

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Executive Director (Finance & IT)
and CFO
[DIN: 02762983]

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Executive Director Legal and
Company Secretary
Membership No. FCS 3354

Aasif Malbari
Group Controller

Mumbai: 17th May, 2017

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AWARDS AND RECOGNITION

OUR BRANDS

- HUL won the 'Client of the Year' title at the Effies 2016 Awards; a total of 12 awards - two Gold, five Silver and five Bronze awards
- Brooke Bond Red Label Tea's '6-Pack Band' campaign bagged the Grand Prix 'Glass Lions' at the Cannes Lions 2016
- HUL was recognised as the top Indian FMCG, and as one of 'India's Top 500 Companies' at the Dun & Bradstreet Corporate Awards 2016
- HUL reclaimed the 'Media Client of the Year' title at EMVIES 2016 with a record-breaking performance, winning a total of 35 metals - 8 Gold, 16 Silver and 11 Bronze
- HUL was honoured with the 'Best Digital Business of the Year' Award at the 2016 CMO Asia Awards held in Singapore
- HUL bagged the 'Client of the Year' title at the Campaign India Digital Crest Awards (CIDCA) 2016 for the second year in a row for excellence in digital marketing and advertising
- Lifebuoy, Fair & Lovely, Lux and Brooke Bond were featured in the top 20, in the 2016 edition of Brand Footprint, the IMRB Kantar World panel's annual ranking of the most chosen consumer brands in India, published by Mint
- Clinic Plus won in both the India Star and the Asia Star competitions for excellence in packaging design, innovation and sustainability
- Kissan Tomato Ketchup bagged a Silver for its 'Kissanpur – Where Experiences Happen' campaign in 'The Effectiveness Award' category, at the Festival of Media- Asia (FOMA) awards.

OUR OPERATIONS

- HUL was declared the winner in the 'Operational Excellence in Cold Chain–FMCG' category at the Cold Chain Industry Awards 2016 presented by Future Supply Chain
- HUL's Pune Tea Exports factory won the National Energy Conservation Award 2015-16 (second prize in Foods Processing Category)
- HUL's Pondicherry HPC factory won Frost & Sullivan's prestigious IMEA (Indian Manufacturing Excellence) Award. The Unit received a Gold Award as the first runner-up in the 'FMCG - Large Business' Category
- HUL's Chhindwara Detergent factory was awarded in the 'Shresth' category of the Detergent segment by the National Safety Council, Madhya Pradesh
- HUL's Hosur Factory and Kandla Exports Factory bagged a 'Gold Award' each in the 'FMCG Sector' category at the 15th Annual Greentech Safety Awards 2016 for outstanding achievements in Safety Management. Goa Factory won a Silver Award

OUR PEOPLE

- Dr. Thirumalai Rajgopal, Vice President, Global Medical & Occupational Health, Unilever won the prestigious Dr. B.C Roy National Award for his outstanding service in the field of 'Socio Medical Relief' for the year 2016
- Our CEO, Sanjiv Mehta was recognised as 'The Outstanding CEO of the Year' at the CEO AWARDS 2016
- Businessworld magazine conferred the Best CFO Award upon our CFO, P.B. Balaji in the category of Best MNC-Large at the 'BEST CFO AWARDS 2015-16'
- HUL has been recognised as one of the 'Top 10 Best Companies for Women in India' by The Best Companies for Women in India (BCWI) Study 2016, instituted by Working Mother in partnership with the AVTAR Group
- As per the latest Nielsen 'Campus Track Business School Survey', HUL has emerged as the 'No. 1 Employer of Choice' for B-School students. In addition, HUL has retained the 'Dream Employer' status and continues to be the top company considered for application by B-School students.
- HUL has been honoured with the 'Gold Award for Healthy Workplace' by the Arogya World-India Healthy Workplace Award Program

SUSTAINABILITY

- HUL won the 'Best performance Award' in the MSME category at the Odisha State Energy Conservation Awards 2016
- The CII sustainability team recognised our Khamgaon factory's contribution towards environment management by bestowing upon us the prestigious 'CII Sustainability Award 2016 for Environment Management'
- HUL's Dapada factory has been declared as the winner of the Civic Awards in the category of 'Sustainable Environment Initiatives' by Bombay Chamber of Commerce and Industry
- HUL's Pondicherry, Dapada and Gandhidham factories received the Frost & Sullivan sustainability awards in the 'Sustainability Leaders Award' category
- HUL's Mysore factory was honoured with the 'Innovative Project' title for 'Best Practices in Renewable Energy and GHG Emission Reduction' at the GreenCo Best Practices Award 2016

Hindustan Unilever Limited

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): ______________________________

Registered address : ______________________________

____

Email Id: ______________ Folio No. / DP ID and Client ID: ______________

I/We, being the Member(s) ______________ of shares of the above named Company, hereby appoint

1. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________, or failing him/her
2. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________, or failing him/her
3. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 84th Annual General Meeting of the Company, to be held on Friday, the 30th day of June, 2017 at 3.30 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Financial Statements together and Reports thereon for the financial year ended 31st March, 2017		
2.	Confirmation of interim dividend and declaration of final dividend		
3.	Re-appointment of Mr. Harish Manwani as Director		
4.	Re-appointment of Mr. Pradeep Banerjee as Director		
5.	Re-appointment of Mr. P. B. Balaji as Director		
6.	Ratification of the appointment of M/s. BSR & Co. LLP, Statutory Auditors and to fix their remuneration for the financial year ending 31st March, 2018		
7.	Increase in overall limits of Remuneration for Managing / Whole-time Director(s)		
8.	Appointment and terms and conditions of appointment of Mr. Dev Bajpai as a Whole-time Director of the Company for a period of 5 years w.e.f. 23rd January, 2017		
9.	Ratification of the remuneration of M/s. RA & Co., Cost Accountants for the financial year ending 31st March, 2018		

Signed this ______________ day of ______________ 2017.

Signature of Shareholder (s) ______________ Affix Revenue Stamp ______________

Notes:

* 1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as Proxy for any other Member.

3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.

NOTES

NOTES

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

WWW.HUL.CO.IN

HINDUSTAN UNILEVER LIMITED
Registered Office:
Unilever House,
B. D. Sawant Marg, Chakala,
Andheri (East),
Mumbai - 400 099
CIN : L15140MH1933PLC002030

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