



*Hindustan Unilever Limited*

**ANNUAL REPORT 2012-13**

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**MAKING  
SUSTAINABLE LIVING  
COMMONPLACE**

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# ABOUT HUL



## OUR PURPOSE

TO MAKE  
SUSTAINABLE LIVING  
COMMONPLACE.

We work to create a better future every day, with brands and services that help people feel good, look good and get more out of life.

Our first priority is to our consumers – then customers, employees, suppliers and communities. When we fulfil our responsibilities to them, we believe that our shareholders will be rewarded.



## EXAMPLES OF OUR PURPOSE-DRIVEN BRANDS



In 2012, over 60% of tomatoes used in Kissan Ketchup in India were from sustainable sources.



Significant progress made in reducing the amount of salt, calories and trans fat in our portfolio. By the end of 2012, 66% of our Foods portfolio (by volume) was compliant with the 5 g per day salt target.



More than 60% of our children's ice cream portfolio in India contains 110 kilocalories or fewer per portion.



More than 45 million people gained access to safe drinking water from Pureit globally by end of 2012.



About 47 million people reached through Lifebuoy hand washing programmes by end of 2012.



**OUR BRANDS IN ACTION** HINDUSTAN UNILEVER IS KNOWN FOR SOME OF THE MOST LOVED BRANDS.  
TO FIND OUT MORE, GO TO [WWW.HUL.CO.IN/BRANDS-IN-ACTION/](http://WWW.HUL.CO.IN/BRANDS-IN-ACTION/)

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OUR PROGRESS AGAINST THE UNILEVER SUSTAINABLE LIVING PLAN IS DETAILED IN THE UNILEVER SUSTAINABLE LIVING PLAN: INDIA PROGRESS REPORT 2012. SEE: [www.hul.co.in/sustainable-living](http://www.hul.co.in/sustainable-living) TO READ OR DOWNLOAD THE REPORT

# OPERATIONAL HIGHLIGHTS

Against the backdrop of a challenging environment in Financial Year 2012-13, we have delivered broad based growth and margin improvement whilst adding over Rs. 3,300 crores of incremental turnover. We are driving our strategy with much greater vigour. We continued to invest in strengthening our brands and stepped up innovations. We are building differentiated capabilities and are driving in-market execution and operational efficiencies even harder. At the same time, we are making good progress on our Sustainable Living Plan agenda.

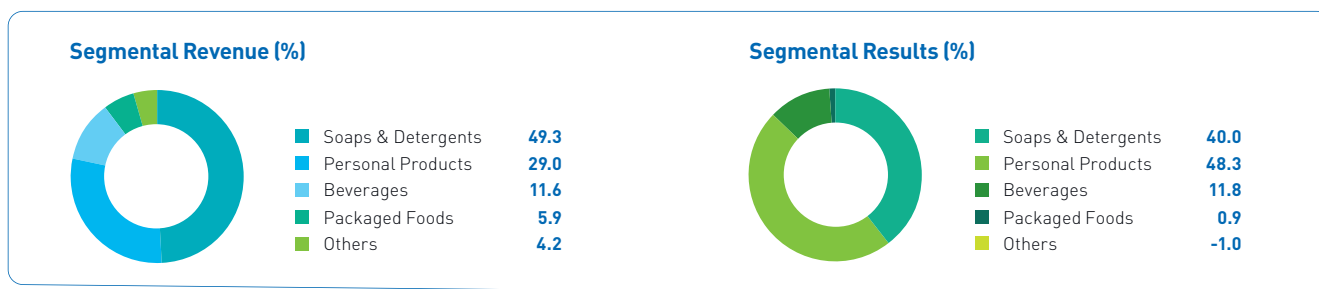
Another year of competitive and profitable growth:

- Domestic Consumer business delivered strong 16% turnover growth with an underlying volume growth of 7%.
- Double digit growth across all segments.
- Operating margins expand by +80 bps.
- Profit After Tax (before exceptional items) grew by 28%; Net profit up 41%.

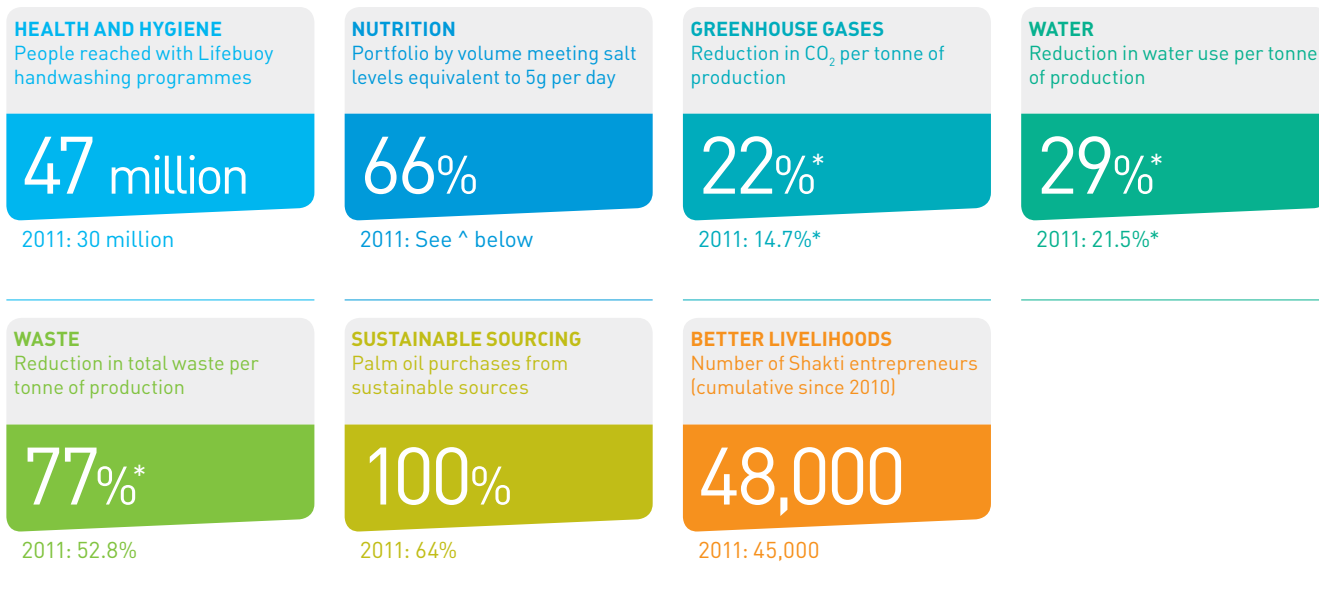
Strong track record of cash generation sustained; cash from operations up Rs. 1,002 crores.

Total dividend of Rs. 18.50 per share for the Financial Year.

## SEGMENTAL PERFORMANCE



## KEY NON-FINANCIAL INDICATORS

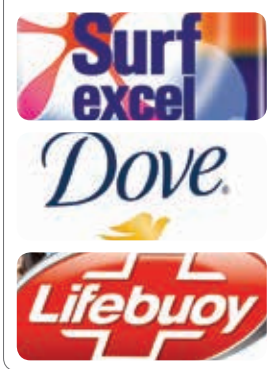


^ Measured January-September 2012. In 2012 we moved to full volume-based (tonnes sold) reporting for this target. This number is not comparable to previously reported numbers measured by product (stock keeping unit).

\* compared to 2008 baseline

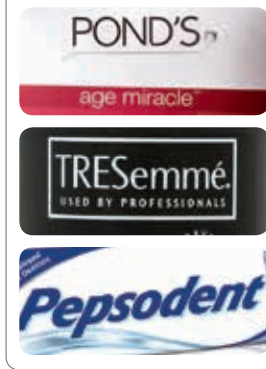
## OUR CATEGORIES

### SOAPS & DETERGENTS



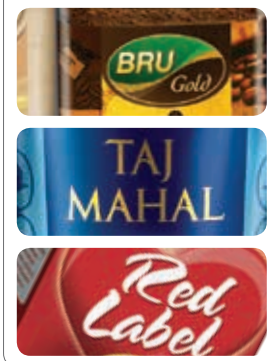
- Turnover Rs. 12,461 crores
- Underlying Sales Growth: 19%
- Underlying Volume Growth: 8%
- Key Innovations: Surf Excel Easy Wash; Comfort One Rinse; Vim Anti Germ bar; Lifebuoy colour changing handwash; Dove Bodywash

### PERSONAL PRODUCTS



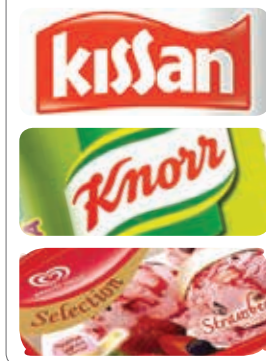
- Turnover Rs. 7,309 crores
- Underlying Sales Growth: 13%
- Underlying Volume Growth: 6%
- Key Innovations: Fair & Lovely Advanced Multi-Vitamins; Lakmé Perfect Radiance; Lakmé eyeconic; TRESemmé; Brylcreem; Dove Elixir Hair Oils; Pepsodent Expert Protection

### BEVERAGES



- Turnover Rs. 2,914 crores
- Underlying Sales Growth: 13%
- Underlying Volume Growth: 5%
- Key Innovations: BRU Exotica Guatemala; Taaza relaunch; Red Label relaunch

### PACKAGED FOODS



- Turnover Rs. 1,474 crores
- Underlying Sales Growth: 10%
- Underlying Volume Growth: 3%
- Key Innovations: Kissan Sweet and Spicy Ketchup; Knorr Soupy Noodles; Paddle Pop Jiggle Jelly; Cornetto

#### NET REVENUE

Rs. 25,810 crores

#### EPS (BASIC)

Rs. 17.56

#### PROFIT FOR THE YEAR

Rs. 3,797 crores

#### EVA

Rs. 2,926 crores

# FINANCIAL PERFORMANCE

## 10 YEAR RECORD

### STANDALONE

Rs. crores

Statement of Profit & Loss	2003	2004	2005	2006	2007	2008-09 (15months)	2009-10	2010-11 ^	2011-12 ^	2012-13 ^
Gross Sales*	11,096.02	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27	20,285.44	22,800.32	26,679.76
Other Income	459.83	318.83	304.79	354.51	431.53	589.72	349.64	627.38	659.08	1,210.73
Interest	(66.76)	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)	(6.98)	(0.24)	(1.24)	(25.15)
Profit Before Taxation @	2,244.95	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07	2,730.20	3,350.16	4,349.48
Profit After Taxation @	1,804.34	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25	2,599.23	3,314.35
Earnings Per Share of Re. 1	8.05	5.44	6.40	8.41	8.73	11.46	10.10	10.58	12.46	17.56
Dividend Per Share of Re. 1	5.50	5.00	5.00	6.00	9.00#	7.50	6.50	6.50	7.50	18.50#

\* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items ^ 2010-11 2011-12 and 2012-13 based on Revised Schedule VI # Includes Special Dividend

Balance Sheet	2003	2004	2005	2006	2007	2008-09 (15months)	2009-10	2010-11 ^	2011-12 ^	2012-13 ^
Fixed Assets	1,369.47	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07	2,457.86	2,362.92	2,508.54
Investments	2,574.93	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08	1,260.67	2,438.21	2,330.66
Net Deferred Tax	267.44	226.00	220.14	224.55	212.39	254.83	248.82	209.66	214.24	204.78
Net Assets (Current and Non-current)	(368.81)	(409.30)	(1,355.31)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)	(1,268.67)	(1,502.44)	(2,369.96)
	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93	2,674.02
Share Capital	220.12	220.12	220.12	220.68	217.74	217.99	218.17	215.95	216.15	216.25
Reserves & Surplus	1,918.60	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35	2,443.57	3,296.78	2,457.77
Loan Funds	1,704.31	1,471.11	56.94	72.60	88.53	421.94	-	-	-	-
	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93	2,674.02

^ 2010-11, 2011-12 and 2012-13 based on Revised Schedule VI

Segment-Wise Sales (%)	2003	2004	2005	2006	2007	2008-09 (15months)	2009-10	2010-11	2011-12	2012-13
Soaps and Detergents	44	45	45	47	47	49	48	46	48	49
Personal Products	24	26	28	29	29	29	30	32	31	31
Beverages and Packaged Foods	26	24	22	20	21	19	20	20	19	18
Others	6	5	5	4	3	3	2	2	2	2

Key Ratios and EVA	2003	2004	2005	2006	2007	2008-09 (15months)	2009-10	2010-11	2011-12	2012-13
EBIT as % of Sales	18.4	13.4	12.3	13.1	13.1	13.1	14.1	12.1	13.5	14.1
Fixed asset Turnover (No. of times)	8.1	7.2	8.1	8.6	8.6	8.3*	7.5	8.3	9.6	10.6
PAT / Sales (%)	16.3	11.0	11.3	11.8	11.8	11.6	11.5	10.6	11.4	12.4
Return on Capital Employed (%)	60.2	45.9	68.7	67.0	78.0	107.5*	103.8	87.5	96.8	109.1
Return on Networth (%)	82.8	57.2	61.1	68.1	80.1	103.6*	88.2	74.0	77.7	94.7
Economic Value Added (EVA) (Rs. crores)	1429	886	1014	1126	1314	2154	1791	1750	2250	2926

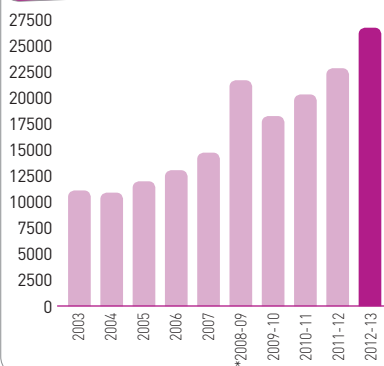
\* Shown on annualised basis

Others	2003	2004	2005	2006	2007	2008-09 (15months)	2009-10	2010-11	2011-12	2012-13
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	204.70	143.50	197.25	216.55	213.90	237.50	238.70	284.60	409.90	466.10
Market Capitalisation (Rs. crores)	45,059	31,587	43,419	47,788	46,575	51,770	52,077	61,459	88,600	100,793
Contribution to Exchequer (Rs. crores)	2,999	2,674	2,638	2,813	3,133	4,429	3,704	3,953	4,839	6,365

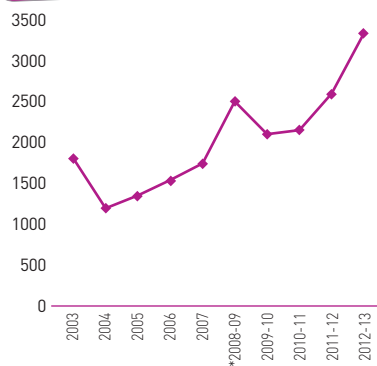
\* Based on year-end closing prices quoted in the Bombay Stock Exchange.

# PERFORMANCE TRENDS

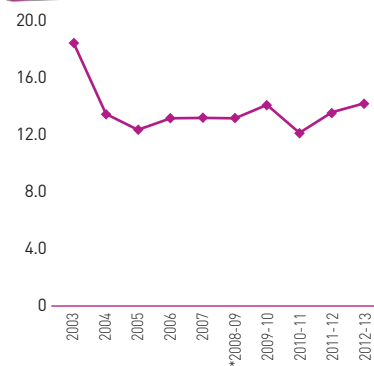
**GROSS SALES (Rs. crores)**



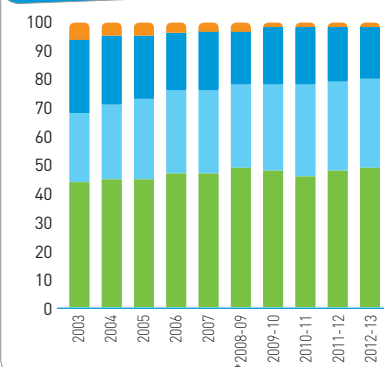
**PROFIT AFTER TAX (Rs. crores)**



**EBIT (% of Sales)**

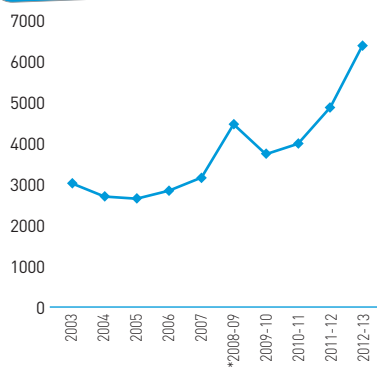


**SEGMENT WISE SALES (%)**

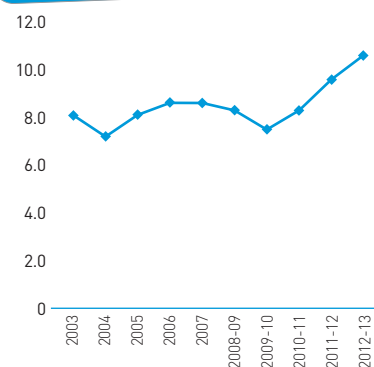


- Soaps and Detergents      • Personal Products
- Beverages and Packaged Foods      • Others

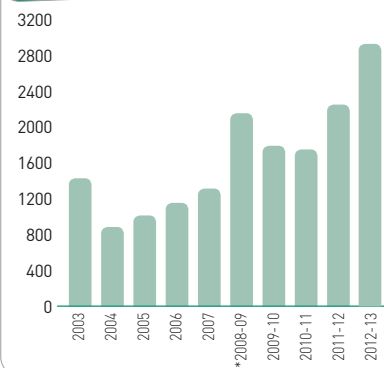
**CONTRIBUTION TO EXCHEQUER (Rs. crores)**



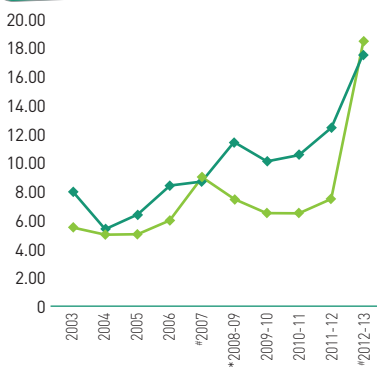
**FIXED ASSETS TURNOVER (No. of times)**



**ECONOMIC VALUE ADDED (EVA) (Rs. crores)**



**EARNINGS AND DIVIDEND PER SHARE (Rs.)**



- Earnings per share      • Dividend per share

**MARKET CAPITALISATION & HUL SHARE PRICE**



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

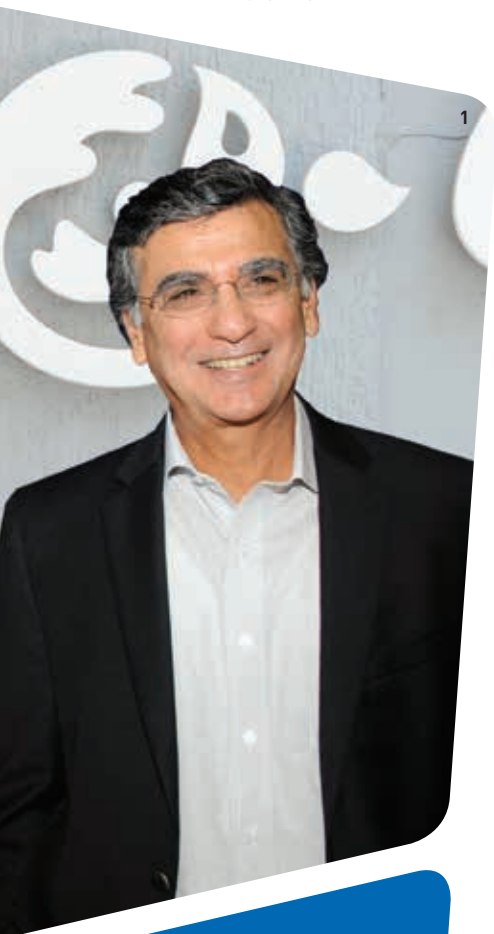
\* Figures are for 15 months period

# Includes Special Dividend

Based on year-end closing prices quoted in the Bombay Stock Exchange.

# CHAIRMAN'S LETTER

1 Mr. Harish Manwani  
Chairman



## Dear Shareholders,

**In Financial Year 2012-13, despite an increasingly challenging economic environment, we continued to deliver strong results. We built further on our good performance in last Financial Year, delivered on our goals and strengthened our position as the leader in our sector.**

Our Domestic Consumer business grew by 16% with 7% underlying volume growth. All segments grew in double digits. Profit before interest and tax (PBIT) grew by 23% with PBIT margin improving 80 bps. Profit after tax but before exceptional items, PAT (bei), grew by 28% to Rs. 3,314 crores with Net Profit at Rs. 3,797 crores growing 41%. With the Final Dividend of Rs. 6 per share proposed by the Board of Directors, an Interim Dividend of Rs. 4.50 per share and a Special Dividend of Rs. 8 per share already paid, the total dividend amounted to Rs. 18.50 per share for Financial Year 2012-13.

Our single minded focus on consumers and a strong pipeline of innovations helped us to further strengthen our portfolio and brands. In Financial Year 2012-13, we expanded our portfolio in several categories like hair care, male grooming, frozen desserts and beverages while continuing to invest behind our core brands. Ten of our brands now feature in the Rs. 1,000-Crore club.

We strengthened our partnership with customers by launching a state-of-the-art Customer Insight and Innovation Centre (CiiC) in Mumbai. The CiiC provided us with a platform to co-create marketplace ideas with shoppers. Our efforts were recognised by Walmart, Tesco, Metro and Hypercity, who declared us "Supplier of the Year".

A first-of-its-kind helpline for traders was set up to help us connect with our vast distribution network. We enhanced our rural reach and empowered Shakti ammas through a mobile phone application that helped them serve rural consumers even better.

While it was business as usual on the growth agenda, it was business unusual on costs. We redefined our end-to-end saving program focusing on material savings, logistics savings and manufacturing cost saving. We continued to have negative working capital in Financial Year 2012-13. We reduced DOH (days on hand) inventory by 7 days through the use of IT solutions, a re-design of the sourcing network and a reduction in lead time for raw materials and packaging materials and improved factory reliability.

We made good progress on our Sustainable Living Plan priorities to reduce our environmental impact and increase our positive social impact. Lifebuoy reached out to 47 million people through its hand washing programme. Pureit helped 45 million people gain access to safe drinking water, globally.

We also launched Project Neutral to further reduce the impact of our manufacturing processes on the environment. For every tonne of production in our factories, CO<sub>2</sub> emissions reduced by 22%, water use by 29% and waste by 77% compared to 2008 baseline. 31 out of our 38 factories are now zero non-hazardous waste to landfill.

We also made excellent progress in our effort to achieve 100% sustainable sourcing of our agricultural raw materials. Today, 69% of our agricultural raw materials are sustainably sourced. This includes 100% of our palm oil, which is now all backed by GreenPalm certificates. We have also made a start on our new target of purchasing all our palm oil from certified and traceable sources by 2020.

To conserve water for public good, we set up the Hindustan Unilever Foundation (HUF), a wholly-owned subsidiary of HUL. The HUF has undertaken water conservation and storage projects in the states of Madhya Pradesh, Gujarat, Tamil Nadu, Karnataka and Maharashtra. The projects are in partnership with state governments, NGOs, government agencies such as NABARD and members of the local community. The Foundation's partnerships have resulted in water



## BOARD OF DIRECTORS



- 2 Mr. Nitin Paranjpe**  
Managing Director and Chief Executive Officer
- 3 Mr. Sridhar Ramamurthy**  
Executive Director, Finance & IT and Chief Financial Officer
- 4 Mr. Pradeep Banerjee**  
Executive Director, Supply Chain
- 5 Mr. Aditya Narayan**  
Independent Director
- 6 Mr. S. Ramadorai**  
Independent Director
- 7 Dr. R. A. Mashelkar**  
Independent Director
- 8 Mr. O. P. Bhatt**  
Independent Director
- 9 Dr. Sanjiv Misra**  
Independent Director

storage and conservation potential to the extent of 25 billion litres as of March 2013. We aim to conserve 70 billion litres of water by 2015. Over the years, we expect one million people to benefit from our efforts and a 15% rise in crop production in villages in India.

Sustainability is now firmly at the heart of our business model and is driving growth, reducing costs and fuelling innovations that are good for the planet and for consumers. We see this as a source of competitive advantage for the business now and in the years ahead.

We continued to attract the finest talent in the industry. We retained our position as the No 1 Employer Brand and for the fourth consecutive year, we were declared the "Dream Employer" in a survey across top business school students. We received several recognitions for our leadership practices and corporate governance. In Financial Year 2012-13, we were ranked 12th in the Forbes Super 50 list of "The World's Most Innovative Companies".

We have always believed that our biggest assets are our people. I would like to thank each and every employee whose

commitment and efforts made Financial Year 2012-13 yet another successful year for the Company.

The current economic environment is extremely challenging; competitive intensity remains high and is likely to increase. However, we remain committed to drive the business towards delivering consistent, competitive, profitable and responsible growth.

I would like to thank you, all our shareholders, for your continued support and trust in us and our journey.

With warm regards,

**Harish Manwani**  
Chairman

DOMESTIC CONSUMER BUSINESS

16% ↑

PBIT

23% ↑

NET PROFIT

41% ↑

# MANAGEMENT COMMITTEE



**1 Mr. Nitin Paranjpe**  
Managing Director and  
Chief Executive Officer

**2 Mr. Sridhar Ramamurthy**  
Executive Director, Finance & IT  
and Chief Financial Officer

**3 Mr. Hemant Bakshi**  
Executive Director,  
Home and Personal Care

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

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

**6 Ms. Geetu Verma**  
Executive Director, Foods

**7 Mr. Manish Tiwary**  
Executive Director, Sales and  
Customer Development

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



# OUR BUSINESS MODEL

**Our business model is designed to deliver sustainable growth. For us, sustainability is integral to how we do business. In a world where temperatures are rising, water is scarce, energy is expensive, sanitation is poor and food supplies are uncertain and expensive, we have both a duty and an opportunity to address these issues in the manner in which we do business.**

Our business model has three key inputs: brands, operations and people. A key differentiator is the Unilever Sustainable Living Plan and the goal of sustainable living. The outputs of the model are threefold: sustained growth, lower environmental impact and positive social impact. These align directly with our vision, which is to double the size of the business while reducing our environmental footprint and increasing our positive social

impact. We will lead responsible growth, inspiring people to take small everyday actions that will add up to a big difference. We will grow by winning shares and building markets everywhere. The diagram below represents our virtuous circle of growth. It summarises how we derive profit from the application of our business model.

## Our Brands

Strong brands and innovation are central to our ambition to double in size. We are investing in brand equity, finding and strengthening the connections between consumers and the products they buy. Where equity is strong, we are leveraging it – creating efficiencies by focusing on fewer, bigger projects that enhance margins. And we are seeking superior products which consumers will prefer, driving profitable growth.

## Our Operations

On any given day several consumers use our products and we want to reach many more by developing innovative products that address different consumer needs at different price points. To do this we use our global scale to help deliver sustainable, profitable growth by seeking to add value at every step in the value chain by enhancing product quality and customer service and rolling out innovations faster.

## Our People

Sustainable, profitable growth can only be achieved with the right people working in an organisation that is fit to win, with a culture in which performance is aligned with values. We are increasingly an agile and diverse business with people motivated by doing well by doing good. We are building capability and leadership among our people and attracting some of the best talent in the market place.

## Sustainable Living

For us, sustainable growth is the only acceptable business model. Business needs to be a regenerative force in the system that gives it life. For example, by reducing waste, we create efficiencies and reduce costs, helping to improve margins while reducing risk. Meanwhile, looking at more sustainable ways of developing products, sourcing and manufacturing opens up opportunities for innovation while improving the livelihoods of our suppliers.

## Profitable Volume Growth

Profitable volume growth is the basis of the virtuous circle of growth. Stronger brands and innovation are the key drivers behind it. Consistently strong volume growth builds brand equity as we reach more consumers, more often.

## Cost Leverage + Efficiency

Profitable volume growth allows us to optimise the utilisation of our infrastructure and spread fixed costs over a larger number of units produced, reducing the average cost per unit. It improves our profitability and allows us to invest in the business.

## Innovation + Marketing Investment

Lower costs and improved efficiency enable us to invest behind our brands to strengthen our business further. New and improved products are the result of investment in R&D and, together with effective marketing, strengthen our brand equity. This results in profitable volume growth, self-perpetuating the virtuous circle of growth.



**A VIRTUOUS CIRCLE OF GROWTH**



# 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.

## REDUCING ENVIRONMENTAL IMPACT

By 2020, Unilever's goal is to halve the environmental footprint of the making and use of products as the Company grows its business.

### 1 HEALTH AND HYGIENE



By 2020 Unilever will help more than a billion people to improve their hygiene habits and will bring safe drinking water to 500 million people. This will help reduce the incidence of life-threatening diseases like diarrhoea.

**ABOUT 47 MILLION PEOPLE IN INDIA REACHED THROUGH LIFEBOUY TILL END OF 2012. 45 MILLION PEOPLE REACHED THROUGH PUREIT BY END OF 2012, GLOBALLY.**

### 2 NUTRITION



Unilever will continually work to improve the taste and nutritional quality of all products. By 2020 the Company will double the proportion of portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines.

**IN INDIA, BY THE END OF 2012, 66% OF FOODS PORTFOLIO (BY VOLUME) WAS COMPLIANT WITH THE 5 G PER DAY SALT TARGET.**

### 3 GREENHOUSE GASES



Unilever's commitment is to halve the greenhouse gas impact of products across the lifecycle by 2020<sup>+</sup>.

**IN INDIA, SIGNIFICANT PROGRESS MADE IN REDUCING GREENHOUSE GASES FROM OUR MANUFACTURING OPERATIONS. CO<sub>2</sub> EMISSIONS PER TONNE OF PRODUCTION IN INDIA REDUCED BY 22% COMPARED TO 2008\*.**

### 4 WATER



Unilever's commitment is to halve the water associated with the consumer use of products by 2020<sup>+</sup>.

**IN INDIA, MAGIC WATER SAVER AND COMFORT ONE RINSE WERE LAUNCHED AS PILOT PROJECTS TO SIGNIFICANTLY REDUCE WATER CONSUMPTION IN LAUNDRY.**

With 7 billion people on our planet, the earth's resources can be strained. This means sustainable growth is the only acceptable model of growth for our business. At Unilever, we believe growth and sustainability are not in conflict. In fact, in our experience, sustainability drives growth.

By focusing on sustainable living needs, we can build brands with a significant purpose. By reducing waste, we create efficiencies and reduce costs, which help to improve our margins. And we have found that once we start looking at product development, sourcing and manufacturing through a sustainability lens, it opens up great opportunities for innovation.

The Unilever Sustainable Living Plan (USLP) sets out to decouple our growth from our environmental impact, while at the same time increasing our positive social impact. Our USLP has three big global goals that by 2020 will enable us to:

- Help more than a billion people to improve their health and well-being.
- Halve the environmental footprint of our products.
- Source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

Underpinning these goals are several commitments spanning our social, environmental and economic performance across the value chain. In the second year of the USLP, we made steady progress across our commitments in India. The USLP is ambitious and we have much more to do. We continue to strive to deliver our stretching goals.



## ENHANCING LIVELIHOODS



By 2020, Unilever will enhance the livelihoods of hundreds of thousands of people while growing its business.

### 5 WASTE



Unilever's commitment is to halve the waste associated with the disposal of products by 2020<sup>^</sup>.

**SIGNIFICANT PROGRESS MADE IN REDUCING WASTE FROM YOUR COMPANY'S MANUFACTURING OPERATIONS. WASTE PRODUCED PER TONNE OF PRODUCTION REDUCED BY 77% COMPARED TO 2008\*.**

\* per tonne of production in 2012 over 2008 baseline.

<sup>^</sup> Our environmental targets are expressed on a 'per consumer use' basis, using a lifecycle approach. This means a single use, portion or serving of a product.

+ In seven water-scarce countries representing around half the world's population.

### 6 SUSTAINABLE SOURCING



By 2020 Unilever will source 100% of agricultural raw materials sustainably.

**IN INDIA, 70% OF AGRICULTURAL RAW MATERIALS SOURCED SUSTAINABLY BY 2012. EXCEEDED INTERIM MILESTONE OF 50%.**

### 7 BETTER LIVELIHOODS



By 2020 Unilever will engage with at least 500,000 smallholder farmers and 75,000 small-scale distributors in the supply network.

**48,000 SHAKTI ENTREPRENEURS (SMALL-SCALE DISTRIBUTORS) IN 15 STATES ACROSS INDIA BY END OF 2012.**





# WINNING WITH BRANDS AND INNOVATION

Our success depends on building brands that consumers love to buy and use. In a world that is changing rapidly, we need to make sure that our brands remain relevant and contemporary. In the last year, more than half of our products were touched with innovations.

We made sure that our innovations remained meaningful to consumers by putting our brands through the innovation funnel. We evaluate their life-cycle environmental impact and social value while driving brands to focus on our purpose – Making Sustainable Living Commonplace.

## Superior Innovations

This year, more than 50 percent of our portfolio was touched by innovations to make it relevant to consumers. As we innovate, there are a few principles we keep in mind – delivering superior products and delivering products at the right price.

Some of the key launches this year included, TRESemmé, a premium range of hair care products, Dove Elixir hair oil, Lakmé’s advanced skincare range, Perfect Radiance and Pepsodent Expert Care toothpaste.

## Creating Purpose Driven Brands

We recognise that our brands need to play a role in the society at large. The Unilever Sustainable Living Plan provides us with the right framework to do this.

## 18 innovations

In the frozen dessert category

## Over 2.5 million

Stamped rotis to promote the Lifebuoy campaign



We question each brand about its impact on environment, on water as well as on people and society. And over a period of time, all our brands aim to drive our USLP goals.

#### Promoting handwashing

One of our largest brands, Lifebuoy aims to change handwashing behaviour of people by educating them about hygiene. Lifebuoy adopted Thesgora in Madhya Pradesh, which has one of the highest rates of diarrhoea in India. Through the Gondappa campaign, Lifebuoy raised awareness about how washing hands with soap can drastically reduce the number of children dying from infections such as diarrhoea.

#### Driving health and nutrition

Our tea business has been communicating the health credentials of our products. Research shows that, tea contains flavonoids that help in improving

immunity, blood circulation and burning of fat. Red Label strengthened its credibility with a Health Challenge. The campaign received 2.6 million calls and 1.8 lakh testimonials in three months.

Our foods portfolio made good progress in meeting the less than 5g salt target and significantly reduced saturated-fats from spreads and calories from frozen desserts. 18 innovations were launched in the frozen dessert category that contributed to 99% of incremental turnover. BRU Gold strengthened its position on share of market through sustained marketing communication.

#### Ensuring safe drinking water

Our water business, Pureit, through the Unilever Foundation and in partnership with PSI (Population Services International) piloted Waterworks™, a non-for-profit programme that aims to provide safe clean drinking water to communities in need. Waterworks™, developed jointly

with Facebook, connects Facebook users directly with people and communities in need.

#### Connecting with our consumers

As we build brands with purpose, we also recognise the need to engage with our consumers. With consumers adapting to new age media, some of the key campaigns in 2012 were highlighted on a digital platform. The Active Wheel mobile campaign reached rural areas through a missed call activation. Surf Excel fulfilled over 300 wishes of underprivileged kids through a Facebook campaign, Fulfil a Wish. Elle 18 set a benchmark in the digital space with more than 6.25 lakh fans on its Facebook page.

Taaza activated a mobile campaign designed to give tips to mothers on how they could teach their kids better and it helped the brand post double digit growth in the second half of the year.



## LEVERAGING HEALTH AND HYGIENE

At the Mahakumbh Mela, Lifebuoy partnered with over 100 restaurants to raise awareness about hand hygiene. Over 2.5 million Rotis (Indian breads) carried the stamp "Lifebuoy se haath dhoie kya?" (Did you wash your hands with Lifebuoy?) and reminded people to wash their hands before eating!

## EXPERIENCE 'REAL' THROUGH KISSANPUR

Kissan strengthened its 'natural' advantage by re-positioning itself on "Goodness of 100% real". The idea was to give consumers a "real" experience – in the products they buy and through participation in activities that help them connect to nature. This inspired the launch of 'Kissanpur'. Seeds were distributed and kids were asked to grow real tomatoes at home. At the end of the campaign, the top 100 tomato growers (children) were featured on Kissan ketchup bottles and their tomatoes went into our Kissan ketchup. The campaign was very successful and went on to win several media and creative awards like the Grand Prix at Spike Asia, the bronze at Emvies and Effies.



**OUR BRANDS IN ACTION** TO FIND OUT MORE VISIT :  
[WWW.HUL.CO.IN/BRANDS-IN-ACTION/](http://WWW.HUL.CO.IN/BRANDS-IN-ACTION/)



# WINNING IN THE MARKETPLACE

A significant number of shoppers buy our products everyday from outlets across the country, and the objective of the Customer Development function is to reach out to many more shoppers by strengthening our distribution reach while enhancing the quality of service we provide to our customers. In our quest, we are making special efforts to reach out to the remotest corners of India, delivering products and services to people and places that have not been served directly before, in the most cost-effective manner. This will help us drive competitive and sustainable growth in the marketplace.

## Widening reach: Adding to the distribution channels

Increasing our direct coverage continues to be one of the key thrust areas for us. Over the last few years, we have doubled our coverage taking HUL products to the remotest areas of the country through a combination of increasing HUL's direct coverage through distributors and our flagship rural distribution programme, Project Shakti. A rural distribution initiative that targets small villages, Project Shakti benefits us by enhancing our direct rural reach and also creates employment opportunities for people in rural India.

Through Project Shakti we have 48,000 Shakti entrepreneurs (Shakti ammas) in 15 states. The Shakti ammas cover over

# 48,000

Shakti entrepreneurs

# 3.3 million

Households served





135,000 villages and serve 3.3 million households.

During 2012, our work with Shakti ammas helped them grow and develop their businesses further. This has helped to consolidate and strengthen our network. Shakti ammas have proved successful in increasing our presence in rural areas and building strong local relationships with consumers, which encourages brand loyalty. The model we use improves the lives of Shakti ammas and usually leads to the doubling of income of a Shakti household.

The programme was extended in 2010 to include other male members of the Shakti amma's family termed 'Shaktimaans'. During the year the programme was further expanded. Currently, there are over 30,000 Shaktimaans across the country.

### Project Express: Reaching out to rural India

Project Express was launched to leverage our deep rural reach and further enhance the earning potential of our channel partners including the Shakti ammas. In 2011, we entered into an agreement with Tata Teleservices to distribute their products in rural markets, leveraging our existing networks. In 2012, the partnership with Tata Teleservices, was further strengthened. We expanded the model through our Rural Distribution system in 13 telecom circles across the country.

We are now distributing telecom products for Tata Teleservices in 95,000 telecom outlets through a network of over 700 rural distributors.

### Listening to the network

HUL has a direct coverage of more than 2 million outlets through our vast distribution network of more than 2500 re-distribution stockists. We constantly undertake initiatives to become more customer centric to enable us to win in the market place.

Towards this end, some of the key initiatives in 2012 included the dedicated call centres that were set up for our distributors as well as retailers to reach out to us.

The helpline set up for traders is an unique initiative and it has given a voice to the millions of outlet owners to reach out directly to HUL. We receive more than 600 calls a day from outlets and this helps us understand issues and opportunities in the marketplace better and solve them with speed.



## EMPOWERING RURAL SALES: LAUNCH OF SHAKTI DMS

In order to improve the efficacy of our Shakti Entrepreneur programme, HUL deployed a low-cost mobile IT solution called Shakti DMS in 2012. Shakti DMS is a mini-ERP package run on an entry level smart phone. And it is now used by 40000 Shakti ammas across the country. The application, available in eight languages, allows Shakti ammas to take and bill orders and manage inventory. The application also has updates on ongoing promotional and discount offers. This application takes into account the poor mobile coverage in rural India as well. It is thus built to work off-line as well. Shakti ammas are simply required to sync with the main server once a day after finishing their work.

## PARTNERING WITH CUSTOMERS

The "Joint Business Planning" meetings were done with our key customers at the start of the year to help co-create and execute plans to enrich customer engagement. Through the use of the "Customer Differentiation Tool", we reward our customers for going the extra mile in partnering HUL in reaching its goals. The program culminates every year at a meet where our best performing distributors are rewarded. We also launched a "Customer License" program where all Customer Development employees of HUL were asked to spend time with customers understanding them better under a structured program. This has helped, in no small measure in putting the consumer and customer at the heart of everything we do in the Customer Development function.



**BETTER LIVELIHOODS** TO FIND OUT MORE VISIT :  
[WWW.HUL.CO.IN/SUSTAINABLE-LIVING/BETTERLIVELIHOODS/](http://WWW.HUL.CO.IN/SUSTAINABLE-LIVING/BETTERLIVELIHOODS/)



# WINNING THROUGH CONTINUOUS IMPROVEMENT

Our continuous improvement programme aims to deliver growth which is consistent, competitive, profitable and responsible. We add value at every step in the value chain by delivering superior customer service, better quality, competitive cost and flawless execution with a flexible, agile and lean structure. This approach, combined with our global scale generates significant savings that we invest back into our business. This is our virtuous circle of growth. We aim to double the size of our company while reducing our environmental impact and increasing our positive social impact.

## Leveraging Entire Value Chain

By working across the value chain – from sourcing, manufacturing, logistics through innovation, advertising and promotions, and pricing – we use our global scale to add value, reach new markets and meet our sustainability targets.

### Global Scale and Local Agility

We have successfully identified various opportunities to improve the gross margin over long term. Examples of such learning were capital productivity framework to create capacity through productivity improvement and low cost business models to optimise end to end cost.

Our philosophy of 'design once, deploy everywhere', enables us to execute with speed. This helps our world-class manufacturing network deliver better quality products.

## 31

out of 38 factories are 100% zero non-hazardous waste to landfill

## 20%

energy is through renewable energy



## REACHING MORE CONSUMERS

### Better Service

To reach different kind of consumers, we developed segmented supply chain approach for various product categories, geographies and channels.

Overall service level as measured through CCFOT (Customer Case-Fill On-Time) saw a significant rise and on-Shelf Availability for Modern Trade saw an improvement.

This year, Walmart, Tesco, Metro and Hypercity declared us "Supplier of the Year".

### Superior Quality

We are systematically improving the quality of our products as perceived by our consumers. Quality performance measured as Consumer Relevant Quality Standard (CRQS) showed 50% improvement over last year.

Quality continues to be a focus area with thrust on design quality improvement and new quality standard implementation for warehousing and transportation. The consumer care lines were improved and are now being used as channels to engage with consumers.

## FAST, FLAWLESS EXECUTION

In order to support our strong volume growth, we are adding capacity in a structured and cost effective framework. 50% of our incremental capacities are through productivity and technology improvement of existing asset base.

### Innovation Execution

This year, we reduced lead time by 25% to launch innovations in the market place through Bigger, Faster Innovation Programme. All the key projects were delivered with OTIF (On-Time, In-Full) delivery performance of 95%.

### Operational Excellence

In IT we strengthened our SAP backbone to provide superior customer service and better collaboration with business partners. We leveraged advanced forecasting and inventory modelling tools to do multi-echelon inventory optimisation and day level demand sensing to reduce the inventory levels while maintaining high levels of availability.

We leveraged a range of IT-enabled solutions like tablets, computers and feature phones to help our 75,000 field representatives execute better.

Finance function initiated a multi-fold transformation journey this year. Project

'Parivartan' stepped up the Purchase to Pay process. Project 'My Business Information' revamped the information management function. Under Project 'Effective Finance Controls and Reporting', the finance control environment was streamlined and strengthened with 50% of key controls being automated. Technology interventions were taken up to achieve over 25% reduction in time consumed on annual closing processes and report back to the markets.

### End-to-end Cost Focus

This year we delivered highest ever supply chain saving – over 5% of the total supply chain cost. We continued to have negative working capital in 2012. Our cost savings increased significantly since 2010, while non-material Supply Chain costs and overheads reduced further. In order to secure better effectiveness of our trade and marketing spends, we are driving Return on Marketing Investment (ROMI) as a holistic program. Improvement targets have been set for all elements of Advertising and Promotional spends and cross-functional teams are focused on delivering measurable results. ROMI is increasingly becoming a key source of competitive advantage.



## WORKING IN PARTNERSHIP WITH OUR SUPPLIERS

We work with partners to co-create better and faster innovations, in line with our commitments in our Sustainable Living Plan. We are procuring more agricultural raw material from sustainable sources. Supply Integration initiative was undertaken for Sustainable Tomato Sourcing through 1,100 smallholder farmers, 1,500 acres, 28,000 Metric Tonnes of tomatoes.

## IMPROVING ECO-EFFICIENCY

In 2012, we have made significant progress towards our sustainability goals in manufacturing operations. For every tonne of production in 2012, CO<sub>2</sub> emissions reduced by 22%, water use by 29% and waste by 77% compared to 2008 baseline.

31 HUL factories have now become 100% zero non-hazardous waste to landfill. Our renewable energy share has moved from 8% in 2010 to 20% in 2012 through using alternate biomass-based fuel.



**SUSTAINABLE SOURCING** TO FIND OUT HOW WE PARTNER WITH SMALL-SCALE SUPPLIERS VISIT : [WWW.HUL.CO.IN/SUSTAINABLE-LIVING/SUSTAINABLESOURCING](http://WWW.HUL.CO.IN/SUSTAINABLE-LIVING/SUSTAINABLESOURCING)



# WINNING WITH PEOPLE

Our growth ambitions are greatly facilitated by our vision to be the best employer brand, create an agile and diverse work place and build a strong performance culture.

Success in the future will depend on being lean, agile and competitive in a resource-challenged world. In the last three years, we have transformed our organisation to enable us to move faster, innovate better and take full advantage of our global scale.

## Employer Brand

We have been guided by insights generated while understanding our consumers – Business School students - through quantitative and qualitative measurements. Keeping these in mind, we deliver a host of on ground activations across campuses such as, Unilever Unplugged, Lessons In Marketing Excellence, Marketing in Practice and Talent Hunt. These activations have resulted in our employer brand going from strength to strength to attain a prominent position in corporate India.

### A strong digital presence maintains brand image

Our digital presence is a vital factor in maintaining our brand image. Our Facebook 'Unilever Diaries' page currently has over 150,000 fans with approximately 500 conversations every day. The page

# No. 1

Employer of Choice

# Dream Employer

of B-School students



helps us maintain constant digital engagement with the extended student community.

Our Management Trainee programme, commonly known as the Unilever Future Leaders Program, has been a training ground for many inspiring leaders across HUL.

### Creating leaders for the future

Your Company is well known for nurturing talent and building leaders. This has been possible through HUL's 'leaders build leaders' philosophy. This mindset ensures that leadership gets engrained across the Company, rather than place it as the responsibility of a function or a few individuals.

### A learning culture of 70:20:10

We follow a holistic 70:20:10 capability building approach across functions. We believe that 70% of all capability is built on the job, 20% through coaching and short term projects and 10% through classroom learning. There are multiple forums for learning including quarterly webcasts,

regular guest sessions from industry stalwarts and portals to ensure a constant flow of best practices. Our learning practices are best-in-class with approximately 15,113 man-days classroom training and 41,658 e-learning courses completed over last year.

### Employer of Choice

For the second year, our talent and leadership practices were recognised by Nielsen survey as we emerged the No. 1 Employer of Choice again. For the fourth year in a row, B-School students selected HUL as their Dream Employer.

## CREATING A PERFORMANCE CULTURE

### Employee Engagement

Our Global People Survey (GPS) measures the level of engagement of all employees. Employee Engagement for India showed a 10% improvement from 2010. A very high percentage of employees said that they were proud to work for HUL. Employee engagement scores at HUL are now among the best-in-class in Unilever and

comparable to the best companies globally.

### Agile, flexible, diverse organisation

HUL has ingrained a culture of agile working and flexibility within its employees through a well defined agile policy including working from home, flexi timing and hot desking.

### Safety at the workplace

Our mission is to protect and enhance the well being of our employees, visitors and partners. Safe working is 'non negotiable' and we demonstrate this through thoughtful consideration of risks and opportunities. By balancing proactive and reactive measures, we ensure appropriate actions are taken to continuously reduce chances of an occupational safety related incident.

Occupational Health is considered one of the prime responsibilities of the entire line management. Our CEO heads the Central Safety, Health & Environment Committee, which reviews the health and safety performance of the Company.



## A GENDER BALANCED WORKPLACE

HUL aims to become a gender balanced organisation. The company has a roadmap and is creating enablers to ensure a culture of inclusion. 'Career by Choice', a re-hire programme that provides a platform for women looking for real opportunities to work flexibly and part time on live business projects, is one such enabler. With these enablers, your Company has seen an 8% shift in the Gender Balance Ratio over the last two years.



## EMPLOYEE RELATIONS

The objective of Employee Relations is to drive engagement through progressive people practices on shop floors. In the GPS survey, engagement scores showed very positive results.

We have undertaken a host of programmes in the space of capability building on the shop floor like our Shopfloor Skill Upgradation Program. 'Sparkle', a centrally hosted intranet based tool, supports skill mapping, skill assessment, performance assessment and gap analysis. It enables training plan identification. Stepping into One (SIO), a capability intervention, supports building the talent pipeline for all shopfloor employees into potential administrative or supervisory roles.



**OUR PEOPLE IN ACTION** TO FIND OUT MORE VISIT :  
[WWW.HUL.CO.IN/CAREERS-REDESIGN/](http://WWW.HUL.CO.IN/CAREERS-REDESIGN/)

# AWARDS AND FELICITATIONS

During the year, your Company won several awards in the field of Corporate Governance, Sustainability, Human Resources, Marketing Innovations and more. Some of the key awards are listed below.

## Winning with Brands and Innovation

- HUL ranked 12th in The World's Most Innovative Companies "The Super 50" list by Forbes.
- Eighteen HUL brands featured in the '100 Most Trusted Brands' list by Brand Equity.
- Seven HUL brands feature in the top 100 list of the Brand Trust Report 2013 published by Trust Research Advisory.
- At the Emvies Media Awards, six HUL brands including Axe, BRU Gold, Ponds, Kissan, Knorr and Surf Excel won awards across 10 award categories across Digital, Outdoor, Print and TV media.
- The 'Superfast Handwash' campaign for HUL's Lifebuoy, created by Lowe Lintas and Partners India won the Bronze Global Effie for 2012.
- HUL lifted a Gold, two Silvers and the Grand Prix awards at Spikes Asia 2012 for Kissan tomato Ketchup's Kissanpur, Rin's Chamakte Raho and BRU Gold's print media campaign.
- HUL won the second prize at the Elle Beauty Awards as well as the first position in the makeup category. Lakmé won in nine categories in the awards.
- HUL picked up 5 awards at the Effies. Vaseline won a Silver in the Cosmetics and Toiletries Category.
- HUL brands picked up 40 packaging awards at INDIASTAR 2012.

## Winning in the Marketplace

- HUL won the award for Best Audit Governance at the Asian Centre for Corporate Governance and Sustainability awards 2013.
- HUL & Star Bazaar bagged the "Silver" award at the 13th ECR Asia Pacific Conference.

- HUL bagged the Corporate Affairs Leadership Award 2013.
- HUL was recognised at the Investor Relations Global Rankings (IRGR) 2012 in three categories:
  - Best Online Annual Report in India (HUL was the only Indian company which also came in among the Top 10 companies across the globe)
  - Best Financial Disclosures in India
  - Top Corporate Governance in India (HUL also ranked No. 1 globally across all Consumer Goods participant companies this year)

## Winning Through Continuous Improvement

- HUL's Chhindwara Unit won the National Safety Award for outstanding performance in Industrial Safety.
- HUL's Haridwar factory won the Super Platinum Award at Frost & Sullivan's India Manufacturing Excellence Awards (IMEA).

## Winning with People

- HUL emerged the No. 1 Employer of Choice in India according to the Nielsen Campus Track B-School Survey 2013.
- HUL was named the Bloomberg Dream Employer of the Year 2013.
- Nitin Paranjpe received Forbes India's Best CEO Award.
- Sridhar Ramamurthy recognised as the Best Performing CFO at the CNBC-TV18 CFO Awards.
- HUL was recognised for its 'Best in Class Reward Practices' by Aon Hewitt.
- HUL was declared the Top Indian FMCG company 2011 at the Dun & Bradstreet - Rolta Corporate Awards.
- HUL was recognised for its Talent practices at the Thought Leaders and Corporate Excellence Awards 2012.

## Sustainability

- HUL factories in Amli and Haldia won at the Frost & Sullivan's Green Manufacturing Excellence Awards 2012.
- HUL's Orai Factory was selected as the winner of the prestigious 'Srishti Good Green Governance Award 2011 in the "Process Non-metallic" category.
- HUL's Khamgaon unit won the 2nd prize at the prestigious "Vasundhara Award - 2012" from Maharashtra Pollution Control Board (MPCB) for its exemplary work carried out towards protection of environment in the state of Maharashtra under the large scale Industry category.
- HUL won the Golden Peacock Occupational Health and Safety Award 2012.
- HUL received the Paryavaran Parirakshak Puraskar from the Ramky Foundation for contribution towards environmental protection.
- HUL won the first prize at FICCI Water Awards 2012 under the category of 'community initiatives by industry' for Gundar Basin Project, a water conservation initiative.
- HUL's Orai Factory received the Gold Prize at the prestigious Greentech Environment Awards 2012 in the FMCG category for outstanding achievements in environment protection.
- HUL's Sumerpur factory declared winner of Gold Award in FMCG sector for outstanding achievement in Safety Management at the Greentech Safety Awards.
- HUL's Kandla factory won prestigious Gujarat State Safety Council Award for implementing Best Safety Systems.

# NOTICE

## of the Annual General Meeting

Notice is hereby given that the 80th Annual General Meeting of Hindustan Unilever Limited will be held on Friday, 26th July, 2013 at 3.30 p.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim & Special Dividend and to declare a Final Dividend on Equity Shares for the financial year ended 31st March, 2013.
3. To elect and appoint Directors in place of the Directors retiring by rotation.
4. To appoint M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2014.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Sanjiv Misra, who was appointed as an Additional Director on the Board of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director on the Board of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”

6. To consider and if thought fit, to pass with or without modification(s), 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 27th July, 2010 and pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 114 of the Articles of Association, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director(s) and Wholtime Directors of the Company), for a period of five years commencing 1st April 2013, such sum by way of

commission as the Board and / or a Committee thereof may, from time to time determine, not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified under the Companies Act, 1956 from time to time and computed in the manner provided in Section 198(1) of the Companies Act, 1956 or Rs. 150 lakhs in aggregate whichever is lower.”

### Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 12th July, 2013 to Friday, 26th July, 2013 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. The Final Dividend for the financial year ended 31st March, 2013, as recommended by the Board, if approved at the meeting, will be paid on or after Tuesday, 30th July, 2013 to those Members whose names appear in the Register of Members of the Company as on the book closure dates.
5. In accordance with the Articles of Association of the Company, all Directors (except Mr. Nitin Paranjpe, who has been re-appointed as the Managing Director for a term of 5 years effective 4th April, 2013), retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting. As per the Company policy, the Independent Directors retire at the Annual General Meeting held after attaining the age of seventy years, by not offering themselves for re-appointment at such Annual General Meeting. Dr. R. A. Mashelkar, Non-Executive Independent Director of the Company has attained the age of seventy years on 1st January, 2013 and therefore, will not be offering himself for re-appointment at the ensuing Annual General Meeting. The relevant details of Directors seeking re-appointment under item no. 3 of the Notice are provided at page nos. 24-27 of this Annual Report.

6. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 and the Certificate from Auditors of the Company certifying that the '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL Performance Share Scheme' are being implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, will be available for inspection at the Annual General Meeting.
7. In accordance with the requirements of Listing Agreement, the designated e-mail address of Investor Service Department and Compliance Officer of the Company is [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com). Members are requested to note the change in the designated e-mail address.
8. 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.
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate immediately to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company.
10. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. Further, in line with circular issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail address with the Company can now register the same by submitting duly filled in 'E-Communication Registration Form' available on the website of the Company [www.hul.co.in](http://www.hul.co.in), to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participants only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.
11. Members are requested to share their valuable feedback by filling 'Shareholders' Satisfaction Survey' given at the end of this Report. Members can also provide their feedback online, using the 'Shareholders' Satisfaction Survey' form available on the 'Investor Centre' page on the website of the Company [www.hul.co.in](http://www.hul.co.in). This feedback will help the Company improve Shareholder Service Standards.
12. Members are requested to note that dividends not encashed / claimed within seven years from the date of declaration will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.  
  
The status of dividends remaining unclaimed / unpaid with the respective due dates of transfer to IEPF is provided at page no. 60 of this Annual Report. Members are requested to contact M/s. Karvy Computershare Private Limited / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.
13. 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 Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company.
14. 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 entrance of the venue.
15. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

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

By Order of the Board



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

Mumbai : 29th April, 2013



## EXPLANATORY STATEMENT

### Item No. 5

The Board of Directors of the Company had appointed Dr. Sanjiv Misra as an Additional Director of the Company with effect from 8th April, 2013. As per the provisions of Section 260 of the Companies Act, 1956, Dr. Sanjiv Misra will hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director of the Company.

The Company has received notices under Section 257 of the Companies Act, 1956 from certain Members along with the requisite amount, proposing the appointment of Dr. Sanjiv Misra as Director of the Company liable to retire by rotation.

A brief profile of Dr. Sanjiv Misra, including nature of his expertise, is provided at page no. 27 of this Annual Report.

A copy of the relevant resolution of the Board with respect to appointment of Dr. Sanjiv Misra is available for inspection by Members at the Registered Office of the Company during business hours on any working day till the date of the forthcoming Annual General Meeting.

None of the Directors, other than Dr. Sanjiv Misra, is concerned or interested in this Resolution. The Board commends the Ordinary Resolution set out at item no. 5 for approval of the Members.

### Item No. 6

The Members of the Company, at the Annual General Meeting held on 27th July, 2010, had approved the payment of remuneration by way of commission on profits to Non-Executive Directors of the Company upto a maximum of Rs. 90 lakhs in aggregate, to be allocated in such manner as the Board may determine, from time to time, with effect from 1st January, 2011 for a period of five years.

In accordance with the approval of the Board, all the Non-Executive Independent Directors are currently paid a remuneration of Rs. 10 lakhs per annum by way of commission on profits, apart from sitting fees for attending the meetings of the Board or Committees thereof. Mr. Harish Manwani, who is a Non-Executive Chairman of the Company, does not receive any commission or sitting fees from the Company.

With the changes in the Corporate Governance norms, the role of the Non-Executive Independent Directors and the level of their engagement has undergone significant qualitative changes over a period of time. Further, in order to be consistent with the globally accepted governance practices, it is proposed to adopt a 'Differential Remuneration Policy' for Non-Executive Directors. As per the proposed Differential Remuneration Policy, the Non-Executive Directors will be paid remuneration linked to

their attendance at the meetings of the Board or Committees thereof and depending upon their position in various Committees of the Board, whether that of the Chairman or member of the Committees.

In order to adopt the new policy and for the remuneration to be commensurate with enhanced role and engagement of the Non-Executive Directors of the Company, it is proposed to revise the maximum limit of remuneration payable to Non-Executive Directors from the existing Rs. 90 lakhs to Rs. 150 lakhs. The revised limits shall be made effective 1st April, 2013 for a period of five years. The remuneration payable to each Non-Executive Director shall be determined by the Board or Committee thereof within the overall limits.

The aforesaid maximum limit is enabling in nature to accommodate the increase on account of implementation of Differential Remuneration Policy and to take care of future revisions, bearing in mind that the approval of Members is valid for a period of five years commencing 1st April, 2013 upto 31st March, 2018.

The approval of Members under Section 309(4) of the Companies Act, 1956 is required for payment of commission, if any, to the Non-Executive Directors. The Board, therefore, commends the Special Resolution set out at item no. 6 of the accompanying Notice for the approval of Members.

All Non-Executive Independent Directors of the Company may be deemed to be concerned or interested in this resolution.

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

*Mumbai : 29th April, 2013*

By Order of the Board



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

# PROFILE OF DIRECTORS

## and other Directorships

### HARISH MANWANI

Mr. Harish Manwani (59) assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He is also the Chief Operating Officer of Unilever and a member of Unilever Leadership Executive (ULE).

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

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care and Oral Care Categories and in early 2001, he was appointed as President - Home & Personal Care (HPC), Latin America Business Group. He has also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed President and CEO of the HPC North America Business Group and in April 2005 was elevated to the Unilever Executive as the President - Asia & Africa. In 2008, Mr. Manwani received the CNBC Asia Business Leader of the Year Award and as a part of the Singapore National Day Awards 2012, Mr. Manwani was conferred the Public Service Medal (Friends of Singapore) by the Singapore Government.

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

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

#### Directorship in other Companies

Indian School of Business

Whirlpool Corporation

#### Membership / Chairmanship of Board Committees in other Companies

Whirlpool Corporation  
*Corporate Governance and Nominating Committee - Member*  
*Finance Committee - Member*

### NITIN PARANJPE

Mr. Nitin Paranjpe (50) joined the Company as a Management Trainee in 1987. In his early years in the Company, Mr. Paranjpe worked as Area Sales Manager - Detergents and then Product Manager - Detergents. In April 1996, he became the Branch Manager - Chennai and in February 1999 he was appointed as a Member of the Project Millennium Team. In 2000, he moved to Unilever London, and was involved in a review of the organisation structure. During 2001, he was an Executive Assistant to the Chairman and Executive Committee in Unilever London.

On his return to India in 2002, Mr. Paranjpe became the Category Head - Fabric Wash and Regional Brand Director (Asia) for several Laundry and Household Cleaning (HHC) brands. In 2004, he became Vice President - Home Care (Laundry & HHC) India, responsible for the Home Care business. He was appointed as the Executive Director for the Home & Personal Care business in March 2006.

Mr. Paranjpe was appointed as the Managing Director and Chief Executive Officer of the Company in April 2008. He is also an Executive Vice President of Unilever Companies in South Asia.

Mr. Paranjpe holds a Bachelor Degree in Engineering (Mechanical) and MBA in Marketing from JBIMS, Mumbai.

Mr. Paranjpe is a Member of the Stakeholders' Relationship Committee, Nomination and Remuneration Committee and the Corporate Social Responsibility Committee of the Company.

#### Directorship in other Companies

Kimberly Clark Lever Private Limited

Hindustan Unilever Foundation

Bhavishya Alliance Child Nutrition Initiatives

Bombay Chamber of Commerce & Industry

Breach Candy Hospital Trust

Federation of Indian Chamber of Commerce and Industry

#### Membership / Chairmanship of Board Committees in other Companies

Nil

## SRIDHAR RAMAMURTHY

Mr. Sridhar Ramamurthy (48) joined the Company in 1989 and worked in a number of finance and commercial roles in India till December 2002 spanning Internal Audit, Factory Commercial, Post-acquisition Integration of TOMCO with HLL, Supply Chain and Corporate Accounts.

In January 2003, Mr. Sridhar moved to Singapore to take up the position of Vice President - Finance and Controller, Home and Personal Care Business Group for Unilever in Asia. With the changes to the Unilever organisation during 2005 - 2008, his role expanded over the years and he was appointed as Vice President - Finance and Controller, Unilever Asia, Africa, Middle East, Turkey, Central & Eastern Europe (AACEE), the largest of the 3 regions of Unilever.

On his return to India, Mr. Sridhar was appointed as Executive Director - Finance & IT and Chief Financial Officer of the Company, effective July, 2009.

Mr. Sridhar is a Gold Medallist Chartered Accountant. He is also a qualified Cost Accountant and Company Secretary. Mr. Sridhar is a Commerce Graduate from R. A. Podar College, Mumbai.

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

### Directorship in other Companies

Unilever India Exports Limited

Pond's Exports Limited

Hindustan Unilever Foundation

### Membership / Chairmanship of Board Committees in other Companies

Nil

## ADITYA NARAYAN

Mr. Aditya Narayan (61) began his career as a Management Trainee with ICI India Limited (now AkzoNobel India Limited) in 1973. He grew through diverse functions and businesses including a role as a Corporate Planning Manager at ICI Group HQ in London. He served as the Managing Director of ICI India during 1996 - 2003 and then as its Non-Executive Chairman over 2003 - 2010. He also served as the President and CEO of BHP Billiton India during 2005 - 2009.

Mr. Narayan is a B. Tech. from IIT Kanpur and also has formal qualifications in Law. He was a Fellow in Interdisciplinary Sciences at the University of Rochester, USA. He was a Commonwealth Scholar at the Manchester Business School in 1991 and a Fellow at the Aspen Institute, Colorado, USA in 1998.

Mr. Narayan joined the Board of the Company as an Independent Director in 2001. He is the Chairman of the Audit Committee and a Member of the Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

### Directorship in other Companies

LIC Nomura Mutual Fund Asset Management Company Limited

Linde India Limited

### Membership / Chairmanship of Board Committees in other Companies

LIC Nomura Mutual Fund Asset Management Company Limited

*Audit Committee - Member*

*HR Committee - Member*

Linde India Limited

*Audit Committee - Member*

*Shareholders' / Investors' Grievance Committee - Chairman*

## S. RAMADORAI

Mr. S. Ramadorai (68) is the Vice - Chairman of Tata Consultancy Services Limited. Mr. Ramadorai was conferred the esteemed 'Padma Bhushan' by the President of India in recognition of his contributions to IT industry of the Country. In 2008, Mr. Ramadorai was recognised as the 'International CEO of the Year' at the 14th Annual LT Bravo Business Awards and the 'Asia Talent Management of the Year' at CNBC's 7th Asia Business Leader Award. In April 2009, Mr. Ramadorai was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations. In 2011, the Indian Government appointed him as the Advisor to the Prime Minister in National Skill Development Council, in the rank of Cabinet Minister.

Mr. Ramadorai's academic credentials include a Bachelor degree in Physics from Delhi University, a Bachelor of Engineering, degree in Electronics and Telecommunications from Indian Institute of Science, Bangalore and a Master degree in Computer Science from the University of California, USA. Mr. Ramadorai attended the MIT Sloan School of Management's highly acclaimed Senior Executive Development Programme in 1993.

Mr. Ramadorai joined the Board of the Company as an Independent Director in May 2002. He is a Member of the Audit Committee and the Chairman of the Nomination and Remuneration Committee of the Company.

### Directorship in other Companies

Tata Consultancy Services Limited

Tata Industries Limited

Tata Technologies Limited

### Directorship in other Companies (Contd.)

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CMC Limited

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Piramal Enterprises Limited

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Tata Elxsi Limited

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Tata Teleservices (Maharashtra) Limited

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Tata Communications Limited

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Tata Advanced Systems Limited

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Asian Paints Limited

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BSE Limited

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Tata Lockheed Martin Aerostructures Limited

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Tara Aerospace Systems Limited

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Tata Communication International Pte. Limited

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Tata America International Corporation

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Tata Elxsi (Singapore) Pte. Limited

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Computational Research Laboratories Inc.

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Breach Candy Hospital Trust

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### Membership / Chairmanship of Board Committees in other Companies

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Tata Consultancy Services Limited

*Shareholders' / Investors' Grievance Committee – Member*

*Remuneration Committee – Member*

*Executive Committee – Member*

*Ethics & Compliance Committee – Member*

*Risk Management Committee – Member*

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Tata Industries Limited

*Remuneration Committee – Member*

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Tata Technologies Limited

*Audit Committee – Member*

*Remuneration & Compensation and Committee – Chairman*

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CMC Limited

*Governance Committee – Member*

*Executive Committee – Chairman*

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Piramal Enterprises Limited

*Nomination Committee – Member*

*Remuneration Committee – Member*

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Tata Elxsi Limited

*Executive Committee – Chairman*

*Audit Committee – Member*

*Remuneration Committee – Member*

*Nomination Committee – Member*

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Tata Teleservices (Maharashtra) Limited

*Audit Committee – Member*

*Ethics and Compliance Committee – Member*

*Executive Committee – Member*

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Tata Communications International Pte. Limited

*Remuneration Committee – Chairman*

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

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Tata Advanced Systems Limited

*Audit Committee – Member*

*Remuneration Committee – Member*

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BSE Limited

*Share Allotment and Shareholders' / Investors' Grievance Committee – Chairman*

*Compensation Committee – Chairman*

*Oversight Committee (Trading and Surveillance Function) – Chairman*

*Advisory Committee – Chairman*

*Public Interest Director Committee – Chairman*

*Audit Committee – Member*

*Defaulters' Committee – Member*

*Oversight Committee (Listing Function) – Member*

*Ethics Committee – Member*

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### O. P. BHATT

Mr. O. P. Bhatt (62) is the former Chairman of SBI (State Bank of India). In the 36 years that Mr. Bhatt served at SBI, he worked on several important national and international assignments. Mr. Bhatt led SBI through challenging times by capitalising on the bank's strengths. Under his leadership, SBI rose on the Global List rankings of Fortune 500.

Mr. Bhatt was nominated 'Banker of the Year' by Business Standard and CNN – IBN Indian of the Year for Business in 2007.

Mr. Bhatt holds a Graduate degree in Physics and a Post Graduate degree in English literature (Gold Medal).

Mr. Bhatt was appointed as an Independent Director on the Board of the Company in December, 2011. He is a Member of the Audit Committee and Nomination and Remuneration Committee of the Company and is the Chairman of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company.

### Directorship in other Companies

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Oil and Natural Gas Corporation Limited

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Tata Consultancy Services Limited

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Standard Chartered PLC

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### Membership / Chairmanship of Board Committees in other Companies

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Oil and Natural Gas Corporation Limited

*Audit and Ethics Committee – Member*

*Shareholders' / Investors' Grievance Committee – Member*

*Project Appraisal Committee – Chairman*

*Health, Safety and Environment Committee – Member*

*Financial Management Committee – Member*

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Tata Consultancy Services Limited

*Audit Committee – Member*

*Risk Management Committee – Member*

*Shareholders' / Investors' Grievance Committee – Member*

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## DR. SANJIV MISRA

Dr. Sanjiv Misra (65) is a retired Indian Administrative Services (IAS) officer and a former member of the 13th Finance Commission, a constitutional position with the rank of a Minister of State. Prior to joining the Finance Commission, Dr. Misra has served in a wide range of key positions in the Federal and State Governments, including as Managing Director of the Gujarat Industrial Development Corporation and stints at senior levels in the Government of India in the Cabinet Office, the Ministry of Petroleum, the Ministry of Health & Family Welfare and the Ministry of Finance. He served as a Secretary in the Ministry of Finance till his superannuation.

Dr. Misra has represented India in various international conferences, seminars and negotiations. Till recently, Dr. Misra was a Member of the Advisory Council of the Asian Development Bank Institute, Tokyo. He was also a member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August 2012 to chart out a road map for fiscal consolidation for the Indian economy.

Dr. Misra graduated in Economics from St. Stephen's College, Delhi. He has a Master's degree in Economics from the Delhi School of Economics, a Master's degree in Public Administration from John F Kennedy School of Government, Harvard University, USA and a Ph. D. from the Jawaharlal Nehru University, New Delhi. In recognition of exceptional academic strengths and leadership qualities, Dr. Misra was designated as Lucius N Littauer Fellow of 1987 at Harvard University.

Dr. Misra was appointed as an Independent Director on the Board of the Company in April, 2013. He is a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

### Directorship in other Companies

Akzo Nobel India Limited
BSE Limited
Axis Bank Limited

### Membership / Chairmanship of Board Committees in other Companies

BSE Limited
<i>Audit Committee – Chairman</i>
<i>Public Interest Director Committee – Member</i>
<i>Defaulters' Committee – Member</i>
<i>Ethics Committee – Member</i>
<i>Disciplinary Action Committee – Member</i>
<i>Compensation Committee – Member</i>
<i>Oversight Committee (Member Regulation) – Member</i>
<i>Oversight Committee (Listing Function) – Member</i>
<i>Inspection and Compliance Committee – Member</i>
<i>IPO Committee – Member</i>

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

Akzo Nobel India Limited
<i>Audit Committee – Member</i>
<i>Shareholders' / Investors' Grievance Committee – Chairman</i>
<i>Remuneration and Nomination Committee – Member</i>

## PRADEEP BANERJEE

Mr. Pradeep Banerjee (54) joined the Company as a Management Trainee in 1980. He has held a series of assignments in Supply Chain, Research & Development and Categories. Mr. Banerjee became the Vice President - Technical (Home & Personal Care) in 2003 and later moved to UK in 2005 as Vice President - Global Supply Chain for Personal Care Category. He 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 degree in Engineering (Chemical) from IIT Delhi.

### Directorship in other Companies

Unilever Nepal Limited
Unilever India Exports Limited

### Membership / Chairmanship of Board Committees in other Companies

Nil
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## DIRECTORS' INTEREST

The Directors of the Company 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
Nitin Paranjpe	2,26,969	0.0105
Sridhar Ramamurthy	78,114	0.0036
Aditya Narayan	Nil	NA
S. Ramadorai	35	0.0000
R. A. Mashelkar	Nil	NA
O. P. Bhatt	Nil	NA
Sanjiv Misra	Nil	NA
Pradeep Banerjee	15,024	0.0007

# DIRECTORS' REPORT

## and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 80th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2013.

### 1. FINANCIAL PERFORMANCE (STANDALONE)

#### 1.1. Results

	(Rs. crores)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Revenue from operations, net of excise	25,810.21	22,116.37
Profit before exceptional items and tax	4,349.48	3,350.16
Profit for the year	3,796.67	2,691.40
Dividend (including tax on distributed profits)*	(4,655.68)	(1,883.90)
Transfer to General Reserve	(379.67)	(269.14)
Profit & Loss Account balance carried forward	535.28	1,773.96

\* During the year, the Board of Directors declared a Special Dividend of Rs. 8.00 per Equity Share, which was paid out of the accumulated Profit & Loss Account balance and exceptional income generated in the first half of the financial year 2012-13.

#### 1.2. Category wise Turnover

	(Rs. crores)			
	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	Sales	Others*	Sales	Others*
Soaps and Detergents	12,460.96	240.86	10,488.38	147.90
Personal Products	7,309.10	162.56	6,486.45	98.91
Beverages	2,913.67	60.99	2,577.02	40.41
Packaged Foods	1,473.86	31.88	1,341.93	17.53
Others (including Exports, Chemicals, Infant Care Products, Water, etc.)	1,048.79	43.99	841.82	55.04
<b>Total</b>	<b>25,206.38</b>	<b>540.28</b>	<b>21,735.60</b>	<b>359.79</b>

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

### 1.3. Summarised Profit and Loss Account

(Rs. crores)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Sale of products less excise duty</b>	25,206.38	21,735.60
Other operational income	603.83	380.77
<b>Total Revenue</b>	<b>25,810.21</b>	<b>22,116.37</b>
Operating Costs	(21,806.46)	(18,825.03)
<b>Profit Before Depreciation, Interest, Tax (PBDIT)</b>	<b>4,003.75</b>	<b>3,291.34</b>
Depreciation	(236.02)	(218.25)
<b>Profit Before Interest &amp; Tax (PBIT)</b>	<b>3,767.73</b>	<b>3,073.09</b>
Other Income (net)	581.75	277.07
<b>Profit before exceptional items</b>	<b>4,349.48</b>	<b>3,350.16</b>
Exceptional items	608.40	118.87
<b>Profit Before Tax (PBT)</b>	<b>4,957.88</b>	<b>3,469.03</b>
Taxation	(1,161.21)	(777.63)
<b>Profit for the year</b>	<b>3,796.67</b>	<b>2,691.40</b>
<b>Basic EPS (Rs.)</b>	<b>17.56</b>	<b>12.46</b>

## 2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs. 6.00 per equity share of face value of Re. 1/- each for the year ended 31st March, 2013. The Interim Dividend and Special Dividend of Rs. 4.50 and Rs. 8.00 per equity share, respectively, were paid on 16th November, 2012.

The Final Dividend, subject to approval of Members at the Annual General Meeting on 26th July, 2013, will be paid to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Friday, 12th July, 2013 to Friday, 26th July, 2013 (inclusive of both dates). The total dividend for the financial year, including the proposed Final Dividend, amounts to Rs. 18.50 per equity share and will absorb Rs. 4,655.68 crores, including Dividend Distribution Tax of Rs. 655.69 crores.

## 3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are

reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- they have prepared the annual accounts on a going concern basis.

## 4. MANAGEMENT DISCUSSION AND ANALYSIS

In order 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.

### 4.1. Economy and Markets

The global economy continues to be sluggish with a moderation in growth in China adding to the continuation of the crisis in the European Union and the United States being unable to show clear signs of economic recovery. The global economy seems fragile with revival of economic activity not yet discernible.

Within the domestic economy, growth slowed much more than anticipated, with the GDP growth for fiscal year 2012-13 being pegged at 5.0%, the lowest in a decade. Inflation, which remained high through most part of the year, eroded domestic consumer savings and curtailed consumption reflecting in slowing market growth. The slowdown was particularly stark in discretionary categories which were further accentuated by slowdown in modern trade on the back of stores rationalisation by certain retailers.

Your Company's performance for the year 2012-13 has to be viewed in the context of the aforesaid economic and market environment.

## Performance of Businesses and Categories

### 4.2. Home & Personal Care (HPC)

The Home & Personal Care (HPC) business consists of Personal Wash, Fabric Wash, Household Care and Personal Products, which includes categories like Skin Care, Hair Care, Oral Care, Deodorants and Colour Cosmetics. During the year, HPC business registered a robust volume and price growth, leading to a value growth of 16.5%.

The opportunity for growth in India continues to be immense across all HPC categories. This fact is also reflected in high levels of competitive intensity in the market place. Your Company believes that unwavering defence of market shares in core categories as well as market development to build segments of future is critical for sustained growth and long term value creation. While focusing on the core categories, your Company has also invested significantly in the segments of future, the segments which are expected to drive future growth. Rural continues to be a key area of focus for your Company, with the 'Khushiyon Ki Doli' programme continuing across the States of West Bengal, Bihar, Maharashtra, Andhra Pradesh and Uttar Pradesh. 'Khushiyon Ki Doli' is a cost efficient, rural brand activation module, which assists in increasing the reach of various HPC brands, such as Wheel, Surf Excel, Vim, Fair & Lovely, Sunsilk, Lifebuoy and Closeup.

In a highly competitive scenario, where new brands and offerings are entering the market almost every quarter, your Company delivered double digit growth driven by innovations and maintenance of marketing and trade investments at competitive levels throughout the year. Your Company has also significantly stepped up investment in Digital Media, which is expected to be the media channel of the future. Your Company continued to leverage and benefit from the various inputs from Unilever across various aspects of the business, including technology, innovation and communication.

Volatile and rapidly changing commodity markets, including vegetable oil and crude oil, coupled with fluctuating currency markets continued posing a major challenge during the year. Cost inflation impacted several input costs, such as laundry chemicals and supply chain costs. Even in this challenging environment, your Company delivered profit growth through robust cost saving programmes and dynamic pricing without compromising on the competitiveness of brand investments, both in terms of technology as well as advertising and promotion.

#### 4.2.1. Soaps and Detergents

Soaps and Detergents turnover grew by 18.8% on the back of strong underlying volume growth and pricing actions.

Personal Wash category recorded strong, double digit growth during the year, driven by robust volume growth resulting from strong marketing plans, consumer centric activations, effective pricing and sustained high levels of distribution. The growth was broad based and across every segment of the category, led by Dove, Lux and Lifebuoy. The category growth was witnessed not only in the core bars business but also in personal wash liquids, through penetration and increased consumption. Focus on cost efficiencies and mix improvements driven by premiumisation helped the Company improve category margins.

Fabric Wash category recorded another successful year with consistent volume growth despite steep increase in input costs. The category margins were sustained by excellent execution of cost saving programmes and dynamic management of pricing actions. The focus on innovations resulted in successful launches / re-launches in brands like Surf Excel and Rin. These brands continued to lead category premiumisation by delivering double digit volume growth. Speed to market was a key focus for the Fabric Wash business. Various initiatives across the Fabric Wash category ensured that the products are competitively priced and the right mix is available in the relevant markets. Comfort continued to drive market development and build the fabric conditioner market. Your Company will continue to focus on driving innovations, exercising control over costs across the value chain and delivering effective communication to win in Fabric Wash category.

Household Care category recorded robust volume and value growth during the year through focused innovation in the portfolio to provide greater consumer value. Vim bar continues to delight consumers by delivering superior performance and new offerings like the Anti-Germ Bar and the Monthly Tub Pack. Vim liquid continues to develop the liquid dish wash category driven by superior product quality and strong advertising. It has effectively accomplished the dual job of growing the liquids market by reaching out to more households, while increasing consumption in existing households. Domex continued to provide clean and germ free toilets to the consumers.



#### 4.2.2. Personal Products

Personal Products categories comprise Skin Care, Hair Care, Oral Care, Deodorants and Colour Cosmetics. In a challenging economic environment where growth rates slowed down during the year, the Personal Products categories delivered good turnover growth of 12.7%, led by strong underlying volume growth.

Skin Care category registered double digit growth during the year in a challenging market context. New segments like Face Washes, Body Lotions, Skin Lightening and Anti Ageing witnessed robust growth. Pond's Skin Lightening, Pond's Anti Ageing and Lakmé Perfect Radiance, which were re-launched during the year, registered a strong double digit growth. Fair & Lovely was also re-launched during the year and has strengthened its market leadership in a slowing mass skin lightening segment. The second half of the year witnessed double digit growth in winter products, such as Pond's Body Lotion and Cold Cream and Vaseline Body Lotions and Petroleum Jelly.

In Hair Care category, your Company registered robust double digit growth during the year. Your Company has strengthened its position in the premium segment with the launch of TRESemmé range of shampoos and conditioners. Dove continues to lead the growth agenda and has consistently gained market share. The brand has also made a foray into the premium hair oil segment with the launch of Elixir range of oils, which has been received well in the market. Sunsilk grew strongly on the back of effective communication. Clinic Plus, with the help of a strong re-launch in first half of the year, continues to be the largest shampoo brand in the category. Your Company continued its focus on market development by investing strongly behind the emerging high potential hair conditioners segment, thereby growing ahead of the market.

Oral Care category delivered strong volume led double digit growth. Your Company continued to focus on strengthening the Oral Care brands and the portfolio. Pepsodent stepped up its play in the Advanced Care segment with the launch of the Expert Protection range, which has helped in the premiumisation of the brand. Closeup was re-launched during the year and a new flavour variant, Closeup Eucalyptus Mint, was introduced to add to its product portfolio. Your Company has also put in place a robust plan to strengthen the toothbrushes portfolio with launches at both the premium as well as the mass end of the market.

Your Company continued to strengthen its Deodorant portfolio by introducing Lux in the fast growing women's deodorant segment. Axe launched a new variant Axe Apollo, which received strong initial response with a first of its kind promotional campaign, where 'Consumers of Axe Apollo stand a chance to win a trip to space'. Dove deodorant, which was re-launched with added skincare benefits, has been well received by the consumers.

The brand continues to have a strong focus on modern trade as a channel. Your Company currently imports a large portion of deodorants in the aerosol form. Unilever is in the process of implementing a project to establish a world class deodorants manufacturing facility in India and this plant will provide regular supply of high quality deodorant products to service markets across the world, including India.

Lakmé Colors delivered double digit value growth in the year, driven by strong innovations and expansion of the beauty advisory channel. Lakmé Colors portfolio has been built on four platforms, viz. Core, Absolute, 9 to 5 and Elle 18. The core segment's growth was led by strong performance in Face products where Lakmé Radiance Compact and Lakmé Perfecting Liquid Foundation particularly performed well. The Nail portfolio grew on the back of solid sales performance in Color Crush and nail enamel remover. Absolute, the top-end long-wear makeup with wide range of products in eye, nail, face and lip, continues to drive relevance and premiumisation. During the year, the 9 to 5 portfolio was further strengthened with the launch of Eyeconic Kajal. Elle 18 was re-launched towards the end of the year to rebuild itself as a brand targeting the younger beauty aspirants.

#### 4.3. Foods & Beverages (F&B)

The Foods & Beverages (F&B) portfolio of your Company comprises Tea, Coffee, Processed Foods, Frozen Desserts, Bakery products and Out of Home operations, including BRU World Café.

During the year, F&B business delivered double digit growth with an appropriate balance of volume, price and mix. The Packaged Food category continues to represent a significant consumer and business opportunity given the shifts in the income pyramid, increase in working women, growing health concerns and need for taste with convenience. Your Company is consistently focused on developing newer offerings that can best fulfil existing and emerging consumer needs. Your Company continues to focus on driving availability and distribution alongside building salience for its brands through micro-marketing initiatives in core categories. In addition, your Company is driving upgradation across categories with strong research and development support from Unilever and an intimate understanding of Indian consumer and customer needs.

The F&B business was faced with multiple challenges during the year, including high competitive intensity from multinational, national as well as local players in many categories, significant commodity cost inflation across the spectrum and a general slowdown in consumer spends due to impact of high food inflation. Your Company has proactively managed the challenges by responding through value enhancing innovations, consumer centric value packs, judicious price increases and aggressive cost saving programmes.

#### 4.3.1. Beverages

During the year, the tea market grew in volume and value for the second consecutive year driven by upgradation. The commodity prices showed steep increase in latter part of the year. In this context, your Company recorded competitive and profitable growth. This was achieved largely through a combination of brand building efforts on the lead brands in our portfolio, supplemented by strong on-ground efforts to expand distribution and penetration.

Taj Mahal and Lipton continue to drive premiumisation and market development through formats like Tea bags and Iced tea powder enabling your Company to build leadership in these segments of the future. Taaza was re-launched with a new proposition which propelled the brand's growth in latter half of the year. Red Label and 3 Roses witnessed third consecutive year of volume and value growth ahead of market. All brands of your Company showcase the inherent goodness of tea. While Red Label and 3 Roses bring out the health benefits of flavonoids, Taaza focuses on improving concentration power through theanine.

The Instant Coffee market grew strongly during the year with commodity prices witnessing an unprecedented increase. In this context, your Company recorded strong growth, led by the core franchise. Your Company expanded the premium BRU Exotica coffee range with the launch of Guatemala (freeze dried coffee), supported by appropriate media activations.

Your Company's Out of Home business performed well during the year and continues to have high growth potential. Investments are being stepped up in the business, portfolio and 'Go to Market' capabilities. Your Company is expanding the business into new geographies and segments like hotels, restaurants and catering. Your Company continues to explore the Out of Home consumption opportunity through its BRU World Cafe outlets in Mumbai.

#### 4.3.2. Packaged Foods

Kissan, which continues to remain one of the most trusted brands among Indian consumers, consolidated its offerings during the year. Ketchups continued to lead with strong underlying volume growth, helping your Company gain market share. The Kissanpur campaign, spread across print, digital and on-ground activations, was highly successful and went on to win many media and creative awards, such as the Grand Prix at Spikes Asia and bronze at Emvies and Effies.

Your Company maintained its strong position in the soups segment through Knorr. The instant soups range, targeted for the young adults, performed well. Your Company is committed to drive market expansion in the category. Knorr Soupy Noodles has been restaged towards the end of the year with a superior offering.

The staples business, through Annapurna, grew well despite the challenges posed by the rising commodity costs. Your Company will continue to focus on key geographies and optimise costs to further enhance the profitability of the portfolio.

The Food Ambassadors programme has significantly strengthened your Company's capability to engage consumers at the point of sale, which has increased trials of new offerings. Your Company will continue to leverage this platform to connect with consumers.

Bakery business (Modern Foods) sustained its performance and continued to deliver strong underlying growth with profit improvement from distribution expansion, scale and better operational efficiencies. The new products and offerings in adjacent categories, like cakes, cookies, idli/dosa batter, dry mix powders and others have contributed well to the growth.

#### Frozen Desserts

The Kwaliti Wall's business had a good year in a challenging market environment on the back of exciting innovations launched at the onset of the summer season. The three key platforms; Cornetto, Paddle Pop and Selection Take Home Tubs, which are popular among youth, children and families respectively, continued to perform well and delivered double digit growth. During the year, your Company successfully launched a new brand Fruttare, an ice candy 'made with real fruits' in three variants, Mango, Grape and Litchi. Selection range of in-home tubs was re-launched with exciting western flavours and new Indian flavours under the Shahi Delights platform. In addition, the innovations under Cornetto, Paddle Pop and Kulfeez also performed well, helping the category deliver higher growth. Your Company continued to focus on expansion of Swirl's parlours across the country. This helped to create over 10 million 'happiness moments', while serving unique offerings through Kwaliti Wall's Swirl's outlets.

During the year, input costs put significant pressure on profitability. The robust and well rounded portfolio and strong innovations have helped the business to take prudent price increases. Availability and visibility are the category's most important growth drivers. Your Company continues to invest in more freezer deployment and usage of information technology to enhance availability and to drive better asset utilisation.

#### 4.4. Water

Pureit continues to strengthen its position in a slowing consumer durables market. During the year, Pureit's new product innovations focused on driving superior functionality and aesthetics with the launch of Pureit Advanced and Pureit Marvella UV. Pureit Advanced was launched with a breakthrough design that promised a double protection functional benefit. It has become the new benchmark for superiority in the non-electric purifier segment thereby further strengthening

Pureit's market position. The launch of Pureit Marvella UV was another testimony to Pureit's pioneering innovativeness. This purifier comes equipped with a unique feature of an Advance Alert System for filter change. This feature is in line with Pureit's product philosophy of delivering safe drinking water till the very last drop. In addition, Pureit Marvella UV is the first UV purifier to have a built-in storage of five litres of purified water, thereby giving consumers an easy way to manage the uncertainty relating to water supply and electricity. During the year, your Company focused on building distribution reach for its range of purifiers in different retail formats across the country. Substantial progress was made in evolving the business model to make it more scalable.

#### 4.5. Exports Business

##### FMCG Exports (Unilever India Exports Limited)

In order to fully exploit the opportunity in exports market and to provide necessary focus, flexibility and speed to the business, the FMCG Exports Business Division of the Company was transferred to a wholly owned subsidiary, Unilever India Exports Limited ('UIEL') consequent to a Scheme of Arrangement. The Exports business has successfully re-cast itself into two units; one focused on driving cross border sourcing to Unilever companies and the other leveraging the equity of locally developed brands among the ethnic diaspora in international markets. The strategy of a dedicated business unit driving distribution of locally developed brands, such as Kissan, BRU, Brooke Bond, Lakmé, Pears have yielded strong growth in these brands in its first year.

The Home and Personal Care segment in the exports business witnessed a stable year, driven primarily by Skin Care and Hair Care categories leading to a moderate growth in volume and core operating profit. Brands like Pears and BRU have also registered healthy growth in the focused markets through strong advertising and activation support. The Foods and Beverages segment of the business witnessed a modest growth. The tea bags category maintained strong sales in Australia and the United States. Instant Coffee sales remained steady. The profitability for the overall segment improved, with export incentives being extended to conventional tea, instant tea and instant coffee.

##### Non-FMCG Exports

In the specialty business, which continued to be part of your Company post the above mentioned demerger, rice registered a strong double digit growth with dedicated focus on expanding geographies, seeding opportunities and marketing / brand building support.

##### Leather (Pond's Exports Limited)

The Leather business performed well with improved operating profitability and robust sales growth. This performance was achieved through new product designs, excellent customer service, world class quality and cost innovations.

#### 4.6. Beauty & Wellness (Lakme Lever Private Limited)

Lakme Lever Private Limited (LLPL), a wholly owned subsidiary of the Company, has 185 salons, of which 46 are Company owned / managed and 139 are franchisee salons. LLPL delivered double digit salon growth for the third consecutive year although expansion slowed down. During the year, Lakmé Absolute Salon, the defining salon experience with exclusive bespoke services across Skin and Hair, was opened in New Delhi and Bangalore. LLPL created a focused cross functional 'New Salon Team' to accelerate the expansion of new salons. LLPL is investing in improving customer service and building delightful imagery to support the Lakmé PROstylist proposition. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

#### 4.7. Hindustan Unilever Network

Hindustan Unilever Network business consists of three major brands Aviance (Personal Care), Lever Ayush (Health Care) and Lever Home (Fabric Wash, Household Care and Toothpaste). Your Company has made significant improvements in re-positioning the portfolio from the mass market to the Prestige and Premium segments. This has been accomplished through an improved business partner profile. Your Company continues to invest in on-ground activation and training.

#### 4.8. Kimberly Clark Lever Private Limited (KCL)

KCL is a Joint Venture between your Company and Kimberly-Clark Corporation, USA, with infant care diapers as its primary product category. The year witnessed the re-launch of Huggies Diapers and Huggies Wonder Pants with improved product features and performance, which has been well received in the market. Low levels of penetration in India's infant care diapers markets offer significant growth potential for this category. This growth opportunity has attracted increased levels of competitive intensity in the recent past with multinationals making significant investments in India. With a view to participate effectively in this growth opportunity, KCL aims to bring in regular innovations to the market through sustained and appropriate investments in the short to medium term. Your Company continues to be committed to make appropriate investments in this business.

## 5. CUSTOMER DEVELOPMENT

During the year, your Company ensured that it continues to build on its reputation of a distribution and execution powerhouse with a best in class quality and a vast distribution network of more than 2,500 re-distribution stockists.

Your Company has undertaken some important initiatives during the year to become more customer centric and win in the market place. These initiatives include establishing dedicated call centres for distributors as well as retailers to reach out to

the Company. The call centres set up for retailers have helped millions of outlet owners reach out directly to the Company. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the market place better and address them effectively. Your Company has also launched a structured Consumer & Customer License programme, under which Company employees spend time with the customers to understand their needs better. These initiatives have helped in keeping the consumers and customers at the heart of your Company's business model.

During the year, your Company set up a state-of-the-art Customer Insight and Innovation Centre (CiiC) at Mumbai, the latest among seven such centres across Unilever worldwide. This centre is equipped with the latest technologies to help us work closely with our distributive and modern trade partners to develop sharp and incisive shopper insights and platforms to win with shoppers.

Your Company further strengthened the Perfect Stores programme to drive superior availability and visibility of its products at the market place. The Perfect Stores programme has proven to deliver higher growth and share for the business. Your Company continues to make good progress in covering more stores under the Perfect Stores programme.

Modern Trade, which is the growth channel for the future, continues to be a focus area for your Company. The relentless focus on joint business planning and ensuring best in class on-shelf availability to grow the business together was appreciated by modern trade customers. Your Company was awarded the 'Best Supplier' by leading modern trade customers for yet another year.

Leveraging the rural distribution network of the Company, the rollout of Telecom Distribution alliance with Tata Teleservices Limited (TTSL) into 13 Telecom Circles nationally for the distribution of telecom products, was completed during the year. The Company is now distributing these products in more than 95,000 telecom outlets through over 720 rural distributors. This distribution alliance has helped the Company further drive rural growth with enhanced earning potential for its channel partners, rural distributors and Shakti entrepreneurs.

### 5.1. Project Shakti

Your Company continued to drive its rural coverage agenda through Project Shakti, which now has 48,000 Shakti entrepreneurs (Shakti ammas) complemented by over 30,000 Shaktimaans, the male members of Shakti amma's family. Shakti ammas have proved successful in increasing the Company's presence in rural areas, building strong local relationships with consumers, thereby encouraging brand loyalty. Shakti ammas are also acting as your Company's ambassadors to spread awareness of health and hygiene in deep rural India with limited

media reach. At the same time, Shaktimaans distribute Company products on bicycles, covering over 135,000 villages in 15 States and serving 3.3 million households.

In order to further strengthen the rural coverage and streamline the supply chain network, your Company has deployed a low cost mobile IT solution for Shakti programme, during the year. This is a mini ERP (Enterprise Resource Planning) package run on an entry level smart phone to help the Shakti entrepreneurs manage their enterprise better. The package is now being used by over 40,000 Shakti entrepreneurs across the country. This solution is available in eight languages and allows the Shakti entrepreneurs to book orders and manage inventory. The application also provides updates on the promotions and offers. The information received through this solution provides business insights which helps recommend categories to be driven in lower population markets. This application will equip your Company to become more organised and scientific in its sales and distribution planning in rural India.

## 6. SUPPLY CHAIN

Your Company's Supply Chain agenda for the year was focused on strengthening five key areas: Customer Service Excellence, Focus on Consumer & Customer Quality, Robust Supply Chain Saving Programme, Turbo-Charging TPM (Total Productivity Management) and Partner to Win through Continuous Improvement, Teaming and Collaboration.

Your Company has made significant progress in its vision to deliver outstanding customer service and enable sustainable growth. The service delivery standards improved steadily with CCFOT (Customer Case Fill on Time) increasing to 93%. The Customer Satisfaction Survey Scores and Best Supplier recognition from customers have been encouraging and suggest that the actions taken by your Company are in the right direction. Modern Trade OSA (On-Shelf Availability) has further improved during the year. Your Company has embedded Sales and Operation Planning Process (S&OP) and Innovation Process Management (IPM) as business enabler and is adding value to the business.

The quality performance measured as Consumer Relevant Quality Standard (CRQS) has shown 50% improvement over last year. Quality continues to be a major focus area, with a thrust on design quality improvement and new quality standards implementation for warehousing and transportation. The consumer care lines have been improved and are being used as channels to engage with consumers.

Your Company has a robust Supply Chain savings programme with continuous focus on end-to-end Supply Chain cost reduction through new technologies, alternative sources of energy, efficient

processes and methods. During the year, your Company has delivered 5% saving in Supply Chain cost with sourcing network optimisation, logistic efficiency through improved utilisations, factory production cost reduction through improvement in energy efficiency, technical efficiencies, wastage reduction and yield improvement.

The TPM journey, with strong focus on autonomous maintenance, preventive maintenance, focused improvement and strong circle engagements, has helped the Company improve employee engagement, efficiency and derive competitive advantage. The performance across PQCDMS (Productivity, Quality, Cost, Delivery, Safety, and Morale) is showing sustained improvement.

Your Company has progressed on the long term plan to create capacities through efficiency improvement, speed improvement and high speed technologies to support volume growth while managing costs. Your Company has successfully executed all capacity creation projects on time to ensure smooth delivery during the year.

There has been a 15% improvement in innovation OTIF (On Time in Full) with more than 150 innovation networks being executed during the year touching more than 50% of the product portfolio. The focus on better and faster innovation and capability development has significantly helped the Company launch innovations first time right. Your Company has identified beauty, foods, modern trade and rural as key capabilities to win in the future and the supply chain function has significantly improved capability and skill building in these areas during the year.

The Partner to Win programme with supplier and business partners in procurement function focuses on reducing lead time, decreasing procurement cost, improving reliability and work on new innovation. Your Company leverages benefits of scale and synergy through Unilever's global buying network.

## 7. RESEARCH & DEVELOPMENT

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D) which differentiates it from many others. New products, processes and benefits flow from work done in various Unilever R&D Centres across the globe as well as in the Research Centres in India. The R&D labs in Mumbai and Bangalore are aligned to Unilever's global R&D. Many of the projects run out of these centres are of global relevance and have a strong focus on the needs of this region and the overall Developing & Emerging (D&E) world. With the world class facilities and a superior science and technology culture, your Company is able to attract the best talent to provide significant technology differentiation to its products and processes.

Your Company's R&D programmes are focused on development of breakthrough and proprietary technologies with innovative consumer propositions. The R&D team of over 750 people comprises highly qualified scientists and technologists working in areas of Home & Personal Care, Foods & Beverages and Water Purification. The R&D group also comprises critical functional capability teams in the areas of Regulatory, Clinicals, Patents, Digital R&D, Product & Environment Safety and Open Innovation.

During the year, your Company introduced several innovations in Soaps and Detergents category. In Wheel, a new surfactant was introduced to enhance superior performance and quality. Surf Excel Blue was re-launched with significantly improved efficacy. Household Care launched Domex toilet cleaner in a child safe pouch form to make hygiene more affordable. New water saving rinse aids 'Magic' and 'Comfort One Rinse' were introduced in a test market.

In Personal Care category, particularly Skin Care, the key deliveries during the year were PPARs (Peroxisome Proliferation-Activated Receptor) and a new modified sunscreen system. Both of these products were launched as world's first skin and spot lightening cream sensory, with SPF20 under Pond's White Beauty. The PPARs, along with next-generation instant optics, were also launched as a part of the new Fair & Lovely Advanced Multivitamin formula.

In Hair Care category, Clinic Plus was re-launched with improved formulation that provides enhanced wet and dry conditioning and a significantly superior hair fall reduction benefit. A colour rescue variant in Dove, specially formulated for care of coloured hair was introduced. TRESemmé, an international salon brand, with a formulation tailored for Indian hair and endorsed by salon professionals, was launched for the first time in India. The entire range of Sunsilk was re-launched with enhanced benefits and premium packaging. At the end of the year, premium hair oil under Dove, comprising a special, light and non-sticky nourishing formula with precious oils and real flowers, was launched.

In Oral Care category, Pepsodent Expert Protection was launched in the premium segment with a new regime based claim, 'action of toothpaste, mouthwash and floss in one tube'. Closeup was re-launched with a new anti-malodour agent and new claims, such as 3X more fresh breath for 12 hours.

The year witnessed several new R&D innovations in Beverages category. Brooke Bond Taaza was re-launched with new proposition, packaging and a superior product delivery aimed at enhancing economy of use for consumer. Lipton Iced tea powder mixes were revamped with new product and packaging. Taj Mahal leaf tea range was extended to new geographies with location specific blends.

The Foods R&D team has continued to focus on delivering winning formulations and product superiority. A new variant called 'Sweet & Spicy' was launched under Kissan ketchups, which is a winning formulation when compared in blind with other products in the market by consumers. In the Jams portfolio of Kissan, a new pack at an affordable price of Rs. 5/- was introduced to drive penetration in the category. In Frozen Desserts category, a new variant of Cornetto, 'Pistachio' was also developed and launched. Premium single origin, freeze dried coffee range under BRU was expanded with the launch of a new unique variant, Guatemala. R&D along with supply chain and procurement teams, also focused on developing innovative end-to-end solutions to proactively manage commodity cost pressures.

In Water business, advanced Pureit with significantly enhanced design was launched. A long life battery kit was also launched for Pureit during the year. The year also witnessed the launch of a reverse osmosis based water purifier, Pureit Marvella UV.

R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives. Your Company's R&D is also working on novel technologies to help save substantial amount of water.

With strong scientific expertise and the potential to deliver high value technologies, India continues to occupy a premier position in Unilever R&D. Your Company is well placed to meet the challenges emanating from the increased competition intensity and the opportunities to drive faster growth on the back of strong support from R&D as well as brand development capabilities.

Your Company had entered into a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever. The TCA provided for payment of 1% royalty on net sales of specific products, manufactured with technical inputs developed by Unilever. The TMLA provided for the payment of trademark royalty at the rate of 1% of net sales on specific brands, where Unilever owns the trade mark in India. Given that the pace of innovations and the scope of services have expanded over the years and that Unilever's global resources are providing greater expertise, superior innovations and scale advantage for all Unilever entities, your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. Your Company is also receiving support and guidance to drive functional excellence in marketing, supply management, media buying, IT, etc., which helps your Company to 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 market place. Given the need for increased levels of service and the consequent additional costs, your Company has entered into a new agreement with Unilever in order to ensure a fair recovery of costs by Unilever. In terms of the new agreement, the existing royalty cost of c. 1.4% of turnover will increase, in a phased manner, to a royalty cost of c. 3.15% of turnover no later than the financial year ending 31st March 2018, i.e. a total estimated increase of 1.75% of turnover.

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, 2013, are as follows:

- Capital Expenditure : 1.67 crores
- Revenue Expenditure : 35.66 crores

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

Your Company continues to focus on the vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. A behavioural safety programme was deployed across the Company as the core of our safety journey. This has been supplemented by a consistent focus on prevention of hand-in-machine and slip-trip-fall injuries at workplace and multiple initiatives for improving road safety. In 2012, the safety incident rate measured as total recordable frequency rate (TRFR) decreased by 61% over 2008 baseline.

The behavioural safety model has now been customised as BeSafe and will be launched company-wide in latter half of the year. Your Company has taken safety programmes to the families and homes of employees, through 'Beyond Work Safety' campaigns, which have been very well received. Your Company continues to benchmark itself with the units known for best safety performance in the country and across Unilever. Your Company has received many awards from the Government and independent organisations for its safety practices.

Your Company continues to make excellent contribution to the Unilever Sustainable Living Plan, where Unilever's vision is to double the size of its business while reducing the overall impact on environment and improving its positive social impact. Your Company has been taking steps to reduce electricity and water consumption in its manufacturing processes as well as control waste generation. The key actions in this direction include:

- Use of biomass fired boilers and hot air generators, which reduce consumption of fossil fuels like coal and furnace oil.
- Use of plant waste / by-products like spent tea leaves and coffee beans as fuel.
- Shift to cleaner sources of energy like natural gas and other renewable sources, wherever available.

- Adoption of energy efficient technology, like LED lights, high efficiency motors, electronic drives / inverters, screw compressors.

Your Company has reduced CO<sub>2</sub> emissions (per tonne of production) in India by 22% compared to 2008 baseline. Use of renewable energy has increased to 15% of the total consumption. Your Company has reduced water usage in manufacturing operations by 29% compared to 2008 baseline. Rainwater harvesting has been implemented in 22 units to recharge up to 3,32,000 KL / annum ground water. In addition, rainwater recycling being done at seven sites of your Company has reduced up to 51,000 KL / annum of freshwater usage. Total 31 sites became 'zero-discharge site' i.e. 79% of our sites do not discharge any liquid effluent.

In all Company units, recyclable waste e.g. packaging material, empty raw material containers, spent lubricants, project scrap, etc. are systematically segregated and tracked for effective recycling. More than 98% of total waste is recycled in environment friendly ways. Total waste per tonne from the manufacturing sites has reduced by 77% against the 2008 baseline.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to energy conservation is appended hereto and forms part of this Report.

## 9. HUMAN RESOURCES

Your Company's Human Resource agenda for the year was focused on strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organisational capabilities for future readiness, driving greater employee engagement and strengthening employee relations further through progressive people practices at the shopfloor.

Your Company's employer brand has been built with high levels of rigour and thoroughness through a large number of student interactions and qualitative and quantitative analysis of the responses. Your Company is widely acclaimed for its people development practices and has reinforced its position in this area. This, coupled with the ability to attract best talent, gives a competitive edge to the organisation. Your Company, for the fourth consecutive year, retained its position as the Dream Employer with students of top business schools. Your Company was voted to this position from a mix of FMCG, Consulting, Financial Services organisations, etc. Your Company has also been voted as the No. 1 Employer for Mid Career recruits in a survey conducted amongst active job candidates in the FMCG sector.

Your Company has a vision to improve its Gender Balance and the roadmap involves a four pronged approach:

- Increasing the number of female talent through proactive market mapping.
- Staying connected with our stakeholders through digital recruitment campaigns.
- Creating a culture of inclusion.
- Leveraging visible leadership role models.

The enablers for these could be as varied as flexi time to agile working to customised solutions for women who come back from maternity breaks. 'Career by Choice', a unique re-hire programme, provides a platform for women looking for real opportunities to work flexibly and part time for live business projects. With these enablers and focused plans, your Company has witnessed 8% shift in the Gender Balance Ratio over the last two years.

The initial part of the journey for Talent and Organisation Assessment was undertaken successfully. Your Company has now institutionalised the next phase of the Talent and Organisation Assessment charters, which will take-off during 2013 and chart out the best practices for each stream. The aim is to meet the requirements of the current talent pool and to enhance the Company's future readiness.

In addition to building core capabilities in marketing, sales and distribution, your Company is investing in the areas of beauty, foods, digital, e-commerce, frontline capabilities and crafting brands for life, to win in the future. Your Company has developed comprehensive plans in each of these key areas that are customised to suit the present and future business needs. In addition to building capabilities, your Company has also identified two key behaviours, Bias for Action and Consumer and Customer Centricity that will supplement the capabilities to achieve business goals. In order to drive Bias for Action, your Company has developed Project Sunset which is an online platform for speedy resolutions of issues within the Company and has a satisfaction score of over 88% from internal employees. To drive Consumer and Customer Centricity, your Company has undertaken a number of activities to regularly communicate with and reach out to its consumers and has a well defined programme to capture insights from its consumers.

Your Company undertook intensive training programmes through a combination of face-to-face and virtual learning approaches. Over 41,600 e-learning registrations took place indicating that the spirit of 'learn where you are' is imbibed in employees of the Company. Your Company is also investing in building capabilities in digital and social media to find new platforms for brands to engage more effectively with Indian consumers.

The Global People Survey is a part of the Unilever Employee Insight Programme, which aims to give a voice to the Company's people and provides a vehicle to make their views heard. The Survey also provides regular, meaningful and actionable feedback to the leaders in the organisation. It has questions spread across several dimensions in the areas such as Strategic Leadership, Immediate Boss Effectiveness and Engagement. Feedback from this survey forms the basis of holistic engagement plans, which are reviewed regularly. As per Global People Pulse Survey 2012, India features in the top 25 countries across Unilever. An extremely favourable 91% of employees expressed pride to work for your Company. This is in recognition of your Company's Performance Management and Reward processes, which are geared towards building a performance and execution focused culture.

Your Company has been investing in progressive employee relations practices to ensure that it invests in capability at the grass root level. 'Sparkle' is a centrally hosted intranet based tool that supports skill mapping, skill assessment, performance assessment, gap analysis and enables training plan identification which is customised to each workman basis priority areas. Sparkle has been a pioneering tool in the area of workmen capability development that promotes higher transparency and focused training intervention linked to individual and business needs. The tool has delivered results for over two years now and your Company has successfully completed appraisals, thereby identifying top performers and completing skill gap analysis of over 10,000 workmen online. 'Sparkle' has been recognised as a best practice and adopted for a global roll-out. Business Linked Engagement and TPM Edge programmes continued with full focus and rigour during the year and delivered significant improvement in factory operations.

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any Member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy thereof.

## 10. INFORMATION TECHNOLOGY (IT)

Your Company continues to invest in IT, leveraging it as a source of competitive advantage. The enterprise wide SAP platform, the backbone of IT, encompasses all core business processes in your Company and also provides a comprehensive data warehouse with analytics capability that help in better and speedier decisions. SAP is used to collaborate with the suppliers

and customers. Supply Chain optimisation, enabled by the IT capability, remains a source of significant value. Your Company continuously invests in upgrading the SAP platform to leverage the latest functionality and technology enhancements to deliver business efficiencies.

Your Company has institutionalised an extensive IT capability for Customer Development function to support front-end execution. All distributors run a standard distributor management system. The salesmen of the distributors use handheld devices for accepting retail orders, which enable faster tracking and real time sales information. Your Company has used analytics and the existing IT infrastructure to build a capability for an intelligent sales call. This enables your Company to customise sales call for each outlet on a scientific basis, thus helping to significantly improve the effectiveness and efficiency of the sales process.

Your Company is leveraging GIS (Geographic Information System) based mapping technology to aid planning for coverage expansion drives in urban and rural markets. The capability allows field personnel to identify pockets for coverage and also evaluate their attractiveness to help derive coverage plans.

Your Company is further enhancing IT capabilities built for rural expansion to equip Shakti ammas with low cost mobile technology to help them work in a more controlled and efficient manner. This technology now allows your Company to standardise selling processes across the Shakti network and also track outlet sales information which can be leveraged through analytics to further aid the selling process.

Your Company continues to invest in IT infrastructure to support business applications and has made use of India's expanded telecom footprint to provide high bandwidth terrestrial links to all operating units. Your Company also uses software as a service to provide agile and cost effective IT capabilities in select areas.

As the IT systems and related processes get embedded into the ways of working of the organisation, there is a continuous focus on IT security and reliable disaster recovery management processes to ensure all critical systems are always available. These are periodically reviewed, upgraded and tested for efficacy, adequacy, security and reliability.

## 11. FINANCE AND ACCOUNTS

Your Company continued to focus on cash generation. The focus on managing optimal levels of inventory, sound business performance, operating efficiencies and cost savings across the organisation helped generate healthy cash flows. Your Company managed investments prudently by deploying cash surplus in a balanced portfolio defined to offer primacy to safety and liquidity



of the investments. Capital Expenditure during the year was at Rs. 409.34 crores (Rs. 310.01 crores in the previous year).

The Finance function of your Company has initiated a multi-fold transformation programme, aligned to the ambition to be the Best Finance Team in the Industry. During the year, multiple finance processes across accounting and reporting, controls and information management were reviewed and work streams were defined to implement global best practices. Significant broad-based progress has been made on this agenda during the year. Project 'Parivartan' delivered a further step up in the efficiency of the Purchase to Pay process along with a corresponding improvement in vendor satisfaction. This is now being driven to the next level of simplifying and centralising end-to-end invoice processing. Project 'My Business Information' took an ambitious goal of revamping your Company's information management function. Significant steps are underway towards further exploring this space to get increased information insights to drive growth, margins and cash.

In the initial phase of the project 'Effective Financial Controls and Reporting' (EFCR), the finance control environment has

been streamlined and strengthened with 50% of key controls being automated by further leveraging SAP. Similarly, significant process and technology interventions were taken up to achieve over 25% reduction in time consumed on annual closing processes. The EFCR Project aims to simplify, standardise and automate processes whilst driving value beyond transaction processing. Your Company also focused on simplifying banking processes by driving a reduction in the number of bank accounts operated across the Company. This has helped to streamline banking operations, strengthen controls and optimise cash utilisation. All these initiatives will lead to a transformation of the finance function to world class standards, thereby ensuring operational excellence.

Your Company has not accepted any fixed deposits during the year and there was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2013. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 3.13 crores of unpaid / unclaimed dividends and interest / redemption of debentures 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, 2013, are given below:

Particulars	Period ended 31st March, 2009	2009-10	2010-11	2011-12	2012-13
Return on Net Worth (%)	103.6*	88.2	74.0	77.7	94.7
Return on Capital Employed (%)	107.5*	103.8	87.5	96.8	109.1
Basic EPS (after exceptional items) (Rs.)	11.46**	10.10	10.58	12.46	17.56

\* Annualised numbers for proportionate period.

\*\* For fifteen month period.

### Segment-wise Results

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

#### 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. Some of the risks relate to competitive intensity and cost volatility. Major risks identified by the businesses and functions are systematically addressed through mitigating

actions on a continuing basis. These are discussed with both Management Committee and Audit Committee.

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 areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Your Company manages cash and cash flow processes assiduously involving all parts of the business. There was a net cash surplus of Rs. 1,707.89 crores, as on 31st March, 2013. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should that 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 AS-11.

## 12. LEGAL, COMPLIANCE AND BRAND PROTECTION

Your Company continued to focus on the key areas and projects within the legal and compliance functions, which include transiting to a workflow based software tool 'Self-Compli'. This tool enables compliances to be made and tracked by factories and offices of your Company across the country. In the area of Brand Protection, your Company has taken significant actions against counterfeits, fakes and other forms of unfair competition, during the year, under the Company's programme of Combating Unfair Competition.

## 13. MERGERS, ACQUISITIONS, JOINT VENTURES AND DISPOSALS

Your Company entered into a Share Purchase Agreement with the promoters of Aquagel Chemicals Private Limited (ACPL) for acquisition of additional 74% of equity share capital of ACPL. ACPL is engaged in the business of manufacturing soaps and detergents. Prior to acquisition, it was a third party manufacturing unit. Your Company earlier held 26% of ACPL's equity share capital. Consequent to the acquisition of remaining 74% of the equity share capital, ACPL became a wholly owned subsidiary of the Company with effect from 1st April, 2013.

## 14. SUSTAINABLE LIVING

Sustainability is at the core of your Company's way of doing business. It guides your Company on the path to achieve long term success in a world where the battle for resources can only escalate. In this direction, Unilever globally has set out the 'Unilever Sustainable Living Plan' (USLP), which embeds sustainability in its business model. The USLP sets out to decouple growth from environmental impact, while at the same time, increase positive social impact.

USLP has three big goals to achieve by 2020:

- Help more than 1 billion people improve their health and well-being.
- Halve the environmental footprint of our products.
- Source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

Supporting these goals are seven commitments underpinned by targets spanning your Company's social, environmental and economic performance across the value chain. In the second year of the Plan, your Company made steady progress to achieve these goals.

In the area of health and hygiene, your Company reached over 17 million people through Lifebuoy Handwashing programmes in 2012. Through continuous and focused efforts under the Handwashing initiative, your Company has reached 47 million people since 2010. Your Company's Pureit water purifier continued to fight the menace of diarrhoeal diseases. More than 45 million people gained access to safe drinking water from Pureit globally by the end of 2012.

Your Company made good progress under its Nutrition Enhancement Programme to lower the levels of salt, saturated fat, trans fat and sugar in its Foods and Beverages portfolio. By the end of 2012, 66% of Foods portfolio (by volume) was compliant with the 5g per day salt target. Your Company's portfolio is virtually free from trans fats originating from partially hydrogenated vegetable oil. For example, the Frozen Desserts portfolio is fully compliant and does not use any raw materials containing partially hydrogenated oil. More than 60% of the products in Frozen Desserts for children contain 110 kilocalories or fewer per portion, meeting the interim 2012 target.

In the area of environment impact, your Company worked to further reduce its environmental impact on four priority areas across the value chain – greenhouse gases, water, waste and sourcing. CO<sub>2</sub> emissions per tonne of production reduced by 22% compared to the 2008 baseline. This was achieved through several environment friendly initiatives in your Company's manufacturing operations such as usage of biomass boilers, thermic fluid heaters and hot air generators at factory sites. These projects helped increase the share of renewable energy to 19% by 2012.

Water usage in your Company's manufacturing operations reduced by 29% compared to the 2008 baseline. Your Company has launched innovations that help consumers use less water in laundry process through products like Magic water saver and Comfort One Rinse fabric conditioner. Magic saves upto three buckets of water per wash while Comfort One Rinse saves two buckets of water per wash.

In the area of waste management, your Company continued to focus on reducing, reusing and recycling waste. Reduction in total waste per tonne from your Company's manufacturing sites was 77% against 2008 baseline. A total of 31 factories of your Company became 100% zero non-hazardous waste to landfill.

Under the USLP, your Company has committed to source 100% of its agricultural raw materials sustainably. By 2012, your Company sourced 70% of its agricultural raw materials sustainably. All of the palm oil was from sustainable sources and 100% of palm oil volumes of India were covered by 'Green Palm' certificates by end of 2012. During the year, over 60% of tomatoes used in Kissan Ketchup in India were from sustainable sources. Your Company aims to source 100% of tomatoes from sustainable sources by 2015. Your Company entered into a public-private partnership with the Maharashtra Government for sustainable sourcing of tomatoes locally. For this project, the Government of Maharashtra registered 618 farmers who grow tomatoes over 1,208 acres.

Enhancing livelihoods of hundreds of thousands of people by 2020 is another goal the USLP aims to achieve. Your Company has a wide range of initiatives from sourcing to distribution focused on improving livelihoods of small-scale entrepreneurs. Project Shakti is your Company's flagship rural distribution initiative that focuses on enhancing livelihoods in small villages. Project Shakti has 48,000 Shakti entrepreneurs (called Shakti ammas) in 15 States. The details of Project Shakti is provided at para 5.1 of this report.

As evident from the above initiatives, your Company's progress to deliver on USLP has been consistent. However, USLP is ambitious and your Company has much more to do. Your Company continues to strive to deliver the stretching goals.

In April 2013, your Company released Unilever Sustainable Living Plan India Progress Report. This report shares the results of your Company's journey so far and chronicles the steps taken to deliver growth that is competitive, profitable and sustainable. You can view this report on our website [www.hul.co.in](http://www.hul.co.in).

The Securities and Exchange Board of India (SEBI) vide its circular dated 13th August, 2012, has mandated the top 100 listed companies, as on 31st March, 2012, to submit a Business Responsibility Report as part of the Annual Report of the Company. The Business Responsibility Report describes the initiatives taken by the Company 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 (MCA). In line with Green Initiative, the Business Responsibility Report of the Company for the year 2012-13 is made available on the website of the Company [www.hul.co.in](http://www.hul.co.in) and forms part of this Annual Report. The Business Responsibility Report shall be kept open for inspection

at the Registered Office of the Company. The Company will also make available a printed copy of the Business Responsibility Report upon request by any Member of the Company interested in obtaining the same. A Member interested in obtaining the hard copy may write to the Investor Service Department at the Registered Office of the Company.

## 15. EMPLOYEE STOCK OPTION PLAN (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure to this Report. No employee has been issued share options, during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme' in place of the existing '2006 HLL Performance Share Scheme'. The Scheme has been registered with the Income Tax authorities, in compliance with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. In accordance with the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of 3 years. During the year, 204 employees, including Wholetime Directors, were awarded conditional rights to receive 4,19,408 Equity Shares at the face value of Re. 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2012 to 2014 and from 2013 to 2015.

## 16. CORPORATE GOVERNANCE

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity. In 2011, your Company received the National Award for Excellence in Corporate Governance instituted by the Institute of Company Secretaries of India, in recognition of its Corporate Governance practices. In 2012, Investor Relations Global Rankings (IRGR) ranked your Company amongst top five companies across the globe for Best Corporate Governance. In 2013, at the Asian Centre for Corporate Governance and Sustainability Awards, your Company won the award for Best Audit Committee.

A separate report on Corporate Governance is provided at page no. 50 of this Annual Report, together with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s). A Certificate of the CEO and CFO of the Company in terms of sub-clause (v) of Clause 49 of Listing Agreement, *inter alia*, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed.

The Ministry of Corporate Affairs, Government of India, introduced the Corporate Governance Voluntary Guidelines, 2009. These guidelines have been issued to provide Corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The recommendation of the Voluntary Guidelines pertaining to separation of offices of the Chairman and the CEO, constitution of Audit Committee and Nomination and Remuneration Committee, Risk Management framework, are already practised by your Company. Your Company has been in substantial compliance of these guidelines.

During the year, Secretarial Audit and Secretarial Standards Audit were carried out. The detailed reports on the same are given at page nos. 66 to 67 of this Annual Report.

## 17. OUTLOOK

Global economic activity remains subdued amidst signs of diverging growth paths across major economies. While near term risks to global financial stability are retreating, the global economic climate continues to be volatile and uncertain.

For India, economic activity is expected to show a modest improvement over last year, with a pick-up likely only in the second half of the year. Conditional upon a normal monsoon, agricultural growth could return to trend levels while the outlook for industrial activity remains subdued. Accordingly, the RBI projects a baseline GDP growth for 2013-14 at 5.7%. Upside pressures on inflation, both at wholesale and retail levels, remain high stemming from elevated food inflation, ongoing administered fuel price revisions and volatility in exchange rates.

FMCG markets are expected to grow; however, uncertain global economic environment, inflation and competitive intensity continue to pose challenges. While the near term conditions pose a challenge for the economy, the medium to longer term secular trends based on rising incomes, aspirations, low consumption levels, etc. are positive and an opportunity for the FMCG sector in general and for your Company in particular.

## 17.1. Cautionary Statement

Statements in this 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 and actual results might differ materially from those either expressed or implied.

## 18. SUBSIDIARY COMPANIES

As a part of the initiatives in the area of Corporate Social Responsibility, your Company had promoted a Section 25 Company 'Hindustan Unilever Vitality Foundation' now known as 'Hindustan Unilever Foundation' (HUF) to work in the areas of social, economic and environment development. During the year, your Company acquired additional equity share capital of HUF to make it a subsidiary of the Company.

Pursuant to the Share Purchase Agreement entered into with the promoters of Aquagel Chemicals Private Limited (ACPL), as detailed in Para 13, ACPL has become a wholly owned subsidiary of the Company with effect from 1st April, 2013.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies, is attached to the Accounts. In terms of General Exemption, under Section 212(8) of the Companies Act, 1956, granted by Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8th February, 2011, and in compliance with the conditions enlisted therein, the Audited Statement of Accounts, Auditors' Reports thereon and the Reports of the Board of Directors of the Company's subsidiaries for the financial year ended 31st March, 2013, have not been annexed. The Annual Accounts and related documents of the Subsidiary Companies shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the said circular, the financial data of the subsidiaries have been furnished under 'Subsidiary Companies Particulars' forming part of this Annual Report (refer page no. 150). Further, pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include the financial information of its subsidiaries.

## 19. BOARD OF DIRECTORS

Dr. Sanjiv Misra was appointed as an Additional Director on the Board of the Company with effect from 8th April, 2013, in accordance with Section 260 and Article 111 of Articles of Association of the Company. Pursuant to Section 257 of the Companies Act, 1956, notices have been received from Members, together with necessary deposits, proposing the appointment of Dr. Sanjiv Misra as a Non-Executive Independent Director on the Board of the Company.

Dr. R. A. Mashelkar has attained the age of seventy years and in accordance with the Company policy, will be retiring at the conclusion of the ensuing Annual General Meeting by not offering himself for re-appointment as a Director. Dr. Mashelkar was appointed as an Independent Director of the Company in April 2008 and has served as a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company. The Board places on record its deep appreciation for the distinguished service rendered by Dr. Mashelkar during his tenure as a Director of the Company.

In accordance with the Articles of Association of the Company, all other Directors, except for the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

## 20. 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 Mr. Nitin Paranjpe, as the Chief Executive Officer, and has Functional / Business Heads as its members.

During the year, Ms. Leena Nair, Executive Director, Human Resources was elevated to the position of SVP Leadership and Organisation Development, Unilever PLC. Mr. B. P. Biddappa joined the Management Committee of the Company as Executive Director, Human Resources in place of Ms. Leena Nair. Mr. B. P. Biddappa joined the Company in 1992 and has worked in a variety of roles within Unilever. Before joining the Management Committee of the Company, Mr. Biddappa was the Vice President, Human Resources - Supply Chain, Asia, Africa and Russia.

## 21. AUDITORS

M/s. Lovelock & Lewes, Statutory Auditors of the Company retire and offer themselves for re-appointment as the Statutory Auditors of the Company, pursuant to Section 224 of the Companies Act, 1956.

## 22. APPRECIATIONS AND ACKNOWLEDGEMENTS

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

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

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

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

On behalf of the Board



**Harish Manwani**  
Chairman

Mumbai, 29th April, 2013

## Annexure to the Directors' Report

### Disclosure of Particulars with Respect to Conservation of Energy

		Canned and processed fruits and vegetables		Tea		
		For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012	
<b>A POWER AND FUEL CONSUMPTION</b>						
<b>1 Electricity</b>						
(a)	Purchased					
	Unit	Lakh KWH	65.97	68.35	38.94	42.51
	Total Cost	Rs. lakhs	524.08	435.43	286.83	265.33
	Rate / Unit	Rs.	7.94	6.37	7.37	6.24
(b)	Own Generation					
(i)	Through own generator					
	Unit	Lakh KWH	1.78	0.88	4.14	3.80
	Unit per ltr of diesel oil	KWH	2.49	2.47	9.98	9.62
	Rate / Unit	Rs.	18.49	16.84	14.59	13.57
(ii)	Through steam turbine / generator		NIL	NIL	NIL	NIL
<b>2 Furnace Oil</b>						
	Quantity	KL	930.60	1,260.14	-	-
	Total Cost	Rs. lakhs	407.93	566.77	-	-
	Rate / Unit	Rs. / KL	43,834.56	44,976.63	-	-
<b>3 Other / Internal Generation</b>						
<b>Natural Gas</b>						
	Quantity	('000 Scm)			20,645	23,643
	Total Cost	Rs. lakhs			14	16
	Rate / Unit	Rs. / ('000 Scm)			69	67
<b>Agro Waste</b>						
	Quantity	(Tons)	1,249.87	358.56		
	Total Cost	Rs. lakhs	67.22	18.81		
	Rate / Unit	Rs. / Kg	5.38	5.25		
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>						
	Electricity	(Kwh/Tonne)	195.72	270.72	31.21	35.35
	Furnace Oil	(Lts/Tonne)	27.61	49.91	-	-

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

##### 1. Specific areas in which R&D carried out by the Company

- New product / process development
- Quality enhancement to achieve International Standards.
- Technology Upgradation
- Speciality ingredients from natural sources
- Development and evaluation of alternative raw materials
- Project of Global relevance

**2. Benefits derived as a result of the above R&D and future plans of action:**

The benefits and future plans of action have been discussed in details in the Director's report

**3. Expenditure of R&D**

Rs. crores

	<b>For the year ended 31st March, 2013</b>	For the year ended 31st March, 2012
(a) Capital	8.07	5.84
(b) Recurring	104.39	155.39
(c) Total	112.46	161.23
(d) Total R& D Expenditure as a percentage of total turnover	0.44%	0.73%

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION****1. Efforts, in brief, made towards technology absorption, adoption and innovation:**

The Company maintains interaction with Unilever internationally.

This is facilitated through a well co-ordinated management exchange programme.

**2. Benefits derived as a result of the above efforts:**

The benefits have been covered in the Director's report.

**3. Imported Technology:**

(a) Technology imported

(b) Year of import

(c) Has technology been fully absorbed

} Continuous Import from Unilever under technical collaboration agreement

**FOREIGN EXCHANGE EARNINGS & OUTGO**

Rs. crores

	<b>For the year ended 31st March, 2013</b>	For the year ended 31st March, 2012
Foreign exchange earnings	654.80	489.80
Foreign Exchange outgo	3345.38	2,192.79

**DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999**

	2001 HLL Stock Option Plan				
	2001	2002	2003	2004	2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001	Closing market price as on the date of option grant - 23.04.2002	Closing market price as on the date of option grant - 24.04.2003	Average of highs and lows for two week period preceding the date of option grant- 30.06.2004	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted- 26.05.2005
	Rs. 217.45	Rs. 210.35	Rs. 136.00	Rs. 128.47	Rs. 132.05
c) Options vested	Options vested after three years from date of grant [24.07.2001]	Options vested after three years from date of grant [23.04.2002]	Options vested after three years from date of grant [24.04.2003]	Options vested after three years from date of grant [30.06.2004]	Options vested after three years from date of grant [27.05.2005]
d) Options exercised (as at March 31, 2013)	15,90,600 equity shares of Re.1/- each	23,21,221 equity shares of Re.1/- each	36,44,320 equity shares of Re.1/- each	11,57,650 equity shares of Re.1/- each	11,06,700 equity shares of Re.1/- each
e) The total number of shares arising as a result of exercise of option	15,90,600 equity shares of Re.1/- each	23,21,221 equity shares of Re.1/- each	36,44,320 equity shares of Re.1/- each	11,57,650 equity shares of Re.1/- each	11,06,700 equity shares of Re.1/- each
f) Options lapsed (as at March 31, 2013)	8,84,500 equity shares of Re.1/- each	9,12,380 equity shares of Re.1/- each	6,31,770 equity shares of Re.1/- each	3,36,800 equity shares of Re.1/- each	2,75,700 equity shares of Re.1/- each
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	NA	NA
h) Money realized by exercise of options during the year	NIL	Rs. 0.33 crores	Rs. 4.98 crores	Rs. 1.01 crores	Rs. 1.00 crore
i) Total number of options in force (as at March 31, 2013)	NIL equity shares of Re.1/- each	NIL equity shares of Re.1/- each	NIL equity shares of Re.1/- each	1,36,000 equity shares of Re.1/- each	1,65,300 equity shares of Re.1/- each



## DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

	2006 HUL Performance Share Scheme							2012 HUL Performance Share Scheme
	2006	2007	2008	2009	2010	2011	2012	2013
a) Options granted	Conditional grant of 3,49,750 equity shares of Re.1/- each valued at Rs. 3.49 lakhs	Conditional grant of 2,35,950 equity shares of Re.1/- each valued at Rs. 2.35 lakhs	Conditional grant of 2,13,098 equity shares of Re.1/- each valued at Rs.2.13 lakhs	Conditional grant of 3,38,731 equity shares of Re.1/- each valued at Rs.3.39 lakhs	Conditional grant of 3,22,568 equity shares of Re.1/- each valued at Rs.3.23 lakhs	Conditional grant of 3,55,573 equity shares of Re.1/- each valued at Rs.3.56 lakhs	Conditional grant of 4,71,465 equity shares of Re.1/- each valued at Rs.4.71 lakhs	Conditional grant of 3,68,023 equity shares of Re.1/- each valued at Rs.3.68 lakhs
b) The pricing formula	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-	Book value of Re.1/-
c) Options vested	2,55,166 options vested	2,66,180 options vested	1,64,303 options vested	2,19,977 options vested	2,37,194 options vested	Options will vest after 3 years from the date of grant	Options will vest after 3 years from the date of grant	Options will vest after 3 years from the date of grant
d) Options exercised (as at March 31, 2013)	2,55,166 equity shares of Re.1/- each	2,64,530 equity shares of Re.1/- each	1,60,800 equity shares of Re.1/- each	2,19,977 equity shares of Re.1/- each	1,78,057 equity shares of Re.1/- each	NIL	NIL	NIL
e) The total number of shares arising as a result of exercise of option	2,55,166 equity shares of Re.1/- each	2,64,530 equity shares of Re.1/- each	1,60,800 equity shares of Re.1/- each	2,19,977 equity shares of Re.1/- each	1,78,057 equity shares of Re.1/- each	NIL	NIL	NIL
f) Options lapsed (as at March 31, 2013)	NIL	1,650 equity shares of Re.1/- each	3,503 equity shares of Re.1/- each	NIL	NIL	NIL	NIL	NIL
g) Variation of terms of options	NA	NA	NA	NA	NA	NA	NA	NA
h) Money realised by exercise of options during the year	0	0	0	Rs. 2.20 lakhs	Rs. 1.78 lakhs	NIL	NIL	NIL
i) Total number of options in force (as at March 31, 2013)*	NIL	NIL	NIL	NIL	Conditional grant of 1,04,420 equity shares of Re.1/- each	Conditional grant of 3,01,687 equity shares of Re.1/- each	Conditional grant of 4,40,327 equity shares of Re.1/- each	Conditional grant of 3,68,023 equity shares of Re.1/- each

\* Adjusted for options forfeited.

## DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2013

j) Employee wise details of options granted to:

- |   |  |
|---|--|
| i) Senior managerial personnel:   | Refer Note iii   |
| ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;   | Under Performance Share Plan 2013, Nitin Paranjpe-Managing Director & CEO was awarded 17,434 shares (4.7%) and Sridhar Ramamurthy - Executive Director (Finance & IT) and CFO was awarded 9,080 shares (2.5%). |
| iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | Nil  |

k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.

Rs. 17.55

l) i) Method of calculation of employee compensation cost

The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2012 HUL Performance Share Scheme".

ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options

Gain of Rs. 0.99 crores

iii) The impact of this difference on profits and on EPS of the Company

The effect of adopting the fair value method on the net income and earnings per share of 2012-13 is presented below:

<b>Net Income</b>	Rs. crores	
As reported	3,796.67	
Add: Difference between Intrinsic value and Fair Value Calculation	0.99	
Adjusted Net Income	3797.66	
<b>Earnings Per Share (Basic &amp; Diluted)</b>	[Rs.]	
	Basic EPS	Diluted EPS
-As reported	17.56	17.55
-As adjusted	17.57	17.56

## DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2013 (CONTD.)

m) Weighted average exercise price and weighted average fair value      Exercise Price is Re. 1/-

n) Fair value of Options based on Black Scholes methodology

### Assumptions

Risk free rate	8.23% for 2012 and 7.79% for 2013
Expected life of options	3.125 years for each plan
Volatility	25.81% for 2012 and 23.38% for 2013
Expected Dividends	Rs. 8.50 per share
Closing market price of share on date of option grant	Rs. 383.70 for 2012 and Rs. 458.60 for 2013

### Notes:

- (i) Pursuant to approval of the Members at the Annual General Meeting of the Company held on 23rd July, 2012, the Company had adopted a revised Scheme "2012 HUL Performance Share Scheme" in place of the existing "2006 HLL Performance Share Scheme".
- (ii) The Pricing Formula adopted by the Company for 'Employees Stock Option Plan' for the years 2001 to 2005, was based on the "Market Price" as defined in SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, as expressed in Clause 11 of the '2001 HLL STOCK OPTION PLAN' in the line with Clause 6.2(h) of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.

(iii) Details of Options granted to senior managerial personnel.

Name of the Manager	Performance shares awarded
Nitin Paranjpe	17,434
Sridhar Ramamurthy	9,080
Hemant Bakshi	9,080
Pradeep Banerjee	4,775
Dev Bajpai	4,775
Geetu Verma	4,775
Manish Tiwary	7,163

# CORPORATE GOVERNANCE

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

– William Hesketh Lever

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

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We, at Hindustan Unilever, are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legislation. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliances. 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 meets the applicable legislation but also exceeds them in many areas of our business operations.

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 responsible, sustainable and profitable growth and creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors (‘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 the 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 the requisite powers, authorities and duties. The Management Committee of the Company is headed by the Managing Director and Chief Executive Officer and has business / functional heads as its members, which looks after the management of the day-to-day affairs of the Company.

### Composition

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under applicable legislation. As on date of this Report, the Board consists of nine Directors comprising one Non-Executive Director, five Independent Directors and three Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The positions of the Chairman of the Board and the Chief Executive Officer of the Company are held by separate individuals, where the Chairman of the Board is a Non-Executive Director. The detailed profile of the members of the Board of Directors are provided at page nos. 24-27 of the Annual Report.

The Board of Directors, at their meeting held on 8th April, 2013, had appointed Dr. Sanjiv Misra as an Independent Director on the Board of the Company.

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

### Composition and Directorship(s) / Committee Membership(s) as on 31st March, 2013

Name	Date of joining the Board	Directorship in other Companies <sup>#</sup>	Membership of Committees of other Companies <sup>##</sup>	Chairmanship of Committees of other Companies <sup>##</sup>
<b>Non-Executive Chairman</b>				
Harish Manwani	29.04.2005	-	-	-
<b>Managing Director and CEO</b>				
Nitin Paranjpe	01.06.2007	-	-	-
<b>Executive Director (Finance &amp; IT) and CFO</b>				
Sridhar Ramamurthy	03.07.2009	2	-	-
<b>Executive Director</b>				
Pradeep Banerjee	01.03.2010	1	-	-
<b>Independent Directors</b>				
Aditya Narayan	29.06.2001	2	3	1
S. Ramadorai	20.05.2002	13	7	1
R. A. Mashelkar	04.04.2008	5	3	-
O. P. Bhatt	20.12.2011	2	4	-

<sup>#</sup> Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

<sup>##</sup> Includes only Audit Committee and Shareholders'/Investors' Grievance Committee.

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

### Appointment & Tenure

The Directors of the Company are appointed by Members at the General Meetings. All Directors, except the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute.

The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company. As per the Company policy, the Independent Directors retire at the Annual General Meeting held after attaining the age of seventy years, by not offering themselves for re-appointment at such Annual General Meeting. The age of seventy years has been voluntarily fixed by the Company. The proposed Companies Bill, 2012 provides for two terms of five years each as tenure of Independent Directors. The Company will adopt the provisions with respect to tenure of Independent Directors as contained in the proposed Companies Bill, 2012, when made effective.

### Board Independence

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than the Chairman are Independent in terms of Clause 49 of the Listing Agreement.

Mr. Harish Manwani, who is the Chief Operating Officer and a member of the Unilever Leadership Executive (ULE) 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 confirmed in the next 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 for Board / Committee meetings is set by the Company Secretary in consultation with the Chairman and the 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 includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2013, seven Board meetings were held on 30th April, 2012, 1st May, 2012, 23rd July, 2012, 26th October, 2012, 14th December, 2012, 22nd January, 2013 and 18th March, 2013. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

## Board Business

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- framing strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- reviewing financial plans of the Company;
- reviewing quarterly and annual business performance of the Company;
- reviewing the Annual Report and accounts for adoption by the Members;
- reviewing the progress of various functions and businesses of the Company;
- reviewing the functioning of the Board and its Committees;
- reviewing the functioning of the subsidiary companies;
- considering and approving declaration / recommendation of dividend;
- reviewing and resolving fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- reviewing the details of significant development in human resources and industrial relations front;
- reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- reviewing compliance with all relevant legislations and regulations and litigation status, 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 Management Committee;
- reviewing Corporate Social Responsibility activities of the Company;
- reviewing details of risk evaluation and internal controls;
- reviewing reports on progress made on the ongoing projects;

## Board Support

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

With a view to leveraging 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 ipad and internet browser. 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.

## Independent Directors' Meetings

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

The Non-Executive Independent Directors met six times during the financial year ended 31st March, 2013 on 1st May, 2012, 23rd July, 2012, 26th October, 2012, 14th December, 2012, 22nd January, 2013 and 18th March, 2013. In addition to these formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

## Board Induction and Training

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction programme. The Company Secretary provides new Directors, both Executive and Non-Executive, with a briefing on their legal and regulatory responsibilities as Directors and the Chief Executive Officer provides a briefing on Company's current structure and performance of business. The induction for Non-Executive Independent Directors includes interactive sessions with Management Committee Members, Business and Functional Heads, visit to market / plant, etc.

The induction process for Directors is designed to:

- build an understanding of the Company, its businesses and the markets and regulatory environments in which it operates;
- provide an appreciation of their roles and responsibilities;
- fully equip them to perform their roles on the Board effectively;
- build links to Unilever's people and build an understanding of Unilever's key relationships.

Strategy meetings are held where Business and Functional Heads share with the Board their short term and long term plans, major activities, likely risks and challenges with actions to mitigate them in their respective areas. The Board's suggestions and comments are incorporated in the business plans of the Company.

## COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all

Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

During the year, the Board of Directors, at their meeting held on 14th December, 2012, has constituted and re-constituted / re-designated the Board Committees in order to align them with the requirements of Companies Bill, 2012 ahead of time.

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, Dr. R. A. Mashelkar, Mr. O. P. Bhatt and Dr. Sanjiv Misra as its members. Dr. Sanjiv Misra has been appointed as a member of the Committee with effect from 8th April, 2013. All the current 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;
- recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- reviewing with management the quarterly and annual financial results before submission to the Board;
- reviewing with management the annual financial statements of the subsidiary companies;
- reviewing the adequacy of internal control systems with the management, external auditors and internal auditors;
- reviewing the adequacy of internal audit function;
- discussing with internal auditors any significant findings and reviewing the progress of corrective actions on such issues;
- reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- discussing with external auditors, before the audit commences, the nature and scope of audit as well as having post-audit discussions to ascertain areas of concern, if any;
- recommending the appointment of cost auditors;
- reviewing the Company's financial and risk management policies;
- examining reasons for substantial default in the payment to Members (in case of non-payment of declared dividends) and creditors, if any;
- reviewing the progress made on cases that are reported under the Code of Business Principles and Whistle Blower Policy of the Company and implication of these cases, if any, under the UK Bribery Act, 2011.

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 security critical IT applications 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 meetings of Audit Committee are also attended by Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately in absence of any management employee.

The Audit Committee met six times during the financial year ended 31st March, 2013 on 1st May, 2012, 12th June, 2012, 23rd July, 2012, 26th October, 2012, 14th December, 2012 and 22nd January, 2013.

### 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 businesses and functions controlled centrally, as per the 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.

Financial controls review procedures and guidelines are issued by Unilever annually in line with Sarbanes-Oxley (s. 404) requirements. Unit heads are responsible for implementing these procedures to confirm the effectiveness of the financial controls in that unit and to correct any instances of weaknesses identified. In addition, effectiveness of operational and non-financial controls is also reviewed by the unit heads. During the year, financial control environment was streamlined and strengthened with 50% of key controls being automated by further leveraging SAP. These procedures provide the management an assurance on the internal processes and systems.

### Nomination and Remuneration Committee

The Board of Directors, at their meeting held on 14th December, 2012, re-constituted and re-designated the Remuneration and Compensation Committee as the Nomination and Remuneration Committee to be consistent with the requirements of the Companies Bill, 2012. The Committee comprises

Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Dr. R. A. Mashelkar, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Mr. Harish Manwani and Mr. Nitin Paranjpe as members of the Committee. Dr. Sanjiv Misra has been appointed as a member of the Committee with effect from 8th April, 2013.

The role of Nomination and Remuneration Committee is as follows:

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

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

The Nomination and Remuneration Committee met four times during the financial year ended 31st March, 2013 on 1st May, 2012, 23rd July, 2012, 22nd January, 2013 and 18th March, 2013.

#### **Board Membership Criteria**

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identification, 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 requirements of the law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;

- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

#### **Reward Policy**

The reward philosophy of the Company is to pay market competitive reward with a strong linkage to performance. The reward philosophy is set forth into practice by various policies governing different elements of reward. The intent of all these policies is to ensure that the principles of reward philosophy are followed in entirety, thereby facilitating the Company to recruit and retain the best talent. It also ensures the effective recognition of performance and encourages a focus on achieving superior operational results.

The appointment of the Executive Directors is by virtue of their employment with the Company as management employees and therefore their terms of employment viz. salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time. The reward of the Executive Directors is determined by the Nomination and Remuneration Committee. A fair portion of the Executive Directors' total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. The total reward package for Executive Directors is intended to be market competitive with a strong linkage to performance in line with the Company's reward philosophy.

The Nomination and Remuneration Committee reviews the total reward annually, taking into account external benchmarks within the context of group and individual performance. In addition, the Company's Share Plans seek to reward Executive Directors by aligning their deliverables with shareholders' interests. Pursuant to the approval of Members at the Annual General Meeting of the Company held on 23rd July, 2012, the Company had adopted a revised scheme '2012 HUL Performance Share Scheme' in place of the '2006 Performance Share Scheme'. The revised scheme provided for conditional grant of Performance Shares without charging premium to eligible management employees.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 1956. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company. The Company benefits from the professional expertise of the Independent Directors in their individual capacity as competent professionals / business executives and through their invaluable experience in achieving corporate excellence.

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

In order to be consistent with globally accepted governance practices, it is proposed to adopt a 'Differential Remuneration Policy' for Non-Executive Directors. As per the Differential Remuneration Policy, the Non-Executive Directors will be paid



remuneration linked to their attendance at the meetings of the Board or Committees thereof and depending upon their position in various Committees of the Board, whether that of the Chairman or member of the Committees.

In order to adopt the new policy and for the remuneration to be commensurate with enhanced role and engagement of the Non-Executive Directors of the Company, it is proposed, subject to the approval of Members, to revise the maximum limit of remuneration to Non-Executive Directors from the existing Rs. 90 lakhs to Rs. 150 lakhs. The revised limits shall be made effective 1st April, 2013 for a period of five years. The remuneration payable to each Non-Executive Director shall be determined by the Board or Committee thereof within the overall limits.

The Non-Executive Directors, who continuously serve minimum three terms of three years each, are also entitled to one time commission of Rs. 10 lakhs at the time of stepping down from the Board, due to retirement or otherwise.

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 Directors. The Non-Executive Chairman of the Company does not receive any sitting fees, commission or stock options from the Company.

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, 2013 are provided hereinafter:

### Details of Remuneration of Executive Directors for the financial year ended 31st March, 2013

Name	Salary	Bonus	Contribution to PF	Perquisites	Rs. lakhs
					Total
Nitin Paranjpe	266.37	316.89	22.91	406.32	1,012.49
Sridhar Ramamurthy	191.31	169.39	11.39	224.11	596.20
Pradeep Banerjee	160.02	134.62	12.87	150.60	458.11

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

Name	Outstanding as at 31st March, 2012		Options / Grants Exercised during the year		Grant under Performance Share Scheme during the year	Balance as at 31st March, 2013	
	Stock Options	Performance Shares	Stock Options	Performance Shares		Stock Options	Performance Shares
Nitin Paranjpe	19,800	87,613*	-	32,726 <sup>§</sup>	17,434	19,800	74,786
Sridhar Ramamurthy	-	49,415	-	23,571 <sup>§§</sup>	9,080	-	37,545
Pradeep Banerjee	41,240	9,921	21,440	-	4,775	19,800	14,696

\* Adjusted for 9,405 shares vested against 9,900 options granted.

§ Adjusted for 9,114 and 23,612 shares vested against 9,906 and 20,355 options granted respectively.

§§ Adjusted for 19,001 shares vested against 16,380 options granted.

### Details of Remuneration of Non-Executive Directors for the financial year ended 31st March, 2013

Name	Sitting Fees*	Commission <sup>#</sup>	Rs. lakhs
			Total
Aditya Narayan	3.60	10.00	13.60
S. Ramadorai	3.40	10.00	13.40
R. A. Mashekar	2.20	10.00	12.20
O. P. Bhatt	4.00	10.00	14.00

\* Includes fees paid for Board and Board Committees meetings.

<sup>#</sup> The Commission for the financial year ended 31st March, 2013 will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 26th July, 2013.

### Stakeholders' Relationship Committee

The Board of Directors at their meeting held on 14th December, 2012, re-designated the Shareholders' / Investors' Grievance Committee as the Stakeholders' Relationship Committee in order to align with the requirements of the Companies Bill, 2012. The Committee comprises of Mr. O. P. Bhatt as the Chairman and Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee.

The role of Stakeholders' Relationship Committee is as follows:

- considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensuring expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company;
- providing guidance and making recommendations to improve investor service levels for the investors.

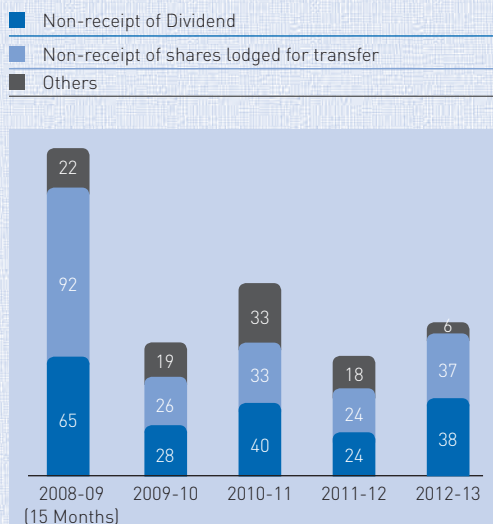
During the financial year ended 31st March, 2013, the Committee met twice on 12th June, 2012 and 22nd January, 2013.

#### Details of Shareholders' / Investors' Complaints

During the financial year ended 31st March, 2013, 81 complaints were received from the shareholders. All complaints have been redressed and none of them were pending as on 31st March, 2013.

Nature of Complaint	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	38	38
Non-Receipt of Shares lodged for Transfer	37	37
Others [e.g. non-receipt of Annual Report]	6	6
<b>Total</b>	<b>81</b>	<b>81</b>

#### TREND OF COMPLAINTS RECEIVED DURING LAST 5 YEARS:



#### Corporate Social Responsibility Committee

The Board of Directors at their meeting held on 14th December, 2012, constituted the Corporate Social Responsibility Committee in order to be consistent with the requirements of the Companies Bill, 2012. The Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. R. A. Mashelkar, Dr. Sanjiv Misra, Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee. Dr. Sanjiv Misra has been appointed as a member of the Committee with effect from 8th April, 2013.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board Corporate Social Responsibility Policy and the activities to be undertaken by the Company;

- recommending the amount of expenditure to be incurred on the activities undertaken;
- reviewing the performance of the Company in the area of Corporate Social Responsibility;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring Corporate Social Responsibility Policy of the Company from time to time.

During the financial year ended 31st March, 2013, the Committee met once on 22nd January, 2013.

#### Share Transfer / Transmission Committee

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

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

The Committee meets at regular intervals to approve the share transfers and other related matters. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

#### Committee for Allotment of Shares under ESOPs

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

The ESOP Committee comprises three Directors of the Board. The Committee is constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL Performance Share Scheme'. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

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

### Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets comprises of three Directors of the Board. The Committee is entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to

take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

### Attendance of Directors at Board and Committee Meetings

The following table shows attendance of Directors at the Board and Committee meetings for the year ended 31st March, 2013. Attendance is expressed as number of meeting(s) attended, (including meetings attended through Video Conferencing) 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
Harish Manwani	7 of 7 <sup>#</sup>	-	2 of 2	-	-
Nitin Paranjpe	7 of 7	-	2 of 2	2 of 2	1 of 1
Sridhar Ramamurthy	7 of 7	-	-	2 of 2	1 of 1
Aditya Narayan	7 of 7	6 of 6 <sup>#</sup>	4 of 4	-	1 of 1
S. Ramadorai	7 of 7	6 of 6	4 of 4 <sup>#</sup>	-	-
R. A. Mashelkar	4 of 7	3 of 6	3 of 4	-	1 of 1
O. P. Bhatt	7 of 7	6 of 6	4 of 4	2 of 2 <sup>#</sup>	1 of 1 <sup>#</sup>
Pradeep Banerjee	6 of 7	-	-	-	-

<sup>#</sup> Chairman

The last Annual General Meeting of the Company held on 23rd July, 2012 was attended by all the members of the Board of Directors.

## COMPANY POLICIES

### Code of Business Principles

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

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

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

The complaints, issues and concerns received under CoBP framework are duly investigated and reviewed by the CoBP

Committee(s). Appropriate actions are taken after completion of investigation. The Company periodically cascades the principles embodied under CoBP across the organisation.

### Preventing Conflict of Interests

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board members. The Board has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company. If such an interest exists, the Directors are required to make 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 the 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 is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company [www.hul.co.in](http://www.hul.co.in). In addition, the members of the Board also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. Transactions with any of the entities referred above are placed before the Board for approval. Details of all related party transactions are placed before the Audit Committee on an annual basis.

## Whistle Blower Policy

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

## Share Dealing Code

In accordance with The Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has established systems and procedures to restrict insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company is an important governance code to prevent any insider trading activity by dealing in shares of the Company. The Code restricts the Directors of the Company and other specified employees to deal in securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company.

The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors and employees. 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 the employees of the Company and the compliance of the same is ensured. The Share Dealing Code is available on the website of the Company [www.hul.co.in](http://www.hul.co.in)

## 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 cover human rights, labour practices, environment commitment and prevention of corruption in the business organisations. The UN Global Compact is a symbol of leadership in a complex business world and provides a forward looking forum in which the United Nations, companies and civil society organisations can come together in an open and transparent dialogue. The Company's CoBP mechanism upholds these principles in all aspects of 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, 2013 and a declaration to that effect, signed by the

Managing Director and Chief Executive Officer (CEO), is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors for the financial year ended 31st March, 2013 that may have a potential conflict with the interests of the Company at large.

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

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

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

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

The Company 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.

## COMPLIANCE WITH THE GOVERNANCE FRAMEWORK

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

## SECRETARIAL STANDARDS AND SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Standards Audit for the year 2012-13 for audit of secretarial records and procedures followed by the Company in compliance with relevant Secretarial Standards issued by the Institute of Company Secretaries of India. The Secretarial Standards Audit Report is given on page no. 66 of this Report.

The Company has also undertaken Secretarial Audit for the year 2012-13 which, *inter alia*, includes audit of compliance with Companies Act, 1956 and Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report is given on page nos. 66-67 of this Report.

## 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, 2010	27th July, 2010 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020	Approval of revision in remuneration to be paid by way of commission on profits to Non-Executive Directors of the Company, for a period of five years commencing from 1st January, 2011 and authorising the Board to determine the amount upto a maximum of Rs. 90 lakhs in aggregate or 1% of Net Profits, whichever is lower.
31st March, 2011	28th July, 2011 3.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020	No Special Resolution was passed at this meeting.
31st March, 2012	23rd July, 2012 10.30 a.m.	Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Nitin Paranjpe as Managing Director for another term of five years with effect from 4th April, 2013</li> <li>Increase in the maximum limit of salary payable to Managing Director(s) of the Company from the existing Rs. 180 lakhs per annum to Rs. 290 lakhs per annum effective 1st April, 2013.</li> <li>Adoption of the revised '2012 HUL Performance Share Scheme' in amendment of '2006 HLL Performance Share Scheme'.</li> </ul>

### Annual General Meeting 2013

Date	Friday, 26th July, 2013
Venue	Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	3.30 p.m.
Book Closure Dates for Final Dividend	Friday, 12th July, 2013 to Friday, 26th July, 2013
Last Date of receipt of Proxy Forms	Wednesday, 24th July, 2013 before 3.30 p.m. at the Registered Office of the Company

### Calendar of financial year ended 31st March, 2013

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2013 were held on the following dates:

First Quarter Results	23rd July, 2012
Second Quarter and Half yearly Results	26th October, 2012
Third Quarter Results	22nd January, 2013
Fourth Quarter and Annual Results	29th April, 2013

### Tentative Calendar for financial year ending 31st March, 2014

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2014 are as follows:

First Quarter Results	26th July, 2013
Second Quarter and Half yearly Results	28th October, 2013
Third Quarter Results	23rd January, 2014
Fourth Quarter and Annual Results	28th April, 2014

### Dividend

The Board of Directors at their meeting held on 29th April, 2013, recommended a Final Dividend of Rs. 6.00 per equity share of face value of Re. 1/- each, for the financial year ended 31st March, 2013. Together with Interim Dividend of Rs. 4.50 per share and Special Dividend of Rs. 8.00 per share, paid on 16th November, 2012, the total dividend for the year works out to Rs. 18.50 per equity share of face value of Re. 1/- each. Final Dividend, if approved by Members, will be paid on or after 30th July, 2013.

### Unclaimed Dividends

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

The unpaid / unclaimed dividends upto Final Dividend 1995 (39F) had been transferred to the General Revenue Account of the

Central Government. The Investors, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend of 2005 (50I) to the IEPF. The unclaimed Interim Dividend of 2005 pertaining to erstwhile VDL shareholders (i.e. 50I (VDL)), Final Dividend of 2005 (i.e. 50F) and Interim Dividend of 2006 (51I), is due for transfer in May 2013, June 2013 and August 2013 respectively. In view of this, the Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

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

Year	Dividend	Dividend rate per share (Rs.)	Date of Declaration	Number of Warrants			Dividend Amount (Rs. lakhs)			Due Date
				Issued	Unclaimed as on 31st March, 2013	%	Declared	Unclaimed as on 31st March, 2013	%	
2005	50-I (VDL)	2.50	10-04-2006	65,899	16,666	25.29	86.16	6.22	7.22	08-05-2013
2005	50-F	2.50	29-05-2006	3,76,477	31,772	8.44	55,121.36	256.10	0.46	26-06-2013
2006	51-I	3.00	30-07-2006	3,92,889	30,255	7.70	66,172.23	297.55	0.45	27-08-2013
2006	51-F	3.00	18-05-2007	4,14,086	34,744	8.39	66,204.96	328.05	0.50	15-06-2014
2007	52-I	3.00	29-07-2007	4,11,422	34,503	8.39	66,212.86	327.46	0.49	26-08-2014
2007	52-S	3.00	31-10-2007	3,85,973	32,838	8.51	66,057.83	343.68	0.52	28-11-2014
2007	52-F	3.00	04-04-2008	3,64,081	34,320	9.43	65,337.74	328.30	0.50	03-05-2015
2008-09	53-I	3.50	25-07-2008	3,55,307	30,696	8.64	76,242.09	348.06	0.46	23-08-2015
2008-09	53-F	4.00	03-07-2009	3,43,946	31,709	9.22	87,202.84	425.68	0.49	31-07-2016
2009-10	54-I	3.00	31-10-2009	3,37,953	32,983	9.76	65,426.94	324.77	0.50	28-11-2016
2009-10	54-F	3.50	27-07-2010	3,46,967	32,387	9.33	76,373.00	387.18	0.51	24-08-2017
2010-11	55-I	3.00	25-10-2010	3,44,009	34,981	10.17	65,463.59	356.39	0.54	22-11-2017
2010-11	55-F	3.50	28-07-2011	3,28,702	35,321	10.75	75,624.11	425.01	0.56	24-08-2018
2011-12	56-I	3.50	31-10-2011	3,34,744	36,933	11.03	75,633.80	440.15	0.58	28-11-2018
2011-12	56-F	4.00	23-07-2012	3,25,470	37,471	11.51	86,471.77	535.92	0.62	21-08-2019
2012-13	57-I	4.50	26-10-2012	3,26,448	37,647	11.53	270,239.97	1,853.26	0.69	24-11-2019
2012-13	57-S	8.00								

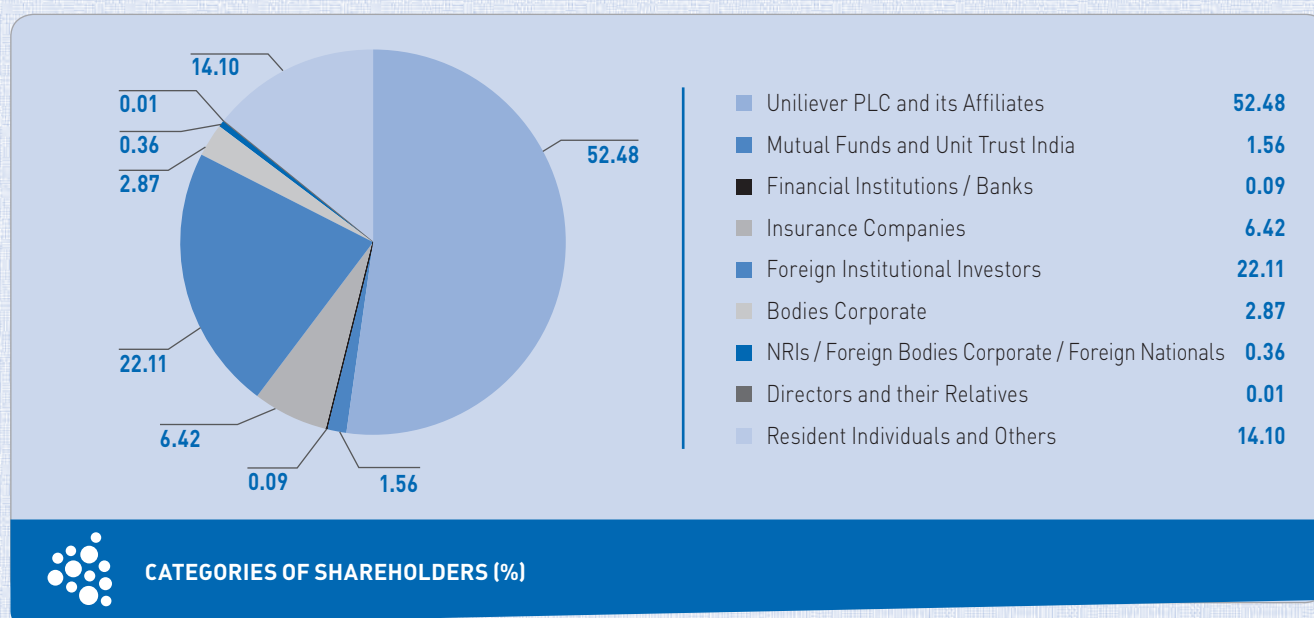
F – Final I – Interim S – Special

### Distribution of Shareholding as on 31st March, 2013

Holding	Shareholders		Shares	
	Number	%	Number	%
1 - 5000	3,33,236	96.12	15,96,94,477	7.38
5001 - 10000	7,754	2.24	5,45,33,665	2.52
10001 - 20000	3,518	1.01	4,84,08,645	2.24
20001 - 30000	869	0.25	2,09,50,910	0.97
30001 - 40000	366	0.11	1,25,83,584	0.58
40001 - 50000	188	0.05	84,21,399	0.39
50001 - 100000	289	0.08	1,96,32,749	0.91
100001 and above	474	0.14	183,82,46,881	85.01
<b>Total</b>	<b>3,46,694</b>	<b>100.00</b>	<b>216,24,72,310</b>	<b>100.00</b>

### Categories of Shareholders as on 31st March, 2013

Category	No. of Folios	Shares Held (Nos.)	% of Holdings
Unilever PLC and its Affiliates	7	113,48,49,460	52.48
Mutual Funds and Unit Trust of India	265	3,36,56,650	1.56
Financial Institutions / Banks	146	18,97,557	0.09
Insurance Companies	19	13,88,72,208	6.42
Foreign Institutional Investors	609	47,80,55,748	22.11
Bodies Corporate	2,938	6,21,48,652	2.87
NRIs / Foreign Bodies Corporate / Foreign Nationals	4,741	77,58,557	0.36
Qualified Foreign Investor	2	1,916	0.00
Directors and their Relatives	14	2,98,584	0.01
Resident Individuals and Others	3,37,953	30,49,32,978	14.10
<b>Total</b>	<b>3,46,694</b>	<b>216,24,72,310</b>	<b>100.00</b>



#### CATEGORIES OF SHAREHOLDERS (%)

### Top 10 Shareholders as on 31st March, 2013 (Other than Promoters)

Sr. No.	Name	Holding	%
1	Life Insurance Corporation of India	6,96,23,098	3.22
2	Oppenheimer Developing Markets Fund	3,81,48,163	1.76
3	Virtus Emerging Markets Opportunities Fund	3,11,93,923	1.44
4	The New India Assurance Company Limited	2,16,05,509	1.00
5	Aberdeen Global-Emerging Markets Equity Fund	2,12,02,993	0.98
6	Aberdeen Global Indian Equity Fund Mauritius Limited	2,07,13,131	0.96
7	Vontobel Fund Emerging Markets Equity	1,90,94,885	0.88
8	Vontobel India Fund	1,80,05,154	0.83
9	Bajaj Allianz Life Insurance Company Limited	1,59,23,857	0.74
10	The Aberdeen Emerging Markets Institutional Fund	1,57,70,966	0.73
	<b>Total</b>	<b>27,12,81,679</b>	<b>12.54</b>

## Bifurcation of shares held in physical and demat form as on 31st March, 2013

Particulars	No. of Shares	%
Physical Segment	6,37,11,675	2.95
Demat Segment		
NSDL	207,12,00,191*	95.78*
CDSL	2,75,60,444	1.27
<b>Total</b>	<b>216,24,72,310</b>	<b>100.00</b>

\* includes shares of Unilever PLC and its Affiliates

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

## Listing Details

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

The listing fee for the financial year ended 31st March, 2013 has been paid to the above Stock Exchanges.

## Share Price Data

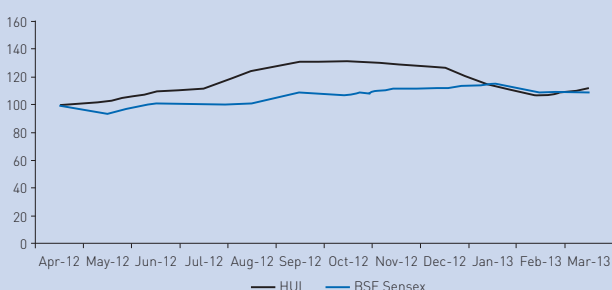
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2013 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-12	430.00	398.40	23,97,048	430.50	398.00	3,11,46,660
May-12	439.45	410.00	37,09,539	440.00	413.20	4,40,75,210
Jun-12	464.00	406.50	37,67,546	464.70	406.10	4,64,01,924
Jul-12	477.90	435.15	155,02,643	477.75	434.70	5,79,48,720
Aug-12	530.00	465.05	32,21,866	550.85	465.00	4,10,62,913
Sep-12	554.35	509.10	30,39,476	554.70	508.70	4,91,22,414
Oct-12	579.60	541.20	31,99,877	580.45	444.45	3,78,14,478
Nov-12	550.80	512.60	23,76,083	550.90	512.10	3,04,37,467
Dec-12	554.30	514.00	30,10,381	554.25	513.60	4,96,69,719
Jan-13	535.35	447.25	54,50,811	536.30	447.85	8,04,77,582
Feb-13	479.00	435.30	24,72,856	478.70	435.00	3,69,05,323
Mar-13	473.35	432.25	54,30,713	475.80	432.15	5,78,73,388

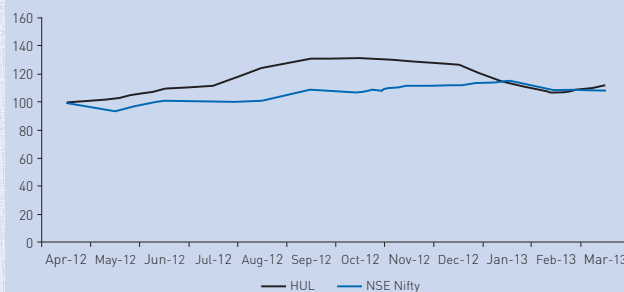
Source: BSE and NSE website

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

### BSE SENSEX VS HUL SHARE PRICE (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
01-01-2003	181.65	192%	3,390.00	478%	177.15	200%	1,100.15	441%
01-01-2004	212.60	150%	5,915.00	231%	209.49	153%	1,912.25	211%
03-01-2005	144.35	268%	6,679.00	193%	142.29	273%	2,115.00	181%
02-01-2006	195.20	172%	9,390.00	109%	192.11	176%	2,835.95	110%
02-01-2007	216.45	145%	13,942.00	40%	213.08	149%	4,007.40	48%
01-01-2008	218.10	143%	20,300.00	-4%	218.45	143%	6,144.35	-3%
01-01-2009	250.75	112%	9,903.46	98%	250.75	112%	3,033.45	96%
04-01-2010	264.70	100%	17,558.73	12%	264.70	100%	5,232.20	14%
03-01-2011	313.15	69%	20,561.05	-5%	313.15	69%	6,157.60	-3%
03-01-2012	407.95	30%	15,939.36	23%	407.70	30%	4,765.30	25%
01-01-2013	530.60	-	19,580.81	-	530.60	-	5,950.85	-

Source: BSE and NSE website

All comparisons are with respect to 1st January, 2013 (the reference date).

### Mergers and Demergers

The details of Mergers and Demergers with Companies and respective share exchange ratios are available on "Investor Centre" page on the website of the Company [www.hul.co.in](http://www.hul.co.in)

### Plant Locations

The details of Plant Locations are available at page nos. 152 & 153 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](http://www.hul.co.in). The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. The Company also sends quarterly, half yearly and annual results as well as the notice of the Board Meeting to Members on e-mail.

The Investor Centre of the Company's website provides more than 50 Frequently Asked Questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

In compliance with Clause 52 of the Listing Agreement, the Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges have also been filed under Corporate Filing and Dissemination System (CFDS).

### Investor Services

#### Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries. Investors may visit <http://karisma.karvy.com> and click on "INVESTORS" option for query registration through free identity registration process.

Investors can submit their query in the "QUERIES" option provided on the above website, which would give the grievance registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option "VIEW REPLY" after 24 hours. Investors can continue to put an additional query relating to the case till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Share Transfer Agent by filling the Shareholder Satisfaction Survey form available on website of the Company at [www.hul.co.in/investorrelations/shareholdersatisfactionsurvey/](http://www.hul.co.in/investorrelations/shareholdersatisfactionsurvey/).

## Alternative Dispute Redressal

### Shareholders

Long pending litigations involve significant investment as monetary value of the disputed shares and accrued dividends / other benefits are locked up unutilised till the dispute is settled. Further, in terms of the requirements of the Companies Act, 1956, such dividends / other specified incomes remaining unclaimed / unpaid for a period of seven years are to be credited to the Investor Education and Protection Fund and the shareholders are not entitled to claim the same thereafter.

Keeping the above in mind, the Company in the year 2004, had 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.

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

A number of shareholders have availed the benefit of this process and the Company through its various initiatives keeps exploring the possibilities of settling such issues. The process helps the 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 between the parties.

The shareholders who are willing to avail the benefits of Alternative Dispute Redressal mechanism may approach the Investor Service Department of the Company at the address mentioned hereinafter.

### Consumers / Customers

In line with one of the Company's key tenets of Consumer and Customer Centricity, the Company commenced a process of resolving consumer and customer disputes and grievances through an alternative disputes redressal mechanism. The Company appointed four retired Judges of different High Courts, one in each region, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve long pending disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decision arrived at such disputes resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. These meetings were held in all the four regions and achieved reasonable success. The Company believes that such independent dispute resolution mechanism will further reinforce its commitment and credibility with its consumers and also set new benchmarks for the industry.

The Company has also set a consumer care helpline 'Levercare', to help consumers reach the Company for their grievances, suggestions, ideas and to help brands reach out to consumers.

### Address for Correspondence

All shareholders' correspondence should be forwarded to M/s. Karvy Computershare Private Limited, the Registrar and Transfer Agents of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below.

The Company's dedicated e-mail address for Investors' Complaints is [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)

#### Karvy Computershare Private Limited

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

#### Investor Service Department

Hindustan Unilever Limited  
Unilever House,  
B. D. Sawant Marg, Chakala,  
Andheri (East),  
Mumbai - 400 099  
Phone : +91 - 22 - 39832285 / 32452  
Fax : +91 - 22 - 28249457  
Website : [www.hul.co.in](http://www.hul.co.in)

#### Compliance Officer

Mr. Dev Bajpai  
Executive Director, Legal & Corporate Affairs  
and Company Secretary  
E-mail : [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)  
Phone : +91 - 22 - 39832557 / 32358 /  
32532 / 32312

## Loans and advances in the nature of loan to subsidiaries:

Information pursuant to Clause 32 of the Listing Agreement

Name of the Company	Rs. crores	
	Balance as at 31st March, 2013	Maximum outstanding during the year
Lakme Lever Private Limited	51.10	51.10
Brooke Bond Real Estates Private Limited	14.61	14.61
Pond's Exports Limited	2.00	2.00

## 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, 2013 and based on our knowledge and belief, we state that :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

*Mumbai : 29th April, 2013*

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

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

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

To the Members of  
**Hindustan Unilever Limited**

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

*Mumbai : 29th April, 2013*

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Pradip Kanakia**  
Partner  
Membership No. 39985

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## SECRETARIAL STANDARDS REPORT

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The Board of Directors,  
**Hindustan Unilever Limited**,  
Unilever House,  
B. D. Sawant Marg,  
Chakala, Andheri (East),  
Mumbai - 400 099

We have examined relevant registers, records and documents maintained and made available to us by Hindustan Unilever Limited ("the Company") for the period commencing from 1st April 2012 to 31st March 2013 for compliances of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI)

Secretarial Standards issued by ICSI are presently recommendatory in nature. The management has voluntarily decided to adhere to these standards and comply with the same. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of Secretarial Standards.

In our opinion and to the best of our information and according to the explanation given to us, we report that the Company has complied with all material aspects of applicable Secretarial Standards issued by ICSI.

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

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

*Date: 11th April, 2013*  
*Place: Mumbai*

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## SECRETARIAL AUDIT REPORT

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The Board of Directors,  
**Hindustan Unilever Limited**,  
Unilever House,  
B. D. Sawant Marg,  
Chakala, Andheri (East),  
Mumbai - 400 099

We have examined the registers, records and documents of Hindustan Unilever Limited ("the Company") for the period commencing from 1st April, 2012 to 31st March, 2013 for compliances of provisions of:

1. The Companies Act, 1956 (the Act) and the Rules made there under;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) Securities Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 2011;

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999;
  - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; and
  5. The Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited.

Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company : -

We report that the Company has, in our opinion, complied with the provisions of the Act and the Rules made thereunder and with the Memorandum and Articles of Association of the Company with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;

## SECRETARIAL AUDIT REPORT (CONTD.)

- (b) closure of the Register of Members;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) service of documents by the Company on its Members and the Registrar of Companies;
- (e) notice of Meetings of the Board and Committees thereof;
- (f) minutes of the meetings of the Board and Committees thereof including passing of resolutions by circulation;
- (g) notice convening the 79th Annual General Meeting held on 23rd July, 2012;
- (h) minutes of general meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- (j) constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Executive Directors;
- (k) payment of remuneration to the Directors including the Managing Director and Executive Directors;
- (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
- (m) transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificate(s) of shares;
- (n) declaration and payment of dividends including interim dividend;
- (o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
- (p) satisfaction of charges, if any, registered with the Registrar of Companies;
- (q) form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
- (r) contracts, common seal, registered office and publication of name of the company; and
- (s) generally, all other applicable provisions of the Act and the Rules made there under.

### We further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debentures holdings and directorships in other companies and interest in other entities;

- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Share Dealing Code and Code of Conduct of the Company;
- (c) the Company has obtained all necessary approvals under the various provisions of the Act;
- (d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

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

### We further report that:

- (a) the Company has complied with the requirements under the Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited;
- (b) the Company has complied with the provisions of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of 2012 HUL Performance Shares Scheme, 2006 HLL Performance Shares Scheme and 2001 HLL Stock Option Plan, grant of options and other related aspects.

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

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

*Date: 11th April, 2013*  
*Place: Mumbai*

# BALANCE SHEET

As at 31st March, 2013

*(All amounts in Rs. crores, unless otherwise stated)*

	Note	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	216.25	216.15
Reserves and surplus	4	2,457.77	3,296.78
<b>Non-current liabilities</b>			
Other long term liabilities	5	476.25	329.69
Long term provisions	6	706.34	666.95
<b>Current liabilities</b>			
Trade payables	7	5,167.69	4,622.96
Other current liabilities	9	616.15	546.77
Short term provisions	10	1,872.02	1,278.97
<b>TOTAL</b>		<b>11,512.47</b>	<b>10,958.27</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	2,256.79	2,117.53
Intangible assets	13	36.11	29.94
Capital work-in-progress		205.32	205.13
Intangible assets under development		10.32	10.32
<b>Non-current investments</b>	14	548.03	186.31
<b>Deferred tax assets (net)</b>	15	204.78	214.24
<b>Long term loans and advances</b>	16	384.29	401.27
<b>Other non-current assets</b>	17	296.84	-
<b>Current assets</b>			
Current investments	18	1,782.63	2,251.90
Inventories	19	2,526.99	2,516.65
Trade receivables	20	833.48	678.99
Cash and bank balances	21	1,707.89	1,830.04
Short term loans and advances	22	648.26	480.70
Other current assets	23	70.74	35.25
<b>TOTAL</b>		<b>11,512.47</b>	<b>10,958.27</b>
Summary of significant accounting policies	2		
Contingent liabilities, capital and other commitments	24, 25		

**The accompanying notes are an integral part of these financial statements**

As per our report of even date

For and on behalf of Board of Directors

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Nitin Paranjpe** Managing Director and CEO

**Aditya Narayan** Chairman - Audit Committee

**Pradip Kanakia**  
Partner  
Membership No. 39985

**Ritesh Tiwari** Group Controller

Mumbai : 29th April, 2013

Mumbai : 29th April, 2013

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>REVENUE FROM OPERATIONS (GROSS)</b>	<b>27</b>	27,283.59	23,181.09
Less: Excise duty		(1,473.38)	(1,064.72)
Revenue from operations (net)		<b>25,810.21</b>	<b>22,116.37</b>
Other income	<b>28</b>	606.90	278.31
<b>TOTAL REVENUE</b>		<b>26,417.11</b>	<b>22,394.68</b>
<b>EXPENSES</b>			
Cost of materials consumed	<b>29</b>	10,284.66	8,584.89
Purchases of stock-in-trade	<b>30</b>	3,235.31	3,024.14
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	<b>31</b>	(31.13)	128.73
Employee benefits expenses	<b>32</b>	1,318.34	1,107.28
Finance costs	<b>33</b>	25.15	1.24
Depreciation and amortization expense	<b>34</b>	236.02	218.25
Other expenses	<b>35</b>	6,999.28	5,979.99
<b>TOTAL EXPENSES</b>		<b>22,067.63</b>	<b>19,044.52</b>
<b>Profit before exceptional items and tax</b>		<b>4,349.48</b>	<b>3,350.16</b>
Exceptional items	<b>36</b>	608.40	118.87
<b>Profit before tax</b>		<b>4,957.88</b>	<b>3,469.03</b>
<b>Tax expense</b>			
Current tax		(1,167.59)	(784.52)
Deferred tax		(9.45)	(0.76)
Tax adjustments of prior years (net)		15.83	7.65
<b>PROFIT FOR THE YEAR</b>		<b>3,796.67</b>	<b>2,691.40</b>
<b>Earnings per equity share</b>	<b>37</b>		
Basic (Face value of Re. 1 each)		<b>Rs. 17.56</b>	<b>Rs. 12.46</b>
Diluted (Face value of Re. 1 each)		<b>Rs. 17.55</b>	<b>Rs. 12.45</b>
<b>Summary of significant accounting policies</b>	<b>2</b>		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Nitin Paranjpe** Managing Director and CEO

**Aditya Narayan** Chairman - Audit Committee

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Pradip Kanakia**  
Partner  
Membership No. 39985

**Ritesh Tiwari** Group Controller

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013

Mumbai : 29th April, 2013

# CASH FLOW STATEMENT

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before exceptional items and tax</b>	<b>4,349.48</b>	<b>3,350.16</b>
<i>Adjustments for:</i>		
Depreciation and amortization expense	236.02	218.25
Net gain on sale of investments	(199.24)	(115.96)
Deficit on fixed assets sold, scrapped, etc. (net)	10.84	15.73
Interest income	(270.02)	(117.70)
Dividend income	(123.66)	(44.22)
Provision for expense on employee stock options / performance share schemes	12.20	11.74
Provision for diminution in the value of non-current investments	18.12	18.13
Provision / (write back) for doubtful debts and advances (net)	5.63	14.86
Bad debts / advances written off	5.50	4.45
Unrealised foreign exchange loss	3.37	3.65
Interest expense	25.15	1.24
	(276.09)	10.17
<b>Operating profit before working capital changes</b>	<b>4,073.39</b>	<b>3,360.33</b>
<i>Adjustments for:</i>		
(Increase)/decrease in trade receivables	(161.89)	246.34
(Increase)/decrease in short term loans and advances	(127.06)	(62.40)
(Increase)/decrease in other current assets	-	(52.29)
(Increase)/decrease in long term loans and advances	(3.51)	(4.92)
Increase/(decrease) in trade payables	541.36	(389.74)
Increase/(decrease) in long term provisions	49.78	(5.94)
Increase/(decrease) in short term provisions	(11.64)	218.53
Increase/(decrease) in other current liabilities	49.40	(8.90)
Increase/(decrease) in other long term liabilities	146.56	110.49
(Increase)/decrease in inventories	(10.34)	132.35
	472.66	183.52
<b>Cash generated from operations</b>	<b>4,546.05</b>	<b>3,543.85</b>
Taxes paid (net of refunds)	(1,004.67)	(656.76)
<b>Cash flow before exceptional items</b>	<b>3,541.38</b>	<b>2,887.09</b>
<b>Exceptional items:</b>		
Compensation paid under voluntary separation schemes	(1.78)	(3.25)
Amounts paid for other restructuring activities	(10.02)	(11.43)
<b>Net cash generated from operating activities - [A]</b>	<b>3,529.58</b>	<b>2,872.41</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of tangible/ intangible assets	(405.65)	(252.21)
Sale proceeds of tangible assets	0.80	7.24
Purchase of non-current investments	(380.65)	(0.50)
Investment in long term deposits with banks	(296.84)	-
Purchase of current investments	(15,779.65)	(13,966.31)
Sale proceeds of current investments	16,382.18	12,928.31
Loans given to subsidiaries/ fellow subsidiaries	(117.86)	(25.00)
Loans repaid by subsidiaries/ fellow subsidiaries	87.55	0.50
Investment in bank deposits (having original maturity more than 3 months)	(4,310.94)	(2,471.01)



# CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Redemption/ maturity of bank deposits (having original maturity more than 3 months)	3,853.37	2,967.00
Interest received	207.81	127.40
Gain on sale of short term highly liquid investments	65.98	42.17
Dividend received from subsidiaries	51.21	27.14
Dividend received from others	31.95	17.08
<b>Cash flow before exceptional items</b>	<b>(610.74)</b>	<b>(598.19)</b>
<b>Exceptional items:</b>		
Consideration received on disposal of surplus properties	645.07	140.73
Consideration received on disposal of a subsidiary	-	4.68
Consideration received on sale of a stake in subsidiary	-	0.33
<b>Net cash generated from/ (used) in investing activities - [B]</b>	<b>34.33</b>	<b>(452.45)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(3,550.31)	(1,509.31)
Dividend distribution tax paid	(575.51)	(245.32)
Addition to unpaid dividend accounts	(16.81)	(2.85)
Interest paid	(25.15)	(1.24)
Proceeds from share allotment under employee stock options/ performance share schemes	7.34	33.55
<b>Cash flow before exceptional items</b>	<b>(4,160.44)</b>	<b>(1,725.17)</b>
<b>Exceptional items</b>	-	-
<b>Net cash used in financing activities - [C]</b>	<b>(4,160.44)</b>	<b>(1,725.17)</b>
<b>Net increase/(decrease) in cash and cash equivalents - [A+B+C]</b>	<b>(596.53)</b>	<b>694.79</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>922.94</b>	<b>228.15</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>326.41</b>	<b>922.94</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	1.17	0.99
Cheques/ drafts on hand	-	0.01
<b>Balances with banks</b>		
In current accounts	43.17	235.56
Term deposits with original maturity of less than three months	282.07	197.44
<b>Short term, highly liquid investments</b>		
Certificate of deposits with original maturity of less than three months	-	268.52
Treasury bills with original maturity of less than three months	-	220.42
	<b>326.41</b>	<b>922.94</b>

As per our report of even date

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Pradip Kanakia**  
Partner  
Membership No. 39985

Mumbai : 29th April, 2013

For and on behalf of Board of Directors

**Nitin Paranjpe** Managing Director and CEO

**Aditya Narayan** Chairman - Audit Committee

**Ritesh Tiwari** Group Controller

Mumbai : 29th April, 2013

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

# NOTES

## to the financial statements for the year ended 31st March, 2013

*(All amounts in Rs. crores, unless otherwise stated)*

### 1) COMPANY INFORMATION

Hindustan Unilever Limited (the 'company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is a market leader in the FMCG business comprising Home and Personal Care (HPC) and Foods and Refreshments. The company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade.

### 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis of preparation

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "0.00" in the relevant notes in these financial statements.

#### 2.2. Revenue recognition

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer, upon supply of goods, and are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced). It does not include inter-divisional transfers.

Income from export incentives such as duty drawback and premium on sale of import licences, and lease license fee are recognised on an accrual basis.

Income from services rendered is recognised as the service is performed and is booked based on agreements/ arrangements with the concerned parties.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

#### 2.3. Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as an addition to tangible assets.

#### 2.4. Tangible assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the statement of profit and loss.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the statement of profit and loss.

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly,

- computers and related assets, included in office equipment are depreciated over four years;
- leasehold land is amortised over the primary period of the lease;
- certain assets of the cold chain, included in plant and equipment, are depreciated over four/ seven years; and
- vehicles are depreciated over six years.

#### 2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis as per rates mentioned below:

Asset class	Rate of amortization
Goodwill	25%
Brands/ trademarks	25%
Computer software	20%

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 2.6. Impairment

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### 2.7. Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments".

Investment in land and building that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

### 2.8. Inventories

Inventories are stated at lower of cost (computed on a weighted average basis) and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 2.9. Trade receivables and Loans and advances

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances.

### 2.10. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 2.11. Retirement/ post retirement benefits

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund, superannuation fund, etc. are charged to the statement of profit and loss as incurred. 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 remaining contributions are made to a government administered provident fund towards which the company has no further defined obligations beyond its monthly contributions. The company also provides for retirement/ post-retirement benefits in the form of gratuity, pensions, leave encashment and medical. Such defined benefits are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as an expense as and when incurred.

### 2.12. Current and deferred tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 2.13. Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the statement of profit and loss, and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.14. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the statement of profit and loss on a straight line basis over the period of the lease.

### 2.15. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the company. Further,

- a) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market based.
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the company as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocated corporate expenses net of un-allocated income".

### 2.16. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include

cash in hand, term deposits with banks, other short term highly liquid investments with original maturities of three months or less.

### 2.17. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.18. Employee share based payments

Equity settled stock options granted under "HUL ESOP/ Performance Shares Schemes" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

### 2.19. Use of estimates

The preparation of the financial statements in conformity with the general accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

## 3) SHARE CAPITAL

	As at 31st March, 2013	As at 31st March, 2012
<b>Authorized</b> 2,250,000,000 (March 31, 2012: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
<b>Issued, subscribed and fully paid up</b> 2,162,472,310 (March 31, 2012: 2,161,512,492) equity shares of Re. 1 each	216.25	216.15
	<b>216.25</b>	216.15

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## a) Reconciliation of the number of shares

	As at 31st March, 2013 Number of shares	Amount	As at 31st March, 2012 Number of shares	Amount
<b>Equity Shares:</b>				
Balance as at the beginning of the year	2,161,512,492	216.15	2,159,471,968	215.95
Add: ESOP shares issued during the year (Refer note 49)	959,818	0.10	2,040,524	0.20
Balance as at the end of the year	<b>2,162,472,310</b>	<b>216.25</b>	<b>2,161,512,492</b>	<b>216.15</b>

## b) Rights, preferences and restrictions attached to shares

**Equity shares:** The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## c) Shares held by holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2013	As at 31st March, 2012
<b>Equity Shares of Re. 1 held by:</b>		
794,806,750 shares (March 31, 2012: 794,806,750 shares) held by Unilever PLC, UK, the holding company	79.48	79.48
340,042,710 shares (March 31, 2012: 340,042,710 shares) held by subsidiaries of holding company	34.00	34.00

## d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2013	As at 31st March, 2012
Number of shares	794,806,750	794,806,750
Unilever PLC, UK, the holding company	36.75%	36.77%

## e) Shares reserved for issue under options

Refer note 49 for details of shares to be issued under the Employee Stock Option Plan

## f) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2013)

	As at 31st March, 2013	As at 31st March, 2012
No. of equity shares issued in the last 5 years under the Employee stock option plan/ performance share schemes as consideration for services rendered by employees (Refer note 49)	7,371,948	7,799,491

## g) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2013

	As at 31st March, 2013	As at 31st March, 2012
No. of equity shares bought back by the company	53,118,976	53,118,976

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 4) RESERVES AND SURPLUS

	As at 31st March, 2011	Additions	Deductions	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013
Capital Reserve	4.22	-	-	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46	-	-	6.46
Securities Premium Reserve	0.86	37.88 (d)	-	38.74	16.95 (d)	-	55.69
Revaluation Reserve	0.67	-	-	0.67	-	-	0.67
Employee Stock Options Outstanding Account	28.54	11.74	(4.51)	35.77	12.20	(9.70)	38.27
<b>Other Reserves</b>							
Capital Subsidy (Received from Govt. for eligible projects under its scheme)	5.04	0.60	-	5.64	0.55	-	6.19
Export Profit Reserve (e)	12.22	-	-	12.22	-	-	12.22
Development Allowance Reserve (e)	0.27	-	-	0.27	-	-	0.27
General Reserve	1,147.18	269.14 (b)	-	1,416.32	379.67 (b)	-	1,795.99
Other Reserves (c) (Created on amalgamation of Brooke Bond Lipton India Limited)	2.51	-	-	2.51	-	-	2.51
	<b>1,207.97</b>	<b>319.36</b>	<b>(4.51)</b>	<b>1,522.82</b>	<b>409.37</b>	<b>(9.70)</b>	<b>1,922.49</b>
<b>Surplus in statement of profit and loss</b>	<b>1,235.60</b>	<b>2,691.40 (a)</b>	<b>(2,153.04)</b>	<b>1,773.96</b>	<b>3,796.67 (a)</b>	<b>(5,035.35)</b>	<b>535.28</b>

	As at 31st March, 2011	Additions	Deductions	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013
<b>Total Reserves and Surplus</b>	<b>2,443.57</b>	<b>3,010.76</b>	<b>(2,157.55)</b>	<b>3,296.78</b>	<b>4,206.04</b>	<b>(5,045.05)</b>	<b>2,457.77</b>

	As at 31st March, 2012	As at 31st March, 2013
<b>Balance as at the beginning of the year</b>	<b>1,235.60</b>	<b>1,773.96</b>
Profit for the year	2,691.40	3,796.67 (a)
Less : Appropriations	-	-
Interim Dividend on equity shares for the year [per share Rs. 4.50 (2011-12: Rs. 3.50 per share)]	(756.34)	(972.98)
Special Dividend on equity shares for the year [per share Rs. 8.00 (2011-12: Rs. Nil per share)]	-	(1,729.53)
Proposed Final Dividend on equity shares [per share Rs. 6.00 (2011-12: Rs. 4.00 per share)]	(864.60)	(1,297.48)
Dividend distribution tax	(262.96)	(655.69)
Transfer to general reserve	(269.14)	(379.67) (b)
<b>Balance as at the end of the year</b>	<b>1,773.96</b>	<b>535.28</b>

(a) Transfer from statement of profit and loss.

(b) Transfer from surplus in statement of profit and loss.

(c) Not available for capitalisation / declaration of dividend / share buyback.

(d) Represents additions arising from exercise of shares under Employees stock option/ Performance share schemes.

(e) These are statutory reserves created / retained as required by applicable laws.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 5) OTHER LONG TERM LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
Employee and ex-employee related liabilities	161.89	165.41
Security deposits	314.36	164.28
	<b>476.25</b>	<b>329.69</b>

## 6) LONG TERM PROVISIONS

	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits:		
Provision for gratuity	22.11	17.25
Provision for pension, medical, leave encashment and others	541.01	530.71
Other provisions (including for statutory levies etc) - net (Refer note 11)	143.22	118.99
	<b>706.34</b>	<b>666.95</b>

## 7) TRADE PAYABLES

	As at 31st March, 2013	As at 31st March, 2012
Acceptances	1,034.06	840.36
Trade payables (Refer note 8)	4,133.63	3,782.60
	<b>5,167.69</b>	<b>4,622.96</b>

## 8) DUES TO MICRO AND SMALL ENTERPRISES

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 9) OTHER CURRENT LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
Unpaid dividends [Refer note (a) below]	69.88	53.07
Statutory dues (including provident fund and tax deducted at source)	305.18	224.11
Salaries, wages and bonus payable	178.66	176.31
Advance from customers	29.13	61.25
Other payables (VRS, payable for tangible assets etc.)	33.30	32.03
	<b>616.15</b>	<b>546.77</b>

a) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 205C of the Companies Act, 1956 as at the year end.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 10) SHORT TERM PROVISIONS

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
Provision for employee benefits (medical, leave encashment and others)	9.04	8.50
Provision for income tax (net)	294.27	232.16
Provision for wealth tax (net)	4.73	4.17
Others		
Provision for proposed Final Dividend (Refer note 26)	1,297.48	864.60
Provision for dividend distribution tax on proposed Final Dividend	220.51	140.26
Other provisions (including restructuring etc.) (Refer note 11)	45.99	29.28
	<b>1,872.02</b>	<b>1,278.97</b>

## 11) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM) (REFER NOTE 6 AND 10)

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
Opening balance	148.27	168.65
Provision during the year	57.92	13.62
Amount utilised/ reversed during the year	(16.98)	(34.00)
<b>Balance at the end of the year</b>	<b>189.21</b>	<b>148.27</b>



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2013	As at 31st March, 2012
Land								
- Freehold	64.32	0.03	(3.05)	0.07	-	-	61.23	64.25
- Leasehold	56.07	0.40	(0.55)	7.29	2.74	(0.11)	46.00	48.78
Building	970.41	37.10	(26.75)	201.33	28.11	(10.67)	761.99	769.08
Plant & equipment	2,279.32	320.66	(37.76)	1,121.00	172.74	(29.90)	1,263.84	1,158.32
Furniture & fixtures	73.61	7.50	(2.44)	32.06	4.69	(2.20)	34.55	41.55
Vehicles	1.99	-	(0.29)	1.88	0.01	(0.28)	1.61	0.11
Office equipment	88.68	19.37	(15.79)	53.24	9.01	(14.97)	47.28	35.44
Others								
- Railway sidings	0.01	-	-	0.01	-	-	-	-
<b>Total - 31st March, 2013</b>	<b>3,534.41</b>	<b>385.06</b>	<b>(86.63)</b>	<b>1,416.88</b>	<b>217.30</b>	<b>(58.13)</b>	<b>1,576.05</b>	<b>2,117.53</b>
<b>Total - 31st March, 2012</b>	<b>3,495.98</b>	<b>311.11</b>	<b>(272.68)</b>	<b>1,362.40</b>	<b>206.24</b>	<b>(151.76)</b>	<b>1,416.88</b>	<b>-</b>

## NOTES :

- Buildings include Rs. 0.02 crores (March 31, 2012 - Rs.0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold land aggregating Rs. 7.02 crores (March 31, 2012 - Rs. 7.77 crores), acquired on transfer of business/ undertakings are in the process of being transferred in the name of the company.
- Disposal/ transfers include i) Assets held for sale shown under 'Other current assets' (Refer note 23) : Gross block Rs.29.97 crores (March 31, 2012 - Rs. 11.27 crores), Accumulated depreciation Rs. 9.71 crores (March 31, 2012 - Rs. 1.63 crores) and Net block Rs. 20.26 crores (March 31, 2012 - Rs. 9.64 crores) and ii) Investment property shown under 'Non-current investments' (Refer note 14) : Gross block Rs. 0.03 crores (March 31, 2012 - Rs. 27.62 crores), Accumulated depreciation Rs. Nil (March 31, 2012 - Rs. 6.36 crores) and Net block Rs. 0.03 crores (March 31, 2012 - Rs. 21.26 crores).
- Disposal/ Transfers for the year 2011-12 include transfer out through demerger of the FMCG Exports Business Division: Gross block Rs. 145.44 crores, Accumulated depreciation Rs. 82.07 crores and Net block Rs. 63.37 crores.
- Additions in capital expenditure of Rs. 0.19 crores (March 31, 2012 - Rs. 0.40 crores) and Rs. 1.48 crores (March 31, 2012 - Rs. 1.48 crores) incurred at Company's in-house R&D facilities at Mumbai and Bangalore respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961
- Impairment charge of Rs. Nil (March 31, 2012 - Rs. 7.20 crores) on plant and equipment has been included in miscellaneous expenses in the statement of profit and loss.

## 13) INTANGIBLE ASSETS

	Gross block			Amortization			Net block	
	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2013	As at 31st March, 2012
Goodwill	11.82	-	-	11.82	-	-	11.82	-
Brands/ trademarks	144.85	15.00	-	144.85	1.50	-	146.35	-
Computer software	120.60	9.09	-	90.66	16.42	-	107.08	29.94
<b>Total - 31st March, 2013</b>	<b>277.27</b>	<b>24.09</b>	<b>-</b>	<b>247.33</b>	<b>17.92</b>	<b>-</b>	<b>265.25</b>	<b>29.94</b>
<b>Total - 31st March, 2012</b>	<b>263.64</b>	<b>13.63</b>	<b>-</b>	<b>228.12</b>	<b>19.21</b>	<b>-</b>	<b>247.33</b>	<b>-</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON- CURRENT INVESTMENTS

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>A. INVESTMENT PROPERTY (Refer note 12 (c))</b>		
Cost of building given on operating lease	27.65	27.62
Less: Accumulated depreciation	(7.16)	(6.36)
<b>Net block</b>	<b>20.49</b>	<b>21.26</b>
<b>Total (A)</b>	<b>20.49</b>	<b>21.26</b>
<b>B. TRADE INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)</b>		
<b>a) Quoted equity instruments</b>		
3,833,619 Equity shares [March 31, 2012: 3,833,619] of Rs. 10 each held in Tata Chemical Limited	11.66	11.66
	<b>11.66</b>	<b>11.66</b>
<b>b) Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
2,975,000 Equity shares [March 31, 2012: 2,975,000] of Rs. 10 each held in Unilever India Exports Limited	72.63	72.63
20,000,000 Equity shares [March 31, 2012: 20,000,000] of Rs. 10 each held in Lakme Lever Private Limited	20.00	20.00
736,560 Equity shares [March 31, 2012: 736,560] of Nepalese Rs. 100 each held in Unilever Nepal Limited	4.60	4.60
17,910,132 Equity shares [March 31, 2012: 17,910,132 of Rs. 10] of Re. 1 each held in Pond's Export Limited	2.58	2.58
<b>Investment in joint venture</b>		
39,700,000 Equity shares [March 31, 2012: 36,250,000] of Rs. 10 each held in Kimberly Clark Lever Private Limited [net of provision for other than temporary diminution in value Rs. 36.25 crores (March 31, 2012: Rs. 18.13 crores)]	26.89	18.13
<b>Others</b>		
284,040 Equity shares [March 31, 2012: 284,040] of Rs. 100 each held in Aquagel Chemicals Private Limited	2.66	2.66
52,000 Equity shares (March 31, 2012 : Nil) of Rs. 100 each held in Aquagel Chemicals Bhavanagar Private Limited	0.52	-
96,125 Equity shares [March 31, 2012: 96,125] of Rs. 10 each held in Hindustan Field Services Private Limited (a subsidiary till June 2011)	0.10	0.10
58,400 Equity shares [March 31, 2012: 58,400] of Rs. 10 each held in Hi Tech Surfactants Limited	0.06	0.06
7,164 Equity shares [March 31, 2012: 7,164] of Rs. 100 each held in Goldfield Fragrances Private Limited	0.02	0.02

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON-CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2013	As at 31st March, 2012
1,000	Equity shares [March 31, 2012: 1,000] of Rs. 10 each held in Super Bazar Co-op. Stores Limited	0.00	0.00
1	Equity share [March 31, 2012: 1] of Rs. 10,000 each held in Coffee Futures India Exchange Limited	0.00	0.00
50	Equity shares [March 31, 2012: 50] of Rs. 100 each held in Dugdha Sahakari Kraya-Vikraya Samiti Limited	0.00	0.00
		<b>130.06</b>	<b>120.78</b>
<b>c) Unquoted preference instruments</b>			
913,000	7% Cumulative Redeemable Preference Shares [March 31, 2012: 913,000] of Rs. 100 each held in Aquagel Chemicals Private Limited	9.13	9.13
520,000	9% Cumulative Redeemable Preference Shares (March 31, 2012 : Nil) of Rs. 100 each held in Aquagel Chemicals Bhavanagar Private Limited	5.20	-
		<b>14.33</b>	<b>9.13</b>
<b>Total (B)</b>		<b>156.05</b>	<b>141.57</b>
<b>C. OTHER INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)</b>			
<b>a) Quoted equity instruments</b>			
10,000	Equity shares [March 31, 2012: 10,000] of Rs. 10 each held in Scooters India Limited	0.01	0.01
		<b>0.01</b>	<b>0.01</b>
<b>b) Unquoted equity instruments</b>			
<b>Investment in subsidiaries</b>			
12,946,000	Equity shares [March 31, 2012: 12,946,000] of Rs. 10 each held in Brooke Bond Real Estates Private Limited	12.95	12.95
5,000,000	Equity shares [March 31, 2012: 5,000,000] of Rs. 10 each held in Jamnagar Properties Private Limited	5.00	5.00
221,700	Equity shares [March 31, 2012: 221,700] of Rs. 10 each held in Daverashola Estates Private Limited	4.51	4.51
50,000	Ordinary shares [March 31, 2012: 50,000] of Rs. 10 each held in Levindra Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2012: 50,000] of Rs. 10 each held in Hindlever Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2012: 50,000] of Rs. 10 each held in Levers Associated Trust Limited	0.05	0.05
7,600	Equity shares [March 31, 2012: 2,500] of Rs. 10 each held in Hindustan Unilever Foundation	0.01	0.00
<b>Investment in others</b>			
240,000	Equity shares [March 31, 2012: 240,000] of Rs. 10 each held in Comfund Financial Services India Limited	0.24	0.24

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON-CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2013	As at 31st March, 2012
100,000	Equity shares [March 31, 2012: 100,000] of Rs. 10 each held in Biotech Consortium India Limited	0.10	0.10
8,284	Equity shares [March 31, 2012: 8,284] of Rs. 10 each held in Assam Bengal Cereals Limited	0.01	0.01
2,500	Equity shares [March 31, 2012: 2500] of Rs. 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0.00	0.00
200	Equity shares [March 31, 2012: 200] of Rs. 100 each held in The Nilgiri Co-operative Enterprises Limited	0.00	0.00
1,000	Equity shares [March 31, 2012: 1,000] of Rs. 10 each held in Saraswat Co-operative Bank Limited	0.00	0.00
1,150	Ordinary shares [March 31, 2012: 1,150] of Rs. 100 each held in Annamallais Ropeway Company Limited	0.00	0.00
		<b>22.97</b>	<b>22.96</b>
<b>c) Unquoted other instruments</b>			
<b>Investment in debentures and bonds</b>			
500	6% Capital Gains Bond [March 31, 2012: 500] face value of Rs. 10,000 each held in National Highway Authority of India	0.50	0.50
14	6 1/2% Non-redeemable Registered Debentures [March 31, 2012: 14] face value of Rs. 1,000 each held in The Bengal Chamber of Commerce & Industry	0.00	0.00
44	1/2% Debentures [March 31, 2012: 44] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
1	5% Non-redeemable Registered Debenture stock [March 31, 2012: 1] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
56	5% Debentures [March 31, 2012: 56] face value of Rs. 100 each held in Shillong Club Limited	0.00	0.00
<b>Investment in government and trust securities</b>			
	7 Year National Savings Certificates - II Issue	0.01	0.01
<b>Investment in controlled trust</b>			
	Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	348.00	-
		<b>348.51</b>	<b>0.51</b>
<b>Total (C)</b>		<b>371.49</b>	<b>23.48</b>
<b>Total (A+B+C)</b>		<b>548.03</b>	<b>186.31</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 14) NON-CURRENT INVESTMENTS (CONTD.)

	As at 31st March, 2013	As at 31st March, 2012
Aggregate amount of quoted investments	11.67	11.67
Market value of quoted investments	123.31	132.52
Aggregate amount of unquoted investments	515.87	153.38
Aggregate amount of investment property	20.49	21.26
Aggregate provision for diminution in the value of non-current investments	36.25	18.13

## 15) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred tax assets</b>		
Provision for post retirement benefits and other employee benefits	182.70	187.92
Provision for doubtful debts and advances	34.21	27.56
Expenses allowable for tax purposes when paid	105.82	94.39
Other timing differences	92.47	93.39
	<b>415.20</b>	<b>403.26</b>
<b>Deferred tax liabilities</b>		
Depreciation	(210.42)	(189.02)
	<b>204.78</b>	<b>214.24</b>

## 16) LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
<b>Security deposits</b>		
- Deposits with customs, port trust, excise and other govt. authorities	11.80	24.03
- Deposits with others	98.26	90.63
Loans and advances to subsidiaries (Refer note 52)	67.71	38.80
Advance income tax (net)	187.82	234.89
Advance agriculture tax (net)	5.09	5.09
Capital advances	5.45	5.76
<b>Advances recoverable in cash or in kind or for value to be received</b>		
- Considered good	8.16	2.07
- Considered doubtful	52.15	49.10
- Less: Provision for doubtful loans and advances	(52.15)	(49.10)
	<b>384.29</b>	<b>401.27</b>

## 17) OTHER NON-CURRENT ASSETS

	As at 31st March, 2013	As at 31st March, 2012
Long term deposit with banks with original maturity period more than twelve months	296.84	-
	<b>296.84</b>	<b>-</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 18) CURRENT INVESTMENTS (with original maturity between 3 months and 12 months)

**(At cost or market value, whichever is less)**

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>Quoted</b>		
<b>Government securities</b>		
Treasury bills of face value aggregating Rs. 251.99 crores [March 31, 2012 - Rs. 175 crores]	243.98	170.00
<b>Certificates of deposit</b>		
State Bank of Travancore of the face value of Rs. Nil [March 31, 2012 - Rs. 25 crores]	-	24.23
Bank of India of the face value of Rs. Nil [March 31, 2012 - Rs. 45 crores]	-	43.11
HDFC Bank of the face value of Rs. Nil [March 31, 2012 - Rs. 20 crores]	-	19.10
Standard Chartered Bank of the face value of Rs. Nil [March 31, 2012 - Rs. 145 crores]	-	139.93
State Bank of Mysore of the face value of Rs. Nil [March 31, 2012 - Rs. 25 crores]	-	24.03
ICICI Bank of the face value of Rs. 40 crores [March 31, 2012 - Rs. 345 crores]	38.65	331.50
<b>Mutual funds</b>		
ICICI Prudential Mutual Fund - Units ICICI Prudential Liquid - Super IP - Growth (41,016,140 units, PY: 92,769,569 units)	650.00	1,400.00
UTI Mutual Fund - Units UTI Liquid Fund - Cash Plan - IP - Growth (568,421 units, PY: 568,421 units)	100.00	100.00
UTI Mutual Fund - Units UTI Liquid Fund - Cash Plan - Direct - Growth (2,082,207 units, PY: Nil units)	400.00	-
Birla Sun Life Cash Plus - Growth Direct Plan (18,651,959 units, PY: Nil units)	350.00	-
	<b>1,782.63</b>	<b>2,251.90</b>
Aggregate amount of quoted investments	1,782.63	2,251.90
Market value of quoted investments	1,859.47	2,336.76

## 19) INVENTORIES

**(At lower of cost and net realisable value)**

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
Raw materials [includes in transit: Rs. 17.50 crores, (March 31, 2012: Rs. 64.02 crores)]	819.70	863.31
Packing materials [includes in transit: Rs. Nil (March 31, 2012: Rs. Nil)]	133.11	132.15
Work-in-progress [Refer note 40]	226.96	233.28
Finished goods [includes in transit: Rs. 46.70 crores (March 31, 2012: Rs. 37.06 crores)] [Refer note 39]	1,280.66	1,238.04
Stores and spares	66.56	49.87
	<b>2,526.99</b>	<b>2,516.65</b>

Finished goods include stock-in-trade, as both are stocked together

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 20) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
<b>Considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	22.69	21.42
Others	810.79	657.57
<b>Considered doubtful</b>		
Outstanding for a period exceeding six months from the date they are due for payment	53.31	50.73
Less: Provision for bad & doubtful debts	(53.31)	(50.73)
	<b>833.48</b>	<b>678.99</b>

## 21) CASH AND BANK BALANCES

	As at 31st March, 2013	As at 31st March, 2012
<b>A. Cash and cash equivalents</b>		
Cash on hand	1.17	0.99
Cheques/ drafts on hand	-	0.01
<b>Balances with banks</b>		
In current accounts	43.17	235.56
Term deposits with original maturity of less than three months	282.07	197.44
<b>Short term, highly liquid investments</b>		
Certificate of deposits with original maturity of less than three months	-	268.52
Treasury bills with original maturity of less than three months	-	220.42
<b>Total (A)</b>	<b>326.41</b>	<b>922.94</b>
<b>B. Other bank balances</b>		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs. 1.39 crores (March 31, 2012: Rs. 1.58 crores)]	1,311.60	854.03
Unpaid dividend account	69.88	53.07
<b>Total (B)</b>	<b>1,381.48</b>	<b>907.10</b>
<b>Total (A+B)</b>	<b>1,707.89</b>	<b>1,830.04</b>

## 22) SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
Current account balances with group companies and joint venture	105.61	82.58
Advances recoverable in cash or in kind or for value to be received	408.86	296.26
<b>Others loans and advances</b>		
CENVAT receivable	97.83	76.42
VAT credit receivable	35.96	25.44
	<b>648.26</b>	<b>480.70</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 23) OTHER CURRENT ASSETS

**(Unsecured, considered good unless otherwise stated)**

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
Income accrued on investments	4.10	2.94
Income accrued on deposits	42.86	19.15
Tangible assets held for sale (at lower of cost and net realisable value) (Refer note 12 c)	23.78	13.16
	<b>70.74</b>	<b>35.25</b>

## 24) CONTINGENT LIABILITIES

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>Claims against the company not acknowledged as debts</b>		
Income tax matters	468.56	499.82
Sales tax matters - Rs. 51.72 crores (March 31, 2012 - Rs. 60.28 crores) net of tax	78.35	89.24
Excise duty, service tax and customs duty matters - Rs. 93.71 crores (March 31, 2012 - Rs. 69.35 crores) net of tax	141.96	102.66
Other matters including claims related to employees/ ex employees, property related demands, etc - Rs. 52.81 crores (March 31, 2012 - Rs. 35.10 crores) net of tax	80.00	51.95
(a) 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.		
(b) The company does not expect any reimbursements in respect of the above contingent liabilities.		
(c) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.		

## 25) CAPITAL AND OTHER COMMITMENTS

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>(a) Capital commitments</b>		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	125.34	259.80
<b>(b) Other commitments</b>		
During the year, the company has issued letters of undertakings to provide need based financial support to its following wholly owned subsidiaries:		
a) Brooke Bond Real Estate Private Limited		
b) Lakme Lever Private Limited		
c) Daverashola Estates Private Limited		
d) Jamnagar Properties Private Limited		
e) Pond's Exports Limited		
	<b>125.34</b>	<b>259.80</b>

## 26) PROPOSED DIVIDEND

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>The Final Dividend proposed for the year is as follows:</b>		
<b>On equity shares of Re. 1 each</b>		
Amount of dividend proposed	1,297.48	864.60
Dividend per equity share	Rs.6.00	Rs.4.00



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 27) REVENUE FROM OPERATIONS

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Sale of products (Refer note 38)</b>	26,679.76	22,800.32
<b>Other operating revenue</b>		
Income from services rendered to group companies	506.84	327.71
Others (including scrap sales, commission, lease license fee etc.)	96.99	53.06
	<b>27,283.59</b>	<b>23,181.09</b>
Less: Excise duty	(1,473.38)	(1,064.72)
	<b>25,810.21</b>	<b>22,116.37</b>

## 28) OTHER INCOME

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Interest income</b>		
On bank deposits	225.84	114.20
On others (includes interest on income tax refund)	44.18	3.50
<b>Dividend income</b>		
From subsidiaries	91.07	27.14
From current investments	25.38	11.32
From non-current investments	7.21	5.76
<b>Net gain on sale of current investments</b>	199.24	115.96
<b>Miscellaneous income [Refer note (a) below]</b>	13.98	0.43
	<b>606.90</b>	<b>278.31</b>

- (a) The net difference in foreign exchange (i.e. exchange differences on settlement/ restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments debited to statement of profit and loss is Rs. 6.21 crores (2011-12 - Rs. 14.40 crores).

## 29) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw materials consumed (Refer note 41)	8,288.21	6,683.32
Packing materials consumed	1,996.45	1,901.57
	<b>10,284.66</b>	<b>8,584.89</b>

Cost of materials consumed is based on derived values

## 30) PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchases of goods (Refer note 44)	3,235.31	3,024.14
	<b>3,235.31</b>	<b>3,024.14</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 31) CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Opening inventories</b>		
Finished goods	1,238.04	1,312.17
Work-in-progress	233.28	290.15
<b>Closing inventories</b>		
Finished goods	(1,280.66)	(1,238.04)
Work-in-progress	(226.96)	(233.28)
<b>Excise duty on increase/ (decrease) of finished goods</b>	5.17	(2.27)
	<b>(31.13)</b>	<b>128.73</b>

## 32) EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries, wages, bonus, etc. [Refer notes (a) and (b) below]	1,136.29	949.37
Contribution to provident fund and other funds	80.90	69.24
Gratuity	11.97	10.98
Expense on employee stock option schemes (Refer note 49)	12.20	11.74
Workmen and staff welfare expenses	76.98	65.95
	<b>1,318.34</b>	<b>1,107.28</b>

- a) Certain demands for increased wages, etc. received from workmen have been referred to adjudication. In the opinion of the Company's management, the ultimate liability to the Company, if any, with respect to such demands would not have a material effect on the accounts.
- b) Net of reimbursement receivable from Hindustan Unilever Limited Securitisation of Retirement Benefit Trust towards pension and medical benefits Rs. 5.07 crores (2011-12: Rs. Nil)

## 33) FINANCE COSTS

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest expense on book overdraft/ short term borrowings	0.06	1.07
Interest expense on security deposit	25.09	0.17
	<b>25.15</b>	<b>1.24</b>

## 34) DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Depreciation on tangible assets	217.30	199.04
Amortization on intangible assets	17.92	19.21
Depreciation on investment property	0.80	-
	<b>236.02</b>	<b>218.25</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 35) OTHER EXPENSES

	Year ended 31st March, 2013	Year ended 31st March, 2012
Consumption of stores & spares	113.82	92.42
Power, Fuel, Light and Water	319.91	285.21
Processing charges	271.01	246.00
Rent [Refer note (c) below]	193.08	178.46
Repairs to building	14.72	10.86
Repairs to plant and equipment	82.14	97.82
Repairs others	16.07	11.71
Insurance	6.53	5.62
Rates & taxes (excluding income tax)	123.13	90.28
Advertising and sales promotion	3,231.88	2,634.79
Carriage and freight	1,143.03	1,070.49
Provision/ (write back) for doubtful debts and advances (net)	5.63	14.86
Bad debts/ advances written off	5.50	4.45
Travelling and motor car expenses	186.14	150.47
Deficit on fixed assets sold, scrapped, etc. (net)	10.84	15.73
Royalty	376.12	293.34
Miscellaneous expenses [Refer note (d) below]	910.26	780.54
Expenses shared by subsidiary companies for use of common facilities	(10.53)	(3.06)
	<b>6,999.28</b>	<b>5,979.99</b>

Refer note 28(a) for the net difference in foreign exchange

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>[a] Miscellaneous expenses include:</b>		
<b>Auditors' remuneration and expenses</b>		
Audit fees	2.81	2.78
Tax audit fees	0.70	0.70
Fees for other services	2.07	2.05
Reimbursement of out-of-pocket expenses	0.20	0.20
<b>Payments to Cost auditors</b>		
Cost audit fees	0.14	0.11
Reimbursement of out-of-pocket expenses	0.05	0.05
<b>Research and development expenses</b>	104.39	155.39

**(b)** Total revenue expenditure (net of recoveries) on Research and Development (R&D) included in note 35(a), eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs. 35.66 crores (2011-12 -Rs. 22.91 crores). The details are:

Location of the R&D facility	Bangalore	Mumbai
<b>Revenue expenditure eligible u/s 35(2AB)</b>		
Salaries & wages	8.04 (6.72)	16.25 (7.16)
Materials, consumables and spares	1.14 (0.39)	3.65 (3.73)
Utilities	-	0.14 (0.00)
Other expenditure directly related to R&D	2.87 (1.88)	3.57 (3.03)

(figures in brackets pertain to 2011-12)

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- (c) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable 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 (Refer note 35).

The company has also given certain land and building on operating lease to a third party. The lease arrangement is for a period of 5 years, including a non-cancellable term of 3 years. The license fee of Rs. 23.13 crores (2011-12 - Rs. 0.47 crores) on such lease is included in other operating revenue (Refer note 27).

With respect to non-cancellable period of the operating lease, the future minimum lease license fee receivable is as follows:

	Year ended 31st March, 2013	Year ended 31st March, 2012
Not later than one year	30.90	28.33
Later than one year and not later than five years	30.37	56.65

- (d) Miscellaneous expenses include provision for diminution in the value of investment in joint venture debited to the statement of profit and loss Rs. 18.12 crores (2011-12 - Rs. 18.13 crores) - Refer note 14(B)(b)

### 36) EXCEPTIONAL ITEMS

	Year ended 31st March, 2013	Year ended 31st March, 2012
i) Profit on disposal of surplus properties	637.70	133.00
ii) Profit on sale of stake in subsidiary	-	4.14
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes	10.39	-
iv) Write back of provision pertaining to a brand disposed in an earlier year	-	9.57
v) Write back of provision against advance given to a wholly owned subsidiary	-	6.68
<b>Total exceptional income (A)</b>	<b>648.09</b>	<b>153.39</b>
vi) Provision for retirement benefits arising from actuarial assumption changes	-	(5.79)
vii) Loss on capital reduction of a subsidiary	-	(6.13)
viii) Loss on sale of a stake in subsidiary	-	(0.68)
ix) Restructuring costs :		
a) Compensation under voluntary separation schemes	(13.34)	(6.50)
b) Other costs	(26.35)	(15.42)
<b>Total exceptional expenditure (B)</b>	<b>(39.69)</b>	<b>(34.52)</b>
<b>Exceptional items (net) (A-B)</b>	<b>608.40</b>	<b>118.87</b>

### 37) EARNINGS PER SHARE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Earnings Per Share has been computed as under:		
Profit for the year (Rs. crores)	3,796.67	2,691.40
Weighted average number of equity shares outstanding	2,161,858,110	2,160,677,103
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs. 17.56	Rs. 12.46
Add: Weighted average number of potential equity shares on account of employee stock option/ performance share schemes	974,637	896,669
Weighted average number of Equity shares (including dilutive shares) outstanding	2,162,832,747	2,161,573,772
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs. 17.55	Rs. 12.45

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 38) SALES (INCLUDING EXPORTS), NET OF EXCISE DUTY

	Year ended 31st March, 2013	Year ended 31st March, 2012
Soaps	5,362.64	4,303.39
Synthetic detergents	6,077.94	5,373.72
Personal products	7,428.83	6,509.82
Tea	2,224.60	1,982.35
Frozen desserts	413.44	354.32
Processed triglycerides/hydrogenated oils/vanaspati	17.74	19.23
Canned and processed fruits and vegetables	676.73	647.91
Branded staple foods (a)	425.04	377.59
Others (b)	2,579.42	2,167.27
	<b>25,206.38</b>	<b>21,735.60</b>

### Notes :

- a) Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs  
 b) Others includes coffee, scourers, water, marine products, agri commodities, etc.

## 39) CLOSING FINISHED GOODS INVENTORY

	As at 31st March, 2013	As at 31st March, 2012
Soaps	273.19	281.21
Synthetic detergents	243.06	218.92
Personal products	427.75	407.99
Tea	113.73	98.20
Others (coffee, water, scourers, etc.)	222.93	231.72
	<b>1,280.66</b>	<b>1,238.04</b>

## 40) CLOSING WORK-IN-PROGRESS

	As at 31st March, 2013	As at 31st March, 2012
Soaps	68.99	61.08
Synthetic detergents	39.23	43.41
Personal products	12.81	12.86
Tea	87.18	90.60
Others (coffee, water, scourers, etc.)	18.75	25.33
	<b>226.96</b>	<b>233.28</b>

## 41) RAW MATERIALS CONSUMED

	Year ended 31st March, 2013	Year ended 31st March, 2012
Oils, fats and rosins	1,615.51	1,395.06
Chemicals and perfumes	4,612.58	3,639.86
Tea	1,187.11	919.78
Others (coffee, flavours, other chemicals, etc.)	873.01	728.62
	<b>8,288.21</b>	<b>6,683.32</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

		Year ended 31st March, 2013		Year ended 31st March, 2012	
		%	Amount	%	Amount
Raw materials	- Imported	11	877.98	13	838.07
	- Indigenous	89	7,410.23	87	5,845.25
Stores and spares (including components)	- Imported	8	9.30	23	21.54
	- Indigenous	92	104.52	77	70.88

## 43) VALUE OF IMPORTS ON CIF BASIS

*(excluding purchases from canalising agencies and imported items purchased locally)*

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw and packing materials	717.96	740.66
Stores, spare parts and components	22.54	18.94
Capital goods	75.92	38.16
	<b>816.42</b>	<b>797.76</b>

## 44) PURCHASE OF STOCK-IN-TRADE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Soaps	564.89	418.55
Synthetic detergents	986.40	1,076.06
Personal products	929.45	835.99
Tea	8.14	11.49
Frozen desserts	62.27	51.79
Processed triglycerides	12.20	14.74
Others (coffee, water, scourers, etc.)	997.14	881.12
<b>Total</b>	<b>3,560.49</b>	<b>3,289.74</b>
Less : Excise duty on purchases	(325.18)	(265.60)
	<b>3,235.31</b>	<b>3,024.14</b>

## 45) EARNINGS IN FOREIGN EXCHANGE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Exports at FOB (including exports to Nepal and Bhutan)	147.96	162.09
Income from services rendered	506.84	327.71
	<b>654.80</b>	<b>489.80</b>

## 46) EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31st March, 2013	Year ended 31st March, 2012
Professional and consultants fees	18.24	11.21
Royalty	371.74	289.52
Import of stock-in-trade	165.59	170.43
Other expenses (advertisement fees, travel, freight, training, etc)	100.89	129.47
	<b>656.46</b>	<b>600.63</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 47) NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Rs. crores	USD crores	Rs. crores	USD crores
2010-11 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each			397.20	9.00
2011-12 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each			397.20	8.11
2011-12 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	453.94	8.10		
2012-13 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each	510.68	9.46		
2012-13 Special to 7 shareholders on 1,134,849,460 shares of Re. 1 each	907.88	16.82		
	<b>1,872.50</b>	<b>34.38</b>	<b>794.40</b>	<b>17.11</b>

## 48) DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st March, 2013 and recognised in the financial statements in respect of Employee Benefit Schemes :

	Gratuity		Management Pension		Officers Pension		Provident Fund #	Post Retirement Medical Benefits	
	2013	2012	2013	2012	2013	2012	2013	2013	2012
<b>I Components of Employer Expense</b>									
(a) Current Service Cost	9.00	8.52	5.43	6.12	0.56	0.67	45.30	0.69	0.76
(b) Interest Cost	12.49	11.17	34.69	35.02	1.24	1.46	84.40	14.70	13.73
(c) Expected Return on Plan Assets	(9.52)	(8.71)	(6.76)	(7.43)	(4.26)	(4.41)	(91.60)	-	-
(d) Curtailment Cost/(Credit)	-	-	-	-	-	-	-	-	-
(e) Settlement Cost/(Credit)	-	-	-	-	-	-	-	-	-
(f) Past Service Cost	-	-	-	-	-	-	-	-	-
(g) Acquisition/Divesture (Gain)/Loss	-	-	-	-	-	-	-	-	-
(h) Actuarial (Gain)/Loss	10.14	6.27	(15.07)	(2.86)	0.44	1.75	7.20	(7.58)	1.81
(i) <b>Total expense/(gain) recognised in the statement of profit and loss</b>	<b>22.11</b>	<b>17.25</b>	<b>18.29</b>	<b>30.85</b>	<b>(2.02)</b>	<b>(0.53)</b>	<b>45.30</b>	<b>7.81</b>	<b>16.30</b>
<b>II Net Asset /(Liability) recognised in Balance Sheet as at 31st March, 2013</b>									
(a) Present Value of Obligation as at 31st March, 2013	170.80	149.80	435.62	427.84	15.69	15.89	1,145.40	184.56	181.54
(b) Fair Value of Plan Assets as at 31st March, 2013	(148.69)	(132.55)	(95.98)	(91.86)	(59.88)	(62.19)	1,145.40	-	-
(c) (Asset)/Liability recognised in the Balance Sheet (Refer note below*)	22.11	17.25	339.64	335.98	- *	- *	-	184.56	181.54
Note:									
* The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.									
# Refer footnote at the bottom of note 48.									
<b>III Change in Defined Benefit Obligations (DBO) during the year ended 31st March, 2013</b>									
(a) Present Value of Obligation as at 31st March, 2012	149.80	134.12	427.84	436.45	15.89	19.07	1,063.20	181.54	170.35
(b) Current Service Cost	9.00	8.52	5.43	6.12	0.56	0.67	45.30	0.69	0.76
(c) Interest Cost	12.49	11.17	34.69	35.02	1.24	1.46	84.40	14.70	13.73

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 48) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #	Post Retirement Medical Benefits	
	2013	2012	2013	2012	2013	2012	2013	2013	2012
(d) Curtailment Cost/(Credit)	-	-	-	-	-	-	-	-	-
(e) Settlement Cost/(Credit)	-	-	-	-	(2.32)	(2.80)	-	-	-
(f) Plan Amendments	-	-	-	-	-	-	-	-	-
(g) Acquisition Adjustment	-	-	-	-	-	-	7.10	-	-
(h) Employees' contribution	-	-	-	-	-	-	92.50	-	-
(i) Actuarial (Gain)/Loss	13.06	6.48	(11.17)	1.79	2.29	2.43	12.30	(7.58)	1.81
(j) Benefits Paid	(13.55)	(10.49)	(21.17)	(51.54)	(1.97)	(4.94)	(159.40)	(4.79)	(5.11)
<b>(k) Present Value of Obligation as at 31st March, 2013</b>	<b>170.80</b>	<b>149.80</b>	<b>435.62</b>	<b>427.84</b>	<b>15.69</b>	<b>15.89</b>	<b>1,145.40</b>	<b>184.56</b>	<b>181.54</b>
<b>IV Changes in the Fair value of Plan Assets</b>									
(a) Present Value of Plan Assets as at 31st March, 2012	132.55	126.28	91.86	103.93	62.19	64.84	1,063.20	-	-
(b) Acquisition Adjustment	-	-	-	-	-	-	7.10	-	-
(c) Expected Return on Plan Assets	9.52	8.71	6.76	7.43	4.26	4.41	91.60	-	-
(d) Actuarial Gain/(Loss)	2.92	0.21	3.91	4.65	1.85	0.68	5.10	-	0.09
(e) Assets distributed on settlements	-	-	-	-	(2.32)	(2.80)	-	-	-
(f) Actual Company Contribution	17.25	7.84	14.62	27.39	(4.13)	-	45.30	4.79	5.02
(g) Employees' contribution	-	-	-	-	-	-	92.50	-	-
(h) Benefits Paid	(13.55)	(10.49)	(21.17)	(51.54)	(1.97)	(4.94)	(159.40)	(4.79)	(5.11)
<b>(i) Fair Value of Plan Assets as at 31st March, 2013</b>	<b>148.69</b>	<b>132.55</b>	<b>95.98</b>	<b>91.86</b>	<b>59.88</b>	<b>62.19</b>	<b>1145.40</b>	<b>-</b>	<b>-</b>
<b>V Actuarial Assumptions</b>									
(a) Discount Rate (per annum)	7.95%	8.20%	7.95%	8.20%	7.95%	8.20%	7.95%	7.95%	8.20%
(b) Expected Rate of Return on Assets (per annum)	7.10%	7.00%	7.10%	7.00%	7.10%	7.00%	8.93%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.00%	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.									
<b>VI Effect of Increase or Decrease in Healthcare costs</b>									
<b>Effect of 1% increase in Healthcare Costs on</b>									
- the aggregate of service cost and interest cost								1.38	1.41
- Defined Benefit Obligation								16.61	16.34
<b>Effect of 1% decrease in Healthcare Costs on</b>									
- the aggregate of service cost and interest cost								(1.27)	(1.29)
- Defined Benefit Obligation								(15.24)	(14.99)
<b>VII Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2012</b>									
(a) Government of India Securities	10.00%	12.00%	-	-	-	-	42%	-	-
(b) Corporate Bonds	8.00%	8.00%	-	-	-	-	37%	-	-
(c) Bank Deposits (Special Deposit Scheme, 1975)	-	-	-	-	-	-	18%	-	-



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 48) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #	Post Retirement Medical Benefits	
	2013	2012	2013	2012	2013	2012	2013	2013	2012
(d) Administered by Life Insurance Corporation of India	82.00%	80.00%	100.00%	100.00%	100.00%	100.00%	-	-	-
(e) Others	-	-	-	-	-	-	3%	-	-
<b>VIII Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments:</b>									
Present value of DBO	170.80	149.80	435.62	427.84	15.69	15.89	1,145.40	184.56	181.54
Fair value of plan assets	148.69	132.55	95.98	91.86	59.88	62.19	1,145.40	-	-
Deficit/ (Surplus)	22.11	17.25	339.64	335.98	(44.19)	(46.30)	-	184.56	181.54
Experience adjustments on plan liabilities	7.02	7.24	(14.41)	2.25	2.08	2.47	12.30	(8.62)	1.87
Experience adjustments on plan assets	2.92	0.21	3.91	4.65	1.85	0.68	5.10	-	0.09
<b>IX Expected Employers contribution for the next year</b>									
	20.00	20.00	20.00	30.00	-	-	50.80	6.08	5.86

	Gratuity		Management Pension		Officers Pension		Provident Fund #	Post Retirement Medical Benefits	
	2013	2012	2013	2012	2013	2012	2013	2013	2012
<b>X Present value of DBO, Fair Value of Plan Assets [Deficit/(Surplus), Experience Adjustments for earlier periods]:</b>									
<b>I For the year ended 31st March, 2011</b>									
Present value of DBO		134.12		436.45		19.07			170.35
Fair value of plan assets		126.28		103.93		64.84			-
Deficit/ (Surplus)		7.84		332.52		(45.77)			170.35
Experience adjustments on plan liabilities		5.35		(30.41)		5.62			2.18
Experience adjustments on plan assets		9.17		3.18		(1.05)			-
<b>II For the period ended 31st March, 2010</b>									
Present value of DBO		123.21		476.85		23.10			159.31
Fair value of plan assets		99.02		108.50		70.22			-
Deficit/ (Surplus)		24.19		368.35		(47.12)			159.31
Experience adjustments on plan liabilities		7.17		(33.52)		(2.26)			6.34
Experience adjustments on plan assets		3.39		11.80		1.85			-
<b>III For the period ended 31st March, 2009 (15 months period)</b>									
Present value of DBO		101.78		545.88		27.98			148.52
Fair value of plan assets		101.78		115.00		67.42			-
Deficit/ (Surplus)		-		430.88		(39.44)			148.52
Experience adjustments on plan liabilities		3.62		11.84		(0.45)			8.09
Experience adjustments on plan assets		1.76		10.30		2.10			-

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The current year is the first year in which the actuary has given the detailed disclosures in the actuarial valuation report, in view of the issuance of the Guidance Note by the Institute of Actuaries of India. Accordingly the compliance with the disclosure requirements of paragraph 120(n) of AS 15: Employee Benefits have been done prospectively from this year onwards.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 49) EMPLOYEE STOCK OPTION PLAN

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of Re. 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999 and amendments thereof from time to time.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (INR) per share	Weighted Average Exercise Price (INR) per share
2001 HLL Stock Option Plan	2001	24-Jul-01	2,475,100	Vested after three years from date of grant	7 years from date of vesting	208.69	208.69
	2002	23-Apr-02	3,233,601			201.59	201.59
	2003	24-Apr-03	4,276,090			127.24	127.24
	2004	30-Jun-04	1,630,450			128.47	128.47
	2005	27-May-05	1,547,700			132.05	132.05
2006 HLL Performance Share Scheme	2008	20-Mar-08	206,250	Vested after three years from date of grant	3 months	1.00	1.00
	Interim PSP 2008	06-Nov-08	6,848			1.00	1.00
	2009	11-May-09	333,811			1.00	1.00
	Interim PSP 2009	06-Nov-09	4,920			1.00	1.00
	2010	29-Mar-10	271,113			1.00	1.00
	Interim PSP 2010	05-Nov-10	51,455			1.00	1.00
	2011	29-Mar-11	308,455			1.00	1.00
	Interim PSP 2011	07-Nov-11	47,118			1.00	1.00
2012 HUL Performance Share Scheme	2012	17-Feb-12	420,080	Vested after three years from date of grant	3 months	1.00	1.00
	Interim PSP 2012	30-Jul-12	51,385			1.00	1.00
	2013	18-Mar-13	368,023			1.00	1.00

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 49) EMPLOYEE STOCK OPTION PLAN (CONTD.)

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	2001	- (482,400)	-	- (18,600)	- (463,800)	-	-
	2002	24,180 (798,949)	-	8,060	16,120 (774,769)	- (24,180)	- (24,180)
	2003	404,745 (735,800)	-	13,425	391,320 (331,055)	- (404,745)	- (404,745)
	2004	217,844 (364,444)	-	3,300	78,544 (146,600)	136,000 (217,844)	136,000 (217,844)
	2005	249,900 (413,400)	-	8,800	75,800 (163,500)	165,300 (249,900)	165,300 (249,900)
	2008	- (157,455)	-	- (3,503)	- (153,952)	-	-
2006 HLL Performance Share Scheme	Interim PSP 2008	- (6,848)	-	-	- (6,848)	-	-
	2009	264,821 (333,811)	-	49,764 (68,990)	215,057	-	- (264,821)
	Interim PSP 2009	4,920 (4,920)	-	-	4,920	-	- (4,920)
	2010	242,651 (259,563)	-	5,457 (16,912)	178,057	59,137	59,137 (242,651)
	Interim PSP 2010	45,283 (51,455)	-	- (6,172)	-	-	45,283 (45,283)
	2011	291,787 (308,455)	-	33,918 (16,668)	-	-	257,869 (291,787)
	Interim PSP 2011	47,118	(47,118)	3,300	-	-	43,818 (47,118)
	2012	420,080	(420,080)	31,138	-	-	388,942 (420,080)
	Interim PSP 2012	-	51,385	-	-	-	51,385
	2012 HUL Performance Share Scheme	2013	-	368,023	-	-	-

(figures in bracket pertain to 2011-12)

The Company has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of the underlying shares has been determined by an independent valuer.

The Company's profit for the year and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 49) EMPLOYEE STOCK OPTION PLAN (CONTD.)

	31st March, 2013	31st March, 2012
<b>Profit for the year</b>	3,796.67	2,691.40
Less: Additional employee compensation cost based on fair value	(0.99)	(0.95)
Profit for the year as per fair value method	3,797.66	2,692.35
<b>Basic Earnings Per Share (EPS)</b>		
Weighted average number of equity shares	2,161,858,110	2,160,677,103
Basic EPS as reported (in Rs.) (Refer note 37)	17.56	12.46
Proforma Basic EPS (in Rs.)	17.57	12.46
<b>Diluted Earnings Per Share (EPS)</b>		
Weighted average number of equity shares (including dilutive ESOP shares)	2,162,832,747	2,161,573,772
Diluted EPS as reported (in Rs.) (Refer note 37)	17.55	12.45
Proforma Diluted EPS (in Rs.)	17.56	12.46
<b>Weighted average equity share price at the date of exercise of options (in Rs.)</b>	<b>456.86</b>	<b>331.55</b>

### The following assumptions were used for calculation of fair value of grants:

	31st March, 2013	31st March, 2012
Risk-free interest rate (%)	7.79%	8.23%
Expected life of options (years) [(year to vesting + contractual option term)/2]	3.125	3.125
Expected volatility (%)	23.38%	25.81%
Dividend yield	1.85%	1.82%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

### Effect of share-based payment plan on the statement of profit and loss:

	31st March, 2013	31st March, 2012
Expense arising from employee share-based payment plan	12.20	11.74

## 50) DERIVATIVE INSTRUMENTS

- a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2013 are as under:

Currency exchange	GBP/ INR	EUR/ INR	USD/ INR	JPY/ INR	EUR/ USD	GBP/ USD	JPY/ USD	CAD/ USD	CHF/ USD	SEK/ USD
a. Number of 'buy' contracts	4	19	83	-	1	-	-	-	1	-
	-	-	(84)	-	(13)	(3)	-	-	(2)	(2)
b. Aggregate "buy" foreign currency amount (crores)	0.02	1.18	4.02	-	0.01	-	-	-	0.01	-
	-	-	(7.10)	-	(1.08)	(0.01)	-	-	(0.02)	(1.44)
c. Number of 'sell' contracts	-	4	3	3	-	-	-	-	-	-
	-	-	(1)	-	(1)	(1)	(3)	(1)	-	-
d. Aggregate "sell" foreign currency amount (crores)	-	0.02	0.09	2.15	-	-	-	-	-	-
	-	-	(0.03)	-	(0.02)	(0.00)	(4.90)	(0.00)	-	-

*(figures in bracket pertain to 2011-12)*

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

b) The foreign currency exposures not hedged as at the year end are as under:

Currency exchange	GBP	USD	EUR	JPY	SGD	CHF	SEK
Net unhedged exposure in currency (crores)	0.03	0.06	0.14	0.15	0.00	0.00	-
	(0.01)	(0.03)	(0.00)	(0.48)	(0.00)	(0.01)	(0.01)

*(figures in bracket pertain to 2011-12)*

c) Mark-to-Market losses

	As at 31st March, 2013	As at 31st March, 2012
Mark-to-market losses provided for	3.47	0.72

### 51) INTEREST IN JOINT VENTURE :

The Company has the following investment, in a jointly controlled entity:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Kimberly Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Non-current investment (Refer note 14) and is stated at cost.

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:

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) ASSETS</b>		
Tangible assets	29.19	16.67
Capital work-in-progress	-	0.30
Long term loans and advances	9.16	4.52
Inventories	25.29	27.72
Trade receivables	2.78	2.69
Cash and bank balances	29.49	15.59
Short term loans and advances	11.63	4.24
Other current assets	0.04	0.83
<b>(b) LIABILITIES</b>		
Long term borrowings	8.44	-
Deferred tax liability (net)	0.69	0.97
Long term provisions	0.35	0.21
Short term borrowings	16.30	-
Trade payables	43.07	44.63
Other current liabilities	5.74	3.37
Short term provisions	0.21	0.15
<b>(c) INCOME</b>		
Revenue from operations (net of excise duty)	115.67	120.44
Other income	2.52	1.77

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) INTEREST IN JOINT VENTURE (CONTD.)

	As at 31st March, 2013	As at 31st March, 2012
<b>(d) EXPENSES</b>		
Cost of materials consumed	75.03	60.62
Purchase of stock in trade	5.03	10.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade	4.60	4.81
Employee benefit expenses	7.42	6.54
Finance costs	0.43	-
Depreciation and amortization expense	2.70	2.48
Provision for deferred tax	(0.28)	(0.11)
Other expenses	40.59	45.06
<b>(e) OTHER MATTERS</b>		
Contingent liabilities	39.50	26.48
Capital commitments	2.62	-

## 52) DISCLOSURES PURSUANT TO CLAUSE 32 OF THE EQUITY LISTING AGREEMENT

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>(i) Loans and advances in the nature of loans to subsidiaries</b>		
Loan to subsidiary: Pond's Exports Limited, India		
Balance as at the year end	2.00	2.00
Maximum amount outstanding at any time during the year	2.00	2.50
Loan to subsidiary: Lakme Lever Private Limited, India		
Balance as at the year end	51.10	29.70
Maximum amount outstanding at any time during the year	51.10	29.70
Loan to subsidiary: Brooke Bond Real Estates Private Limited, India		
Balance as at the year end	14.61	7.10
Maximum amount outstanding at any time during the year	14.61	7.10
<b>(ii) Investment by the loanees in the shares of the Company</b>		
The loanees have not made any investments in the shares of the Company		

## 53) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/ restated wherever necessary to conform with this year's classification.

## 54) RELATED PARTY DISCLOSURES

### A. Enterprises where control exists

#### (i) Holding Company

: Unilever PLC

#### (ii) Subsidiaries

(Extent of holding)

: Brooke Bond Real Estates Private Limited (100%)  
 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%)

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

<b>(iii) Trust</b>	<ul style="list-style-type: none"> <li>Unilever India Exports Limited (100%)</li> <li>Unilever Nepal Limited (80%)</li> <li>Hindustan Unilever Foundation (76%) (with effect from December, 2012)</li> <li>: Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control) (from October, 2012)</li> </ul>
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### B. Other Related Parties with whom the company had transactions during the year

<b>(i) Fellow Subsidiaries</b>	<ul style="list-style-type: none"> <li>: Besan-Besin Sanayi ve Ticaret A.S.</li> <li>Brooke Bond Assam Estates Limited</li> <li>Brooke Bond Group Limited</li> <li>Brooke Bond South India Estates Ltd.</li> <li>Conopco, Inc.</li> <li>Corporativo Unilever de Mexico, S. de R.L. de C.V. (merged)</li> <li>Digital Securities Private Limited</li> <li>Glidat Strauss Ltd.</li> <li>Unilever Chile SA</li> <li>Lipton Soft Drinks Ireland Limited</li> <li>Mascolo Brothers Limited</li> <li>000 Unilever Rus</li> <li>P.T. Unilever Indonesia, Tbk.</li> <li>Tigi Linea International B.V.</li> <li>Unilever - Zimbabwe (Pvt) Limited</li> <li>Unilever (China) Investing Company</li> <li>Unilever (China) Ltd.</li> <li>Unilever (Malaysia) Holdings Sdn Bhd</li> <li>Unilever ASCC AG</li> <li>Unilever Asia Private Limited</li> <li>Unilever Australia Ltd.</li> <li>Unilever Bangladesh Ltd</li> <li>Unilever Brasil Limited</li> <li>Unilever Canada Inc</li> <li>Unilever Cote d'Ivoire</li> <li>Unilever De Argentina SA</li> <li>Unilever Deutschland Produktions GmbH &amp; Co. OHG</li> <li>Unilever Employment Services B.V.</li> <li>Unilever Gulf Free Zone Establishment, Arabia</li> <li>Unilever Industries Pvt. Ltd.</li> <li>Unilever Iran (Private Joint Stock Company)</li> <li>Unilever Italy Holdings Srl</li> <li>Unilever Japan</li> <li>Unilever Lipton Ceylon Ltd.</li> <li>Unilever Maghreb Export SA</li> <li>Unilever Mashreq International Company</li> <li>Unilever N.V.</li> <li>Unilever Nigeria Plc</li> <li>Unilever Overseas Holdings AG</li> <li>Unilever Pakistan Limited</li> </ul>
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# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

	UNILEVER PHILIPPINES, INC Unilever Research and Development Vlaardingen B.V Unilever Research Laboratory, Colworth House Unilever Sanayi ve Ticaret Türk A.S. Unilever SNG Unilever South Africa (Pty) Limited Unilever South Central Europe S.R.L. Unilever Sri Lanka Limited Unilever Supply Chain Company AG Unilever Thai Services Limited Unilever Thai Trading Limited Unilever U.K. Central Resources Limited Unilever UK & CN Holdings Limited Unilever United States, Inc. Unilever Ventures India Advisory Private Ltd Unilever Vietnam International Company Limited Lever Brothers, Port Sunlight, Limited
<b>(ii) Joint Ventures</b>	: Kimberly Clark Lever Private Limited
<b>(iii) Key Management Personnel</b>	: Dev Bajpai Geetu Verma (from November, 2011) Harish Manwani Hemant Bakshi Leena Nair (upto December 2012) Manish Tiwary (from February, 2012) Nitin Paranjpe Pradeep Banerjee Sridhar Ramamurthy Shrijeet Mishra (upto July, 2011) BP Biddappa (from February 2013) Gopal Vittal (upto January, 2012)
<b>(iv) Employees' Benefit Plans where there is significant influence</b>	: Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund

## Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2013

		Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Holding Company</b>	: Dividend paid	1,311.43	556.36
	: Royalty expense	370.04	289.52
	: Income from services rendered	487.26	327.71
	: Outstanding as at the year end :		
	- Trade Payables	82.21	67.37
<b>Subsidiaries/ Trust</b>	: Sale of finished goods / raw materials etc.	264.71	63.74
	: Transfer of net assets on demerger	-	70.12
	: Sale of Fixed Assets	0.09	-



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2013

	Year ended 31st March, 2013	Year ended 31st March, 2012
Investment in equity shares on demerger	-	70.12
Purchase of finished goods / raw materials etc.	17.36	2.77
Amount received on capital reduction	-	0.36
Royalty income	2.37	1.41
Management fees Paid	7.66	9.90
Expenses shared by subsidiary companies	10.53	3.06
Expenses for services received	-	28.38
Dividend income	91.07	27.14
Interest income	5.99	3.36
Rent income	-	0.08
Reimbursement receivable towards pension and medical benefits	5.07	-
Purchase of Export Licenses	6.81	6.64
Rent expense	0.12	0.12
Contribution to Foundation	0.75	-
Inter Corporate Loans given during the year	28.91	25.00
Inter Corporate Loans repaid during the year	-	0.50
Investment in Trust	348.00	-
Divestment in equity shares	-	0.33
Outstanding as at the year end:		
- Current Account balances receivable with Group companies and Joint venture	87.98	50.52
- Trade Payables	23.98	-
- Loans & Advances to subsidiaries	67.71	38.80
- Security Deposits	1.84	1.93
<b>Fellow Subsidiaries</b> :		
Sale of finished goods / raw materials etc.	0.47	-
Rent income	1.10	1.10
Other Recoveries	8.09	-
Income from services rendered	19.58	-
Purchase of finished goods / raw materials etc.	261.91	288.76
Dividend paid	561.07	238.03
Royalty expense	6.08	3.82
Software development and procurement of licenses	-	5.25
Maintenance and support costs for licenses and software	-	2.30
Inter Corporate Loans given during the year	88.95	-
Inter Corporate Loans repaid during the year	87.55	-
Interest income	0.54	-
Outstanding as at the year end:		
- Current Account balances receivable with Group companies and Joint venture	15.08	20.68
- Trade Payables	89.19	106.90
- Advances recoverable in cash or in kind or for value to be received	1.40	-

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2013

		Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Joint Ventures</b>	: Purchase of finished goods / raw materials etc.	291.82	290.14
	Investment in equity shares	26.91	-
	Outstanding as at the year end :		
	- Current Account balances receivable with Group companies and Joint venture	19.73	25.32
<b>Key Management Personnel</b>	: Remuneration	38.68	32.49
	Dividend paid	0.59	0.15
	Consideration Received on exercise of options	0.28	2.84
	Purchase of equity shares of Hindustan Unilever Foundation	0.01	-
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	55.08	41.01
	Outstanding as at the year end :		
	- Advances recoverable in cash or in kind or for value to be received	2.68	7.76

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

		Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Dividend paid</b>			
	Unilever PLC	1,311.43	556.36
<b>Royalty</b>			
	Unilever PLC	370.04	289.52
<b>Income from services rendered</b>			
	Unilever PLC	487.26	327.71
<b>Expenses for services received</b>			
	Hindustan Field Services Private Limited	-	28.38
<b>Remuneration</b>			
	Nitin Paranjpe	10.12	9.74
	Sridhar Ramamurthy	5.96	3.20
	Gopal Vittal	-	3.80
	Pradeep Banerjee	4.58	3.33
	Hemant Bakshi	5.51	3.13
<b>Purchase of export licenses</b>			
	Pond's Exports Limited	1.96	1.21
	Unilever India Exports Limited	4.85	5.44
<b>Purchase of equity shares of Hindustan Unilever Foundation</b>			
	Nitin Paranjpe	0.00	-
	Sridhar Ramamurthy	0.00	-
<b>Maintenance and support costs for licenses and software</b>			
	Unilever N.V.	-	2.30

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Software development and procurement of licenses</b>		
Unilever N.V.	-	5.25
<b>Contributions during the year</b>		
The Union Provident Fund	34.85	30.43
The Hind Lever Pension Fund	2.98	2.73
Hind Lever Gratuity Fund	17.25	7.84
<b>Consideration Received on exercise of options</b>		
Pradeep Banerjee	0.27	0.91
Nitin Paranjpe	0.00	0.60
Hemant Bakshi	0.00	0.52
Sridhar Ramamurthy	0.00	0.52
Leena Nair	0.00	0.29
<b>Outstanding as at the year end - Loans &amp; Advances to subsidiaries</b>		
Lakme Lever Private Limited	51.10	29.70
Brooke Bond Real Estates Private Limited	14.61	7.10
<b>Outstanding as at the year end - Advances recoverable in cash or in kind or for value to be received</b>		
Unilever Industries Pvt Limited	1.40	-
Hind Lever Pension Fund	0.78	2.20
Hind Lever Gratuity Fund	1.42	0.84
<b>Security Deposits - Receivable</b>		
Unilever India Exports Limited	1.84	1.93
<b>Outstanding as at the year end - Current Account balances receivable with Group companies and Joint venture</b>		
Unilever India Exports Limited	69.16	40.76
Kimberly Clark Lever Private Limited	19.73	25.32
Ponds Exports Limited	11.65	8.15
Unilever Industries Pvt Limited	10.73	10.36
<b>Outstanding as at the year end - Trade Payables</b>		
Unilever PLC	82.21	67.37
Unilever Supply Chain Company	32.88	54.42
Unilever Asia Private Limited	30.31	24.31
Unilever N.V.	12.03	14.30
Lipton Limited UK	0.02	1.21
<b>Sale of finished goods / raw materials etc.</b>		
Unilever India Exports Limited	264.14	54.23
Unilever Nepal Limited	-	8.56
<b>Transfer of net assets on demerger</b>		
Unilever India Exports Limited	-	70.12
<b>Investment in equity shares</b>		
Unilever India Exports Limited	-	70.12
Kimberly Clark Lever Private Limited	26.91	-
<b>Sale of Fixed Assets</b>		
Unilever India Exports Limited	0.09	-
<b>Amount received on capital reduction</b>		
Pond's Exports Limited	-	0.36

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 54) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>Expenses shared by subsidiary companies</b>		
Pond's Exports Limited	0.90	0.82
Unilever India Exports Limited	9.63	2.24
<b>Dividend income</b>		
Unilever Nepal Limited	31.27	27.14
Unilever India Exports Limited	59.80	-
<b>Interest income</b>		
Pond's Exports Limited	1.11	1.02
Lakme Lever Private Limited	4.10	2.05
Brooke Bond Real Estate Pvt. Ltd.	0.78	0.29
<b>Rent income</b>		
Unilever Industries Private Limited	1.10	1.10
Hindustan Field Services Private Limited	-	0.08
<b>Other Recoveries</b>		
Unilever Asia Pvt Ltd.	8.09	-
<b>Royalty income</b>		
Lakme Lever Private Limited	2.37	1.41
<b>Management fees Paid</b>		
Lakme Lever Private Limited	7.66	9.90
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private limited	291.82	290.14
Unilever Supply Chain Company	126.26	156.79
Unilever Asia Private Limited	106.72	115.78
<b>Rent expense</b>		
Unilever India Exports Limited	0.12	0.12
<b>Contribution to Foundation</b>		
Hindustan Unilever Foundation	0.75	-
<b>Investment in Trust</b>		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	348.00	-
<b>Divestment in equity shares</b>		
Pond's Exports Limited	-	0.33
<b>Inter Corporate Loans given during the year</b>		
Lakme Lever Private Limited	21.40	18.30
Brooke Bond Real Estates Private Limited	7.51	6.70
Unilever Industries Pvt. Ltd.	88.95	-
<b>Inter Corporate Loans repaid during the year</b>		
Pond's Exports Limited	-	0.50
Unilever Industries Pvt. Ltd.	87.55	-
<b>Reimbursement receivable towards pension and medical benefits</b>		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	5.07	-

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 55) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2013

### Information About Primary Business Segments

	For the year ended 31st March, 2013			For the year ended 31st March, 2012		
	External	Inter- segment	Total	External	Inter- segment	Total
<b>REVENUE</b>						
Soaps and Detergents	12,701.82		12,701.82	10,636.28		10,636.28
Personal Products	7,471.66		7,471.66	6,585.36		6,585.36
Beverages	2,974.66		2,974.66	2,617.43		2,617.43
Packaged Foods	1,505.74		1,505.74	1,359.46		1,359.46
Others	1,092.78		1,092.78	896.86		896.86
<b>Total Revenue (Refer note 3 and 4 to segment information)</b>	<b>25,746.66</b>	<b>-</b>	<b>25,746.66</b>	<b>22,095.39</b>	<b>-</b>	<b>22,095.39</b>
<b>RESULT</b>						
Soaps and Detergents			1,615.53			1,233.27
Personal Products			1,948.86			1,749.25
Beverages			474.57			366.68
Packaged Foods			37.02			24.17
Others			(39.00)			(29.57)
<b>Total Segment (Refer note 4 to segment information)</b>			<b>4,036.98</b>			<b>3,343.80</b>
Un-allocated corporate expenses net of un-allocated income			(269.25)			(270.71)
<b>Operating Profit</b>			<b>3,767.73</b>			<b>3,073.09</b>
Finance Costs			(25.15)			(1.24)
Other income			606.90			278.31
<b>Profit before exceptional items and tax</b>			<b>4,349.48</b>			<b>3,350.16</b>
Exceptional items - income / (expenditure) - Segment						
Soaps and Detergents		1.97			(6.64)	
Personal Products		1.15			2.30	
Beverages		(1.84)			(10.78)	
Packaged foods		(21.77)			(0.85)	
Others		0.17			(0.40)	
			(20.32)			(16.37)
Exceptional items - income / (expenditure) - Unallocated/ Corporate			628.72			135.24
<b>Profit before tax</b>			<b>4,957.88</b>			<b>3,469.03</b>
Taxation for the year						
Current tax			(1,167.59)			(784.52)
Deferred tax			(9.45)			(0.76)
Tax adjustments of previous years (net)			15.83			7.65
<b>Profit for the year</b>			<b>3,796.67</b>			<b>2,691.40</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 55) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2013 (CONTD.)

### Information about Primary Business Segments

#### Other Information

	Segment Assets		Segment Liabilities	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Soaps and Detergents	2,914.64	2,584.77	(2,874.37)	(2,625.55)
Personal Products	1,404.51	1,396.44	(1,700.00)	(1,370.99)
Beverages	868.92	755.38	(610.00)	(455.45)
Packaged foods	533.87	559.20	(358.78)	(344.32)
Others	278.09	227.81	(317.08)	(302.88)
<b>Total</b>	<b>6,000.03</b>	<b>5,523.60</b>	<b>(5,860.23)</b>	<b>(5,099.19)</b>
Unallocated Corporate Assets / (Liabilities)	5,722.86	5,623.68	(3,188.64)	(2,535.18)
<b>Total Assets / (Liabilities)</b>	<b>11,722.89</b>	<b>11,147.28</b>	<b>(9,048.87)</b>	<b>(7,634.37)</b>

	Capital Expenditure		Depreciation/Amortization		Non - Cash Expenses other than Depreciation	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Soaps and Detergents	103.22	71.10	77.97	70.41	10.95	16.41
Personal Products	128.27	63.32	75.89	74.35	5.76	5.61
Beverages	32.82	33.07	11.14	10.66	2.44	0.08
Packaged Foods	85.38	54.73	20.11	17.06	1.50	4.20
Others	2.64	1.38	7.26	6.95	0.42	0.75
Unallocated Corporate Assets / (Liabilities)	57.01	86.41	43.65	38.83	18.13	18.13

### Information about Secondary Business Segments

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
<b>Revenue by Geographical Markets</b>		
India	25,082.80	21,595.41
Outside India	663.86	499.98
<b>Total</b>	<b>25,746.66</b>	<b>22,095.39</b>
<b>Additions to Tangible and Intangible Fixed Assets</b>		
India	352.33	223.60
Outside India	-	-
<b>Total</b>	<b>352.33</b>	<b>223.60</b>
<b>Carrying Amount of Segment Assets</b>		
India	6,000.03	5,523.60
Outside India	-	-
<b>Total</b>	<b>6,000.03</b>	<b>5,523.60</b>

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### NOTES :

#### 1. Business Segments

The Company has considered business segments as the primary segments for disclosure. The products included in each of the reported domestic business segments are as follows:

- a) Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- b) Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services, etc.
- c) Beverages include tea and coffee.
- d) Packaged foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.) and Frozen deserts
- e) Others include Exports, Chemicals, Water business, infant Care Products etc.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided to group companies, where applicable

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems

#### 2. Geographical Segments

The geographical segments considered for disclosure are as follows :

- a) Sales within India includes sales to customers located within India.
- b) Sales outside India includes sales to customers located outside India.
- c) The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

#### 3. Revenue comprises

	<b>For the Year ended 31st March, 2013</b>	For the Year ended 31st March, 2012
Sale of Products (net of excise duty)	25,206.38	21,735.60
Income from services rendered to group companies	506.84	327.71
Scrap sales and export incentives included in other operating income	33.44	32.08
	<b>25,746.66</b>	<b>22,095.39</b>

4. Previous year's figures have been regrouped wherever necessary to conform with this year's classification.

# INDEPENDENT AUDITORS' REPORT

## to the Members of Hindustan Unilever Limited

### REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Hindustan Unilever Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
  - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

#### For Lovelock & Lewes

Firm Registration Number: 301056E  
Chartered Accountants

#### Pradip Kanakia

Partner

Membership Number: 39985

Mumbai: 29th April, 2013



# ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Hindustan Unilever Limited on the financial statements as of and for the year ended 31st March, 2013.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the 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.
  - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b), (c), (d), (f) and (g) of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (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 generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, service tax, excise duty and tax deducted at source, and is regular in depositing undisputed statutory dues, including investor education and protection fund, income tax, sales tax, wealth tax, customs duty and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at 31st March, 2013 which have not been deposited on account of a dispute, are as follows:

## ANNEXURE TO AUDITORS' REPORT (Contd.)

Name of the statute	Nature of dues	Amount (Rs. crores)	Periods to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	150.92	1982, 1985-2013	Appellate Authority – up to Commissioner's level Customs, Excise and Service Tax Appellate Tribunals of various states
		31.92	1981, 1992 - 2013 1999	
		5.50	1982-1983, 1999, 2003-2012	High Courts of Gujarat, Karnataka and Bombay
		3.44	1988, 1999	Supreme Court
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	84.96	1986-1988, 1990, 1992-2013	Appellate Authority – up to Commissioner's level
		11.42	1984, 1992-2005, 2007-2010	Sales Tax Appellate Tribunals of various states
		38.44	1977, 1983-1986, 1988-1989, 1991-2013	High Courts of various states
		12.44	1985-90, 1995-97, 2000	Supreme Court
Customs Act, 1962	Customs duty including interest and penalty, as applicable	1.62	1995, 1998-1999, 2011	Appellate Authority – up to Commissioner's level
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	83.88	1979-80, 1991, 2003-08, 2010-12	Appellate Authority – up to Commissioner's level
		0.20	1982-83, 2005-06	Income Tax Appellate Tribunal, Mumbai
		0.06	1963-64, 1982-83	Bombay High Court
Service Tax (Finance Act, 1994)	Service tax including interest and penalty, as applicable	27.16	2005-12	Appellate Authority – up to Commissioner's level

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
13. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
16. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
17. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Lovelock & Lewes**

Firm Registration Number: 301056E  
Chartered Accountants

**Pradip Kanakia**

Partner  
Membership Number: 39985

Mumbai: 29th April, 2013

## 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 9.13% for 2012-13 (9.17% for 2011-12)

\*Cost of Equity is the return expected by the investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 7.96% for 2012-13)

+

Market risk premium (taken at 2.98%) (x) Beta variant for the Company, (taken at 0.708) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity = 7.96% + 2.98%(x) 0.708 = 10.07%

#### What does EVA show?

EVA is residual income after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

#### When will EVA increase?

EVA will increase if:

- Operating profits can be made to grow without employing more capital, i.e. greater efficiency.
- Additional capital's invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.
- Capital is curtailed in activities that do not cover the cost of capital, i.e. liquidate unproductive capital

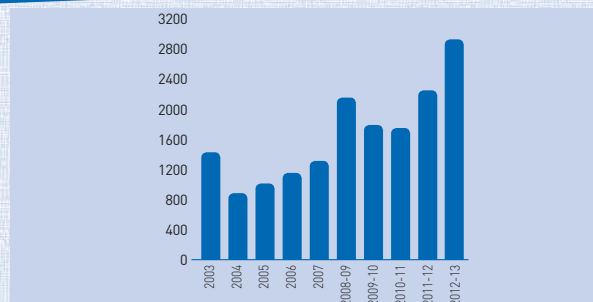
#### EVA in practice at Hindustan Unilever Limited.

In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups, Measures to evaluate business performance and to set targets take into account this concept of value creation.

#### EVA Trends:2003-2013 (Unaudited)

Particulars	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13
(Rs. crores)										
<b>Cost of Capital Employed (COCE)</b>										
1 Average Debt	881	1588	360	163	382	342	119	2	0	0
2 Average Equity	2899	2116	2200	2515	2402	1928	2497	3118	3462	4018
3 Average Capital Employed : (1) + (2)	<b>3780</b>	<b>3704</b>	<b>2560</b>	<b>2678</b>	<b>2784</b>	<b>2270</b>	<b>2616</b>	<b>3120</b>	<b>3462</b>	<b>4018</b>
4 Cost of Debt, post-tax %	4.88	5.19	3.38	5.90	6.24	3.91	3.95	5.36	6.20	6.02
5 Cost of Equity %	12.95	14.77	15.50	16.38	17.59	14.47	12.51	12.93	10.10	10.07
6 Weighted Average Cost of Capital % (WACC)	11.07	10.66	13.80	15.74	16.03	12.88	12.12	12.92	10.10	10.07
7 COCE : (3) x (6)	<b>418</b>	<b>395</b>	<b>353</b>	<b>421</b>	<b>446</b>	<b>365</b>	<b>317</b>	<b>403</b>	<b>350</b>	<b>405</b>
<b>Economic Value Added (EVA)</b>										
8 Profit after tax, before exceptional items	1804	1199	1355	1540	1,743	2501	2103	2153	2599	3314
9 Add : Interest, after taxes	43	82	12	7	17	17	5	0	1	17
10 Net Operating Profits After Taxes (NOPAT)	1847	1281	1367	1547	1760	2518	2108	2153	2600	3331
11 COCE, as per (7) above	418	395	353	421	446	365	317	403	350	405
12 EVA : (10) - (11)	<b>1429</b>	<b>886</b>	<b>1014</b>	<b>1126</b>	<b>1314</b>	<b>2154</b>	<b>1791</b>	<b>1750</b>	<b>2250</b>	<b>2926</b>

#### ECONOMIC VALUE ADDED (EVA) (Rs. crores)



# BALANCE SHEET

As at 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	Note	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	216.25	216.15
Reserves and surplus	4	2,648.52	3,464.93
<b>Minority Interest</b>		20.86	18.30
<b>Non-current liabilities</b>			
Long term borrowings	5	8.44	-
Other long term liabilities	6	482.12	331.67
Long term provisions	7	710.13	674.30
<b>Current liabilities</b>			
Short term borrowings	8	16.30	-
Trade payables	9	5,341.74	4,843.87
Other current liabilities	11	659.11	564.36
Short term provisions	12	1,988.37	1,293.67
<b>TOTAL</b>		<b>12,091.84</b>	<b>11,407.25</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	14	2,395.32	2,232.91
Intangible assets	15	36.11	29.95
Capital work-in-progress		212.10	217.32
Intangible assets under development		10.32	10.32
<b>Non-current investments</b>	16	395.32	70.25
<b>Deferred tax assets (net)</b>	17	208.52	209.91
<b>Long term loans and advances</b>	18	421.64	385.91
<b>Other non-current assets</b>	19	296.85	-
<b>Current Assets</b>			
Current investments	20	1,857.02	2,251.91
Inventories	21	2,705.97	2,667.37
Trade receivables	22	996.53	856.74
Cash and bank balances	23	1,900.71	1,996.43
Short term loans and advances	24	581.98	441.02
Other current assets	25	73.45	37.21
<b>TOTAL</b>		<b>12,091.84</b>	<b>11,407.25</b>
Summary of significant accounting policies	2		
Contingent Liabilities, capital and other commitments	26,27		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of Board of Directors

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Nitin Paranjpe** Managing Director and CEO

**Aditya Narayan** Chairman - Audit Committee

**Pradip Kanakia**  
Partner  
Membership No. 39985

**Ritesh Tiwari** Group Controller

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013

Mumbai : 29th April, 2013

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
<b>REVENUE FROM OPERATIONS (GROSS)</b>	29	28,487.26	24,506.40
Less: Excise duty		(1,483.27)	(1,070.07)
<b>Revenue from operations (net)</b>		<b>27,003.99</b>	<b>23,436.33</b>
Other income	30	532.03	259.62
<b>Total Revenue</b>		<b>27,536.02</b>	<b>23,695.95</b>
<b>EXPENSES</b>			
Cost of materials consumed	31	10,987.82	9,487.01
Purchases of stock-in-trade	32	3,125.26	2,919.49
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	33	(26.00)	95.15
Employee benefits expenses	34	1,412.68	1,200.94
Finance costs	35	25.72	1.65
Depreciation and amortization expense	36	251.32	233.54
Other expenses	37	7,298.91	6,250.18
<b>Total Expenses</b>		<b>23,075.71</b>	<b>20,187.96</b>
<b>Profit before exceptional items and tax</b>		<b>4,460.31</b>	<b>3,507.99</b>
Exceptional items	38	605.72	113.69
<b>Profit before tax</b>		<b>5,066.03</b>	<b>3,621.68</b>
<b>Tax Expense</b>			
Current tax		(1,241.20)	(832.21)
Deferred tax [Share of joint venture Rs. (0.28) crores, (2011-12 Rs. (0.11) crores)]		(1.39)	2.60
Tax adjustments of prior years (net)		15.93	8.07
<b>Profit after tax and before minority interest</b>		<b>3,839.37</b>	<b>2,800.14</b>
Less : Minority Interest		(10.39)	(9.48)
<b>Profit for the year</b>		<b>3,828.98</b>	<b>2,790.66</b>
<b>Earnings per equity share</b>			
Basic (Face value of Re. 1 each)	39	Rs. 17.71	Rs. 12.92
Diluted (Face value of Re. 1 each)		Rs. 17.70	Rs. 12.91
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of Board of Directors

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Nitin Paranjpe** Managing Director and CEO

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Aditya Narayan** Chairman - Audit Committee

**Pradip Kanakia**  
Partner  
Membership No. 39985

**Ritesh Tiwari** Group Controller

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013

Mumbai : 29th April, 2013

# CASH FLOW STATEMENT

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before exceptional items and tax</b>	<b>4,460.31</b>	<b>3,507.99</b>
<b>Adjustments for :</b>		
Depreciation and amortization expense	251.32	233.54
Net gain on sale of investments	(199.24)	(115.96)
Deficit on fixed assets sold, scrapped, etc. (net)	14.27	16.49
Interest income	(277.72)	(124.04)
Dividend income	(38.44)	(17.21)
Provision for expenses on employee stock options / performance scheme	12.20	11.74
Provision / (write back) for doubtful debts and advances (net)	7.27	18.22
Bad debts / Advances written off	5.50	4.54
Unrealised foreign exchange Loss	4.57	3.65
Interest expense	25.72	1.65
	<b>(194.55)</b>	<b>32.62</b>
<b>Operating Profit before working capital changes</b>	<b>4,265.76</b>	<b>3,540.61</b>
<b>Adjustments for :</b>		
(Increase)/decrease in trade receivables	(148.83)	83.74
(Increase)/decrease in short term loans & advances	(140.32)	(65.24)
(Increase)/decrease in other current assets	-	0.42
(Increase)/decrease in long term loans & advances	(11.84)	(21.65)
Increase/(decrease) in trade payables	493.30	(246.94)
Increase/(decrease) in long term provisions	46.22	0.64
Increase/(decrease) in short term provisions	4.60	27.39
Increase/(decrease) in other current liabilities	74.47	(6.48)
Increase/(decrease) in other long term liabilities	150.45	120.20
(Increase)/decrease in inventories	(38.60)	208.32
	<b>429.45</b>	<b>100.41</b>
<b>Cash generated from operations</b>	<b>4,695.21</b>	<b>3,641.02</b>
Taxes paid (net of refunds)	(1,073.85)	(694.83)
<b>Cash flow before exceptional items</b>	<b>3,621.36</b>	<b>2,946.19</b>
<b>Exceptional :</b>		
Compensation under voluntary separation schemes	(6.58)	(3.25)
Amounts paid for other restructuring activities	(10.02)	(11.43)
<b>Net cash generated from operating activities - [A]</b>	<b>3,604.76</b>	<b>2,931.51</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of tangible / intangible assets	(441.47)	(280.61)
Sale proceeds of tangible assets	0.80	7.24
Purchase of non-current investments	(325.87)	(0.50)
Investment in long term deposits with banks	(296.85)	-
Purchase of current investments	(15,854.03)	(13,965.69)
Sale proceeds of current investments	16,382.18	12,928.34
Loans given to fellow subsidiaries	(88.95)	-
Loans repaid by fellow subsidiaries	87.55	-
Investment in bank deposits (having original maturity more than 3 months)	(4,356.79)	(2,509.40)
Redemption / maturity of bank deposits (having original maturity more than 3 months)	3,989.89	2,967.00

# CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2013

(All amounts in Rs. crores, unless otherwise stated)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest received	214.17	134.49
Gain on sale of short term highly liquid investment	65.98	42.17
Dividend received	37.80	17.21
<b>Cash flow before exceptional items</b>	<b>(585.59)</b>	<b>(659.75)</b>
<b>Exceptional :</b>		
Consideration received on disposal of surplus properties	648.66	140.73
Consideration received on disposal of a subsidiary	-	4.68
<b>Net cash generated from / (used) in investing activities - [B]</b>	<b>63.07</b>	<b>(514.34)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(3,558.10)	(1,509.31)
Dividend distribution tax paid	(578.71)	(245.32)
Addition to unpaid dividend accounts	(16.96)	(2.85)
Interest paid	(25.72)	(1.66)
Monies borrowed for long term purposes	8.44	-
Monies borrowed for short term purposes	16.30	-
Proceeds from share allotment under employee stock option/ performance share schemes	7.34	33.56
<b>Cash flow before exceptional items</b>	<b>(4,147.41)</b>	<b>(1,725.58)</b>
Exceptional	-	-
<b>Net cash used in financing activities - [C]</b>	<b>(4,147.41)</b>	<b>(1,725.58)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents - [A+B+C]</b>	<b>(479.58)</b>	<b>691.59</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>942.04</b>	<b>250.45</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>462.46</b>	<b>942.04</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	1.39	1.10
Cheques / drafts on hand	-	0.01
<b>Balances with banks</b>		
- In current accounts	66.22	252.00
- Bank deposits (having original maturity of less than three months)	365.37	197.44
<b>Short term, highly liquid investments</b>		
- Certificate of deposits (having original maturity of less than three months)	-	268.52
- Treasury bills (having original maturity of less than three months)	-	220.42
<b>Share of Joint Venture</b>		
- Balance with Scheduled banks - current account	29.48	2.55
	<b>462.46</b>	<b>942.04</b>

As per our report of even date

For and on behalf of Board of Directors

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants

**Nitin Paranjpe** Managing Director and CEO  
**Aditya Narayan** Chairman - Audit Committee

**Sridhar Ramamurthy** Executive Director  
(Finance & IT) and CFO

**Pradip Kanakia**  
Partner  
Membership No. 39985

**Ritesh Tiwari** Group Controller

**Dev Bajpai** Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013

Mumbai : 29th April, 2013

# NOTES

to the financial statements for the year ended 31st March, 2013

*(All amounts in Rs. crores, unless otherwise stated)*

## 1) GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising Home and Personal Care (HPC) and Foods and Refreshments. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade.

**The Company, its subsidiaries, controlled trust and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:**

### a) Subsidiaries:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2013	% voting power held as at 31st March, 2012
Unilever India Exports Limited	India	100	100
Unilever Nepal Limited	Nepal	80	80
Daverashola Estates Private Limited	India	100	100
Pond's Exports Limited	India	100	100
Lever's Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Brooke Bond Real Estates Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100

### b) Controlled Trust:

Name of the Entity	Country of Incorporation	% ownership interest, as at 31st March, 2013	% ownership interest, as at 31st March, 2012
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (set up on 31st October, 2012)	India	100	-

### c) Joint Venture:

Name of the Company	Country of Incorporation	% ownership interest, as at 31st March, 2013	% ownership interest, as at 31st March, 2012
Kimberly Clark Lever Private Limited	India	50	50



# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1. Basis for preparation of accounts

These consolidated financial statements have been prepared to comply in all material aspects with applicable accounting principles in India and the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, in particular Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements' and Accounting Standard 27 (AS 27) - 'Financial Reporting of Interest in Joint Ventures'.

The financial statements of the Company, its subsidiaries, controlled trust and the joint venture (on a proportionate basis) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealized profits are eliminated in full. Unrealized losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0.00" in the relevant notes in these consolidated financial statements.

#### 2.2. Revenue Recognition

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer, upon supply of goods, and are recorded net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced). It does not include inter-divisional transfers.

Income from export incentives such as duty drawback, premium on sale of import licences and lease license fee are recognised on an accrual basis.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Income from services rendered is recognised as the service is performed and is booked based on agreements/arrangements with the concerned parties.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

#### 2.3. Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research and development is shown as an addition to tangible assets.

#### 2.4. Tangible assets

Tangible assets are stated at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their book value and net realisable value and are shown separately in the financial statements under other current assets. Any expected loss is recognised immediately in the statement of profit and loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the statement of profit and loss.

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly,

- computers and related assets, included in office equipment are depreciated over four years;
- leasehold land is amortised over the primary period of the lease;
- certain assets of the cold chain, included in Plant and equipment, are depreciated over four / seven years;
- vehicles are depreciated over six years; and
- certain assets lying at salons and training centre, included in Plant and equipment, Furniture and fixtures and Office equipment, are depreciated over five to nine years.

#### 2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses,

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

if any. Intangible assets are amortised on straight line method as per rates mentioned below:

Asset Class	Rate of Amortization
Goodwill	25%
Brands/Trademarks	25%
Computer Software	20%

### 2.6. Impairment

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### 2.7. Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Group, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

### 2.8. Interests in Joint Ventures

Interests in Jointly controlled entities (incorporated Joint Ventures) are accounted for using proportionate consolidation method.

### 2.9. Inventories

Inventories are stated at the lower of cost (computed on a weighted average basis), and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 2.10. Trade receivables and Loans and Advances

Trade receivables and loans and advances are stated after making adequate provisions for doubtful balances.

### 2.11. Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 2.12. Retirement / Post Retirement Benefits

Contributions to Defined Contribution schemes such as Provident Fund, Employee State insurance, labour welfare fund, Superannuation fund etc. are charged to the statement of Profit and Loss as incurred. 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 remaining contributions are made to a government administered Provident Fund towards which the Company has no further defined obligations beyond its monthly contributions. The Company also provides for retirement / post retirement benefits in the form of gratuity, pensions, leave encashment and medical. Such defined benefits are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as an expense as and when incurred.

### 2.13. Current and Deferred Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.14. Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the statement of profit and loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.15. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to statement of profit and loss on a straight line basis over the period of the lease.

### 2.16. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further,

- a) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market based.

- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses/income (net)".

### 2.17. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks, other short term highly liquid investments with original maturities of three months or less.

### 2.18. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.19. Employee share based payments

Equity settled stock options granted under "HUL ESOP/ Performance Shares Schemes" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants Of India.

### 2.20. Use of estimates

The preparation of the financial statements in conformity with the general accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 3) SHARE CAPITAL

	As at 31st March, 2013	As at 31st March, 2012
<b>Authorized</b>		
2,250,000,000 (March 31, 2012: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
<b>Issued, subscribed and fully paid up</b>		
2,162,472,310 (March 31, 2012: 2,161,512,492) equity shares of Re. 1 each	216.25	216.15
	<b>216.25</b>	<b>216.15</b>

### a) Reconciliation of the number of shares

	As at 31st March, 2013		As at 31st March, 2012	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares:</b>				
Balance as at the beginning of the year	2,161,512,492	216.15	2,159,471,968	215.95
Add : ESOP shares issued during the year	959,818	0.10	2,040,524	0.20
<b>Balance as at the end of the year</b>	<b>2,162,472,310</b>	<b>216.25</b>	<b>2,161,512,492</b>	<b>216.15</b>

### b) Rights, preferences and restrictions attached to shares

**Equity shares:** The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shares held by holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2013	As at 31st March, 2012
<b>Equity Shares of Re. 1 held by:</b>		
794,806,750 shares (March 31, 2012: 794,806,750 shares) held by Unilever PLC, UK, the Holding Company	79.48	79.48
340,042,710 shares (March 31, 2012: 340,042,710 shares) held by subsidiaries of Holding Company	34.00	34.00

### d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2013	As at 31st March, 2012
Number of shares	794,806,750	794,806,750
Unilever PLC, UK, the Holding Company	36.75%	36.77%

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## e) Shares reserved for issue under options

	As at 31st March, 2013	As at 31st March, 2012
Number of shares to be issued under Employee Stock Option Plans	1,515,757	2,213,329

## f) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2013)

	As at 31st March, 2013	As at 31st March, 2012
No. of equity shares issued in the last 5 years under the Employee Stock Options Plan as consideration for services rendered by employees	7,371,948	7,799,491

## g) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2013

	As at 31st March, 2013	As at 31st March, 2012
No. of equity shares bought back by the Company	53,118,976	53,118,976

## 4) RESERVES AND SURPLUS

	As at 31st March, 2011	Additions	Deductions	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013
Capital Reserve	4.22	-	-	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46	-	-	6.46
Securities Premium Reserve	0.85	37.88 (d)	-	38.73	16.95 (d)	-	55.68
Revaluation Reserve	0.67	-	-	0.67	-	-	0.67
Employee Stock Options Outstanding Account	28.53	11.74	(4.51)	35.76	12.20	(9.70)	38.26
<b>Other Reserve</b>							
Capital Subsidy (Received from Govt. for eligible projects under its scheme)	5.05	0.60	-	5.65	0.55	-	6.20
Export Profit Reserve (e)	12.26	-	-	12.26	-	-	12.26
Development Allowance Reserve (e)	0.27	-	-	0.27	-	-	0.27
General Reserve	1,236.60	269.14 (b)	-	1,505.74	390.43 (b)	-	1,896.17
Other Reserves (c) (Created on amalgamation of Brooke Bond Lipton India Limited)	2.51	-	-	2.51	-	-	2.51
	<b>1,297.42</b>	<b>319.36</b>	<b>(4.51)</b>	<b>1,612.27</b>	<b>420.13</b>	<b>(9.70)</b>	<b>2,022.70</b>
<b>Surplus in statement of profit and loss</b>	<b>1,221.58</b>	<b>2,790.66 (a)</b>	<b>(2,159.58)</b>	<b>1,852.66</b>	<b>3,828.98 (a)</b>	<b>(5,055.82)</b>	<b>625.82</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

	As at 31st March, 2011	Additions	Deductions	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	
	As at 31st March, 2012			<b>As at 31st March, 2013</b>				
<b>Balance as at the beginning of the year</b>	1,221.58			1,852.66				
Profit for the year	2,790.66			3,828.98	(a)			
Less : Elimination on disposal of a subsidiary	(6.54)			-				
Less : Appropriations				-				
Interim Dividend on equity shares for the year [ per share Rs. 4.50 (2011-12: Rs. 3.50 per share) ]	(756.34)			(972.98)				
Special Dividend on equity shares for the year [ per share Rs. 8.00 (2011-12: Rs. Nil per share) ]	-			(1,729.53)				
Proposed Final Dividend on equity shares [ per share Rs. 6.00 (2011-12: Rs. 4.00 per share) ]	(864.60)			(1,297.48)				
Dividend distribution tax	(262.96)			(665.40)				
Transfer to general reserve	(269.14)			(390.43)	(b)			
<b>Balance as at the end of the year</b>	<b>1,852.66</b>			<b>625.82</b>				
<b>Total Reserves and Surplus</b>		<b>2,519.00</b>	<b>3,110.02</b>	<b>(2,164.09)</b>	<b>3,464.93</b>	<b>4,249.11</b>	<b>(5,065.52)</b>	<b>2,648.52</b>

(a) Transfer from statement of profit and loss.

(b) Transfer from surplus in statement of profit and loss.

(c) Not available for capitalisation / declaration of dividend / share buyback.

(d) Represents additions arising from exercise of shares under Employees Stock Option / Performance Share Schemes.

(e) These are statutory reserves created / retained as required by applicable laws.

## 5) LONG TERM BORROWINGS

	As at 31st March, 2013	As at 31st March, 2012
<b>Secured</b>		
Loan from Bank	-	-
	-	-
Share of Joint Venture - Refer Note 40	8.44	-
	<b>8.44</b>	-

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 6) OTHER LONG TERM LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
Employee and ex-employee related liabilities	167.72	165.41
Security deposits	314.40	166.26
	<b>482.12</b>	<b>331.67</b>
Share of Joint Venture - Refer Note 40	-	-
	<b>482.12</b>	<b>331.67</b>

## 7) LONG TERM PROVISIONS

	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits		
Provision for gratuity	22.11	17.25
Provision for pension, medical, leave encashment and others	542.03	537.63
Other provisions (including for statutory levies etc) - net (Refer Note 13)	145.64	119.21
	<b>709.78</b>	<b>674.09</b>
Share of Joint Venture - Refer Note 40	0.35	0.21
	<b>710.13</b>	<b>674.30</b>

## 8) SHORT TERM BORROWINGS

	As at 31st March, 2013	As at 31st March, 2012
<b>Secured</b>		
Loan from Bank	-	-
	-	-
Share of Joint Venture - Refer Note 40	16.30	-
	<b>16.30</b>	-

## 9) TRADE PAYABLES

	As at 31st March, 2013	As at 31st March, 2012
Acceptances	1,041.69	840.36
Trade payables (Refer note 10)	4,256.98	3,958.88
	<b>5,298.67</b>	<b>4,799.24</b>
Share of Joint Venture - Refer Note 40	43.07	44.63
	<b>5,341.74</b>	<b>4,843.87</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 10) DUES TO MICRO AND SMALL SCALE BUSINESS ENTERPRISES

There are no Micro and Small Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

## 11) OTHER CURRENT LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
Unpaid dividends	70.92	53.96
Statutory dues (including provident fund and tax deducted at source)	309.60	227.00
Salaries, wages and bonus payable	191.32	180.87
Advance from customers	47.60	62.61
Other Payables (VRS, Fixed assets payable, etc.)	33.93	36.55
	<b>653.37</b>	<b>560.99</b>
Share of Joint Venture - Refer Note 40	5.74	3.37
	<b>659.11</b>	<b>564.36</b>

## 12) SHORT TERM PROVISIONS

	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits (medical, leave encashment and others)	9.04	12.20
Provision for income tax (Net)	372.98	232.16
Provision for wealth tax (Net)	4.89	4.25
Others		
Provision for proposed Final Dividend (Refer note 28)	1,297.48	864.60
Provision for dividend distribution tax on proposed Final Dividend	226.97	140.26
Other provisions (including for restructuring, etc.) (Refer Note 13)	76.80	40.05
	<b>1,988.16</b>	<b>1,293.52</b>
Share of Joint Venture - Refer Note 40	0.21	0.15
	<b>1,988.37</b>	<b>1,293.67</b>

## 13) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM), REFER NOTES 7 AND 12

	As at 31st March, 2013	As at 31st March, 2012
Opening Balance	159.26	170.98
Provision during the year	85.14	23.27
Amounts utilised / reversed during the year	(21.96)	(34.99)
Balance at the end of the year	<b>222.44</b>	<b>159.26</b>



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 14) TANGIBLE ASSETS (Own assets, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2013	As at 31st March, 2012
Land								
- Freehold	73.57	6.14	(3.05)	76.66	-	-	76.59	73.50
- Leasehold	56.63	0.40	(0.55)	56.48	2.75	(0.27)	46.29	48.92
Buildings	1,018.89	37.80	(26.87)	1,029.82	29.39	(10.71)	794.34	802.09
Plant & equipment	2,419.72	337.42	(41.28)	2,715.86	181.90	(31.91)	1,348.43	1,202.28
Furniture & fixtures	88.42	9.95	(4.36)	94.01	6.17	(2.51)	53.01	51.08
Vehicles	2.15	-	(0.29)	1.86	0.01	(0.28)	0.10	0.12
Office equipment	96.06	19.84	(16.18)	99.72	9.68	(15.14)	47.37	38.25
Others								
- Railway sidings	0.01	-	-	0.01	-	-	-	-
<b>Total</b>	<b>3,755.45</b>	<b>411.55</b>	<b>(92.58)</b>	<b>4,074.42</b>	<b>229.90</b>	<b>(60.82)</b>	<b>1,708.29</b>	<b>2,216.24</b>
Share of Joint Venture - Refer Note 40	33.91	15.46	(1.94)	47.43	2.70	(1.70)	29.19	16.67
<b>Total - 31st March, 2013</b>	<b>3,789.36</b>	<b>427.01</b>	<b>(94.52)</b>	<b>4,121.85</b>	<b>232.60</b>	<b>(62.52)</b>	<b>1,726.53</b>	<b>2,232.91</b>
<b>Total - 31st March, 2012</b>	<b>3,595.99</b>	<b>330.33</b>	<b>(136.96)</b>	<b>3,789.36</b>	<b>221.52</b>	<b>(73.13)</b>	<b>1,556.45</b>	<b>2,232.91</b>

### NOTES :

- Buildings include Rs. 0.02 crores (March 31, 2012 - Rs.0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 11.48 crores (March 31, 2012 - Rs. 20.42 crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
- Disposal / Transfers include i) Assets held for sale shown under 'Other Current Assets' (refer note 25) : Gross block Rs. 30.10 crores (March 31, 2012 - Rs. 12.10 crores), Accumulated depreciation Rs. 9.75 crores (March 31, 2012 - Rs. 1.78 crores) and Net block Rs. 20.35 crores (March 31, 2012 - Rs. 10.32 crores) and ii) Investment Property shown under 'Non-Current Investments' (refer note 16): Gross block Rs. 0.03 crores (March 31, 2012 - Rs. 27.62 crores), Accumulated depreciation Rs. Nil (March 31, 2012 - Rs. 6.36 crores) and Net block Rs. 0.03 crores (March 31, 2012 - Rs. 21.26 crores).
- Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Group's interest.
- Impairment charge of Rs. Nil (March 31, 2012 - Rs. 7.20 crores) on plant and equipment has been included in miscellaneous expenses in the statement of profit and loss.

## 15) INTANGIBLE ASSETS

	Gross block			Amortization			Net block	
	As at 31st March, 2012	Additions	Disposal/ Transfers	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2013	As at 31st March, 2012
Goodwill	6.34	-	-	6.34	-	-	6.34	-
Brands/Trademarks	144.85	15.00	-	159.85	1.50	-	146.35	-
Computer Software	120.60	9.09	-	129.69	16.42	-	107.08	29.95
<b>Total - 31st March, 2013</b>	<b>271.79</b>	<b>24.09</b>	<b>-</b>	<b>295.88</b>	<b>17.92</b>	<b>-</b>	<b>259.77</b>	<b>29.95</b>
<b>Total - 31st March, 2012</b>	<b>258.16</b>	<b>13.63</b>	<b>-</b>	<b>271.79</b>	<b>19.21</b>	<b>-</b>	<b>241.85</b>	<b>29.95</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 16) NON - CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

	As at 31st March, 2013	As at 31st March, 2012
Investment Property (Refer note 14 (c))	20.49	21.26
Trade Investments		
Quoted	356.27	36.16
Unquoted	17.69	11.96
Other Investments		
Quoted	0.01	0.01
Unquoted	0.86	0.86
	<b>395.32</b>	<b>70.25</b>
Aggregate amount of quoted investments	356.28	36.17
Market Value of quoted investments	442.62	132.52
Aggregate amount of unquoted investments	18.55	12.82
Aggregate amount of investment property	20.49	21.26

## 17) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2013	As at 31st March, 2012
<b>Deferred tax assets</b>		
Provision for post retirement benefits and other employee benefits	184.21	187.92
Provision for doubtful debts and advances	35.26	28.61
Expenses allowable for tax purposes when paid	107.53	94.39
Depreciation	0.55	0.55
Other timing differences	98.80	95.89
	<b>426.35</b>	<b>407.36</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	(217.14)	(196.48)
	<b>209.21</b>	<b>210.88</b>
Share of Joint Venture - Refer Note 40	(0.69)	(0.97)
	<b>208.52</b>	<b>209.91</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 18) LONG TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
Security Deposits		
Deposits with customs, port trust, excise, and other govt. authorities	22.02	30.76
Deposits with others	108.12	100.52
Advance income tax (net)	263.28	236.54
Advance Agriculture Tax (net)	5.09	5.09
Capital advances	5.81	6.34
Advances recoverable in cash or in kind or for value to be received		
- Considered good	8.16	2.14
- Doubtful	52.15	49.10
- Less : Provision for doubtful loans and advances	(52.15)	(49.10)
	<b>412.48</b>	<b>381.39</b>
Share of Joint Venture - Refer Note 40	9.16	4.52
	<b>421.64</b>	<b>385.91</b>

## 19) OTHER NON-CURRENT ASSETS

	As at 31st March, 2013	As at 31st March, 2012
Long Term deposit with original maturity of more than twelve months	296.85	-
	<b>296.85</b>	-
Share of Joint Venture - Refer Note 40	-	-
	<b>296.85</b>	-

## 20) CURRENT INVESTMENTS (with original maturity between 3 months and 12 months) (At cost or market value, whichever is less)

	As at 31st March, 2013	As at 31st March, 2012
Quoted Investments	1,857.02	2,251.91
	<b>1,857.02</b>	<b>2,251.91</b>
Share of Joint Venture - Refer Note 40	-	-
	<b>1,857.02</b>	<b>2,251.91</b>
Market Value of Quoted Investments	<b>1,933.91</b>	<b>2,336.76</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 21) INVENTORIES

**(At lower of cost and net realisable value)**

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
Raw materials [includes in transit: Rs. 22.38 crores, (March 31, 2012: Rs. 68.19 crores)]	901.23	910.72
Packing materials [includes in transit: Rs. Nil (March 31,2012: Rs. Nil)]	149.09	150.66
Work-in-progress	248.00	253.71
Finished Goods [includes in transit: Rs. 46.95 crores, (March 31,2012: Rs. 37.12 crores)]	1,310.72	1,269.24
Stores and spares	71.64	55.32
	<b>2,680.68</b>	<b>2,639.65</b>
Share of Joint Venture - Refer Note 40	25.29	27.72
	<b>2,705.97</b>	<b>2,667.37</b>

Finished Goods include Stock-In-Trade, as both are stocked together

## 22) TRADE RECEIVABLES

**(Unsecured unless otherwise stated)**

	<b>As at 31st March, 2013</b>	As at 31st March, 2012
<b>Considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	40.66	34.06
Others	953.09	819.99
<b>Considered Doubtful</b>		
Outstanding for a period exceeding six months from the date they are due for payment	58.68	54.47
Less: Provision for bad & doubtful debts	(58.68)	(54.47)
	<b>993.75</b>	<b>854.05</b>
Share of Joint Venture - Refer Note 40	2.78	2.69
	<b>996.53</b>	<b>856.74</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 23) CASH AND BANK BALANCES

	As at 31st March, 2013	As at 31st March, 2012
<b>A. Cash and Cash Equivalents</b>		
Cash on hand	1.39	1.10
Cheques/drafts on hand	-	0.01
Balances with banks		
In current accounts	66.22	252.00
Term deposits with original maturity of less than three months	365.37	197.44
Short term, highly liquid investments		
Certificate of deposits with original maturity of less than three months	-	268.52
Treasury bills with original maturity of less than three months	-	220.42
Share of Joint Venture - Refer Note 40	29.48	2.55
<b>Sub Total - A</b>	<b>462.46</b>	<b>942.04</b>
<b>B. Other Bank Balances</b>		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs. 1.39 crores, (March 31, 2012: Rs. 1.58 crores)]	1,367.31	987.38
Unpaid dividend account	70.93	53.97
Share of Joint Venture - Refer Note 40	0.01	13.04
<b>Sub Total - B</b>	<b>1,438.25</b>	<b>1,054.39</b>
<b>Total A+B</b>	<b>1,900.71</b>	<b>1,996.43</b>

## 24) SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
Advances recoverable in cash or in kind or for value to be received		
- Considered good	433.01	334.76
- Considered doubtful	0.03	0.12
- Less : Provision for doubtful loans and advances	(0.03)	(0.12)
Others Loans and Advances		
CENVAT receivable	100.72	76.43
VAT credit receivable	36.62	25.59
	<b>570.35</b>	<b>436.78</b>
Share of Joint Venture - Refer Note 40	11.63	4.24
	<b>581.98</b>	<b>441.02</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 25) OTHER CURRENT ASSETS (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2013	As at 31st March, 2012
Income accrued on investments	5.60	4.22
Income accrued on deposits	43.94	18.32
Tangible assets held for sale (at lower of cost and net realisable value) (Refer note 14 (c))	23.87	13.84
	<b>73.41</b>	<b>36.38</b>
Share of Joint Venture - Refer Note 40	0.04	0.83
	<b>73.45</b>	<b>37.21</b>

## 26) CONTINGENT LIABILITIES

	As at 31st March, 2013	As at 31st March, 2012
Claims against the Group not acknowledged as debts		
Income-tax matters	473.86	504.55
Sales tax matters - Rs. 52.18 crores (March 31, 2012 - Rs. 60.74 crores) net of tax	79.06	89.91
Excise duty, Service tax and Customs duty matters - Rs. 93.74 crores (March 31, 2012 - Rs. 58.55 crores) net of tax	142.01	86.67
Other matters including claims related to employees / ex-employees, property related demands, etc - Rs. 56.61 crores (March 31, 2012 - Rs. 60.41 crores) net of tax	85.76	89.42
Share of Joint Venture - Refer Note 40	39.50	26.48
(a) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings		
(b) The Group does not expect any reimbursements in respect of the above contingent liabilities		
(c) Future cash outflows in respect of the above are determinable only on receipt of judgements / decisions pending with various forums / authorities		

## 27) CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2013	As at 31st March, 2012
<b>Capital Commitments</b>		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	136.56	260.65
	<b>136.56</b>	<b>260.65</b>
Share of Joint Venture - Refer Note 40	2.62	-
	<b>139.18</b>	<b>260.65</b>

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 28) PROPOSED DIVIDEND

	As at 31st March, 2013	As at 31st March, 2012
The Final Dividend proposed for the year is as follows:		
On Equity Shares of Re. 1 each		
Amount of dividend proposed	1,297.48	864.60
Dividend per Equity Share	Rs. 6.00	Rs. 4.00

### 29) REVENUE FROM OPERATIONS

	Year ended 31st March, 2013	Year ended 31st March, 2012
Sale of products	27,677.67	23,932.82
Other operating revenue		
Income from services rendered to group companies	506.84	334.18
Others (including salon services, export incentives, scrap sales, lease license fee etc.)	180.00	114.42
	<b>28,364.51</b>	<b>24,381.42</b>
Less: Excise Duty [includes share of Joint Venture Rs. 7.08 crores (2011-12 - Rs. 4.54 crores)]	(1,483.27)	(1,070.07)
	<b>26,881.24</b>	<b>23,311.35</b>
Share of Joint Venture including excise duty - Refer Note 40	122.75	124.98
	<b>27,003.99</b>	<b>23,436.33</b>

### 30) OTHER INCOME

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest Income		
From bank deposits	234.73	120.82
From others	42.99	1.45
Dividend income		
From current investments	29.28	11.45
From non current investments	9.16	5.76
Net gain on sale of current investments	199.24	115.96
Miscellaneous income [Refer note (a) below]	14.11	2.41
	<b>529.51</b>	<b>257.85</b>
Share of Joint Venture - Refer Note 40	2.52	1.77
	<b>532.03</b>	<b>259.62</b>

(a) The net difference in foreign exchange [i.e. exchange differences on settlement / restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments debited to statement of profit and loss is Rs. 7.31 crores (2011-12 - debited to statement of profit and loss Rs. 14.65 crores)]

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 31) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2013	Year ended 31st March, 2012
Raw materials consumed	8,747.28	7,328.55
Packing material consumed	2,165.51	2,097.84
	<b>10,912.79</b>	<b>9,426.39</b>
Share of Joint Venture - Refer Note 40	75.03	60.62
	<b>10,987.82</b>	<b>9,487.01</b>

(Cost of materials consumed is based on derived values)

## 32) PURCHASES OF STOCK - IN - TRADE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Purchase of goods	3,120.23	2,909.09
	<b>3,120.23</b>	<b>2,909.09</b>
Share of Joint Venture - Refer Note 40	5.03	10.40
	<b>3,125.26</b>	<b>2,919.49</b>

## 33) CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2013	Year ended 31st March, 2012
Opening inventories		
Finished goods	1,269.25	1,321.12
Work-in-progress	253.71	294.44
Closing inventories		
Finished goods	(1,310.72)	(1,269.25)
Work-in-progress	(248.00)	(253.71)
Excise duty on increase/(decrease) of finished goods	5.16	(2.26)
	<b>(30.60)</b>	<b>90.34</b>
Share of Joint Venture - Refer Note 40	4.60	4.81
	<b>(26.00)</b>	<b>95.15</b>



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 34) EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2013	Year ended 31st March, 2012
Salaries, wages, bonus, etc. (refer note (a) below)	1,214.69	1,028.23
Contribution to provident fund and other funds	83.88	71.53
Gratuity	11.97	11.72
Expense on employee stock option schemes	12.20	11.74
Workmen and staff welfare expenses	82.52	71.18
	<b>1,405.26</b>	<b>1,194.40</b>
Share of Joint Venture - Refer Note 40	7.42	6.54
	<b>1,412.68</b>	<b>1,200.94</b>

- a) Certain demands for increased wages, etc. received from workmen have been referred to adjudication. In the opinion of the Group's management, the ultimate liability to the Group, if any, with respect to such demands would not have a material effect on the accounts.

## 35) FINANCE COST

	Year ended 31st March, 2013	Year ended 31st March, 2012
Interest expense on book overdraft / short term borrowings	0.20	1.48
Interest expense on security deposit	25.09	0.17
	<b>25.29</b>	<b>1.65</b>
Share of Joint Venture - Refer Note 40	0.43	-
	<b>25.72</b>	<b>1.65</b>

## 36) DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31st March, 2013	Year ended 31st March, 2012
Depreciation on tangible assets	229.90	211.85
Amortization on intangible assets	17.92	19.21
Depreciation on investment property	0.80	-
	<b>248.62</b>	<b>231.06</b>
Share of Joint Venture - Refer Note 40	2.70	2.48
	<b>251.32</b>	<b>233.54</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 37) OTHER EXPENSES

	Year ended 31st March, 2013	Year ended 31st March, 2012
Consumption of stores & spares	124.28	100.94
Power, fuel, light and water	335.94	299.63
Processing charges	306.62	276.44
Rent [Refer note (a) below]	212.69	195.94
Repairs to building	15.51	11.50
Repairs to plant and equipment	87.76	105.33
Repairs - others	16.72	11.84
Insurance	7.73	6.26
Rates & taxes (excluding income tax)	123.79	95.88
Advertising and sales promotion	3,289.97	2,696.96
Carriage and freight	1,199.11	1,125.02
Provision / (write back) for doubtful debts and advances (net)	7.27	18.22
Bad debts / advances written off	5.50	4.54
Travelling and motor car expenses	191.56	156.37
Deficit on fixed assets sold, scrapped, etc. (net)	14.27	16.34
Royalty	392.30	307.24
Miscellaneous Expenses	927.30	776.67
	<b>7,258.32</b>	<b>6,205.12</b>
Share of Joint Venture - Refer Note 40	40.59	45.06
	<b>7,298.91</b>	<b>6,250.18</b>

(a) The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown, etc.) and computers. These leasing arrangements which are not non-cancellable 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 (Refer note 37).

The group has also given certain land and building on operating lease to a third party. The lease arrangement is for a period of 5 years, including a non-cancellable term of 3 years. The license fee of Rs. 23.13 crores (2011-12: Rs. 0.47 crores) on such lease is included in other operating revenue (Refer note 29).

	Year ended 31st March, 2013	Year ended 31st March, 2012
Not later than one year	31.03	28.33
Later than one year and not later than five years	30.76	56.65

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

### 38) EXCEPTIONAL ITEMS

	Year ended 31st March, 2013	Year ended 31st March, 2012
i) Profit on disposal of surplus properties	640.62	133.00
ii) Reduction in liability for retirement benefits arising from actuarial assumption changes	10.39	-
iii) Write back of provision pertaining to a brand disposed in an earlier year	-	9.57
<b>Total exceptional income (A)</b>	<b>651.01</b>	<b>142.57</b>
iv) Provision for retirement benefits arising from actuarial assumption changes	-	(5.79)
v) Loss on sale of a stake in subsidiary	-	(1.17)
vi) Restructuring costs :		
a) Compensation under Voluntary separation schemes	(18.94)	(6.50)
b) Other costs	(26.35)	(15.42)
<b>Total exceptional expenditure (B)</b>	<b>(45.29)</b>	<b>(28.88)</b>
<b>Exceptional items (net) (A-B)</b>	<b>605.72</b>	<b>113.69</b>
Share of Joint Venture - Refer Note 40	-	-
	<b>605.72</b>	<b>113.69</b>

### 39) EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Profit for the year	3,828.98	2,790.66
Weighted average number of Equity shares outstanding	2,161,858,110	2,160,677,103
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs. 17.71	Rs. 12.92
Add : Weighted Average Number of potential equity shares on account of Employees stock options	974,637	896,669
Weighted average number of Equity shares (including dilutive ESOP shares) outstanding	2,162,832,747	2,161,573,772
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs. 17.70	Rs. 12.91

### 40) SHARE IN JOINT VENTURE

The Company has the following investment, in a jointly controlled entity.

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2013	Percentage of ownership interest as at 31st March, 2012
Kimberly - Clark Lever Private Limited	India	50%	50%

The Company's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 40) SHARE IN JOINT VENTURE (CONTD.)

	As at 31st March, 2013	As at 31st March, 2012
<b>(a) ASSETS</b>		
Tangible Assets	29.19	16.67
Capital Work in progress	-	0.30
Long term loans and advances	9.16	4.52
Inventories	25.29	27.72
Trade Receivables	2.78	2.69
Cash and Bank balances	29.49	15.59
Short term Loans and Advances	11.63	4.24
Other current assets	0.04	0.83
<b>(b) LIABILITIES</b>		
Shareholders' funds	32.79	23.22
Long term borrowings	8.44	-
Deferred Tax Liability (net)	0.69	0.97
Long term provisions	0.35	0.21
Short term borrowings	16.30	-
Trade Payables	43.07	44.63
Other Current Liabilities	5.74	3.37
Short term provisions	0.21	0.15
<b>(c) INCOME</b>		
Revenue from operations (net of excise duty)	115.67	120.44
Other Incomes	2.52	1.77
<b>(d) EXPENSES</b>		
Cost of Materials consumed	75.03	60.62
Purchase of stock in trade	5.03	10.40
Changes in Inventories of Finished Goods (including stock in trade and work-in-progress)	4.60	4.81
Employee Benefit Expenses	7.42	6.54
Finance Costs	0.43	-
Depreciation and Amortization Expense	2.70	2.48
Provision for deferred tax	(0.28)	(0.11)
Other Expenses	40.59	45.06
<b>(e) OTHER MATTERS</b>		
Contingent Liabilities	39.50	26.48
Capital Commitments	2.62	-

## 41) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) RELATED PARTY DISCLOSURES

### A. Enterprises where control exists

(i) **Holding Company** : Unilever PLC

### B. Other Related Parties with whom the Group had transactions during the year

(i) **Fellow Subsidiaries** :

- Lipton Soft Drink (Ireland)
- Al Gurg Unilever Llc
- Besan-Besin Sanayi Ticaret Anonim Sirketi Kazakhstan Branch
- Binzagr Unilever Ltd
- Brooke Bond Assam Estates Ltd.
- Brooke Bond Group Ltd.
- Brooke Bond South India Estates Ltd.
- Conopco INC
- Digital Securities Pvt. Limited
- Ebu - Unilever Canada
- Elida Nepal (Pvt) Ltd.
- Glidat Strauss Ltd.
- Mascolo Brothers Limited
- OOO Unilever Rus
- PT. UNILEVER INDONESIA TBK
- Royal Estates Tea Company
- TIGI Linea, LP
- Unilever - Istanbul
- Unilever Skin GDC
- Unilever (China) Limited.
- Unilever Algeria
- Unilever Andina Colombia Ltd
- Unilever ASCC AG
- Unilever Asia Private Ltd.
- Unilever Australia Trading Ltd.
- Unilever Bangladesh Ltd
- Unilever Brasil Ltda.
- Unilever Canada Inc.
- Unilever Caribbean Ltd
- Unilever Chile S.A.
- Unilever De Argentina S.A.
- Unilever De Mexico S DE RL

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) RELATED PARTY DISCLOSURES (CONTD.)

### (i) Fellow Subsidiaries (Contd.)

Unilever Deutschland Produktions Gmbh & Co. OHG  
Unilever Employment Services B.V.  
Unilever Europe IT Services  
Unilever Gulf Free Zone Establishment  
Unilever Hongkong Ltd  
Unilever HPC USA  
Unilever Indonesia  
Unilever Industries Private Limited  
Unilever Iran (Private Joint Stock Company)  
Unilever Israel Marketing Ltd  
Unilever Italy Holdings Srl  
Unilever Japan Beverage K.K  
Unilever Kenya Limited  
Unilever Korea  
Unilever Lever Sri Lanka  
Unilever Lipton Ceylon Ltd.  
Unilever Maghreb Exports SA, Tunisia  
Unilever Market Development  
Unilever Market Development (Pty)Limited  
Unilever Mashreq International Company  
Unilever Mozambique LDA  
Unilever N.V.  
Lipton Limited, UK  
Unilever Nigeria PLC.  
Unilever Overseas Holdings B.V.  
Unilever Pakistan Limited  
Unilever Philippines Inc  
Unilever Research & Development  
Unilever Sanayi Ve Ticaret Turk AS  
Unilever Sng  
Unilever South Africa (PTY) Limited  
Unilever Sri Lanka Ltd.  
Unilever Supply Chain Company AG  
Unilever Taiwan Ltd.  
Unilever Thai Trading Limited  
Unilever Trading LLC  
Unilever U.K. Central Resources Limited  
Unilever Uganda Ltd  
Unilever UK & CN Holdings Limited

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) RELATED PARTY DISCLOSURES (CONTD.)

	Unilever United States, Inc.
	Unilever Vietnam Internation
	Unilever Zimbabwe Pvt Ltd
	Unilever-Cote D'ivoire
	Url Port Sunlight
<b>(ii) Joint Venture</b>	: Kimberly Clark Lever Private Limited
<b>(iii) Key Management Personnel</b>	: Dev Bajpai
	Geetu Verma (From November, 2011)
	Harish Manwani
	Hemant Bakshi
	Leena Nair (Upto December, 2012)
	Manish Tiwary (From February, 2012)
	Nitin Paranjpe
	Pradeep Banerjee
	Sridhar Ramamurthy
	Shrijeet Mishra (Upto July, 2011)
	Bp Biddappa (From February, 2013)
	Gopal Vittal (Upto January, 2012)
<b>(iv) Employees' Benefit Plans where there is significant influence</b>	: Hind Lever Gratuity Fund
	The Hind Lever Pension Fund
	The Union Provident Fund
<b>(v) Controlled Entity (Sec. 25 Company)</b>	: Hindustan Unilever Foundation

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2013

		For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Holding Company</b>	: Dividend paid	1,311.43	556.36
	Royalty	386.22	303.42
	Income from services rendered	487.26	334.18
	Outstanding as at the year end :		
	- Trade Payables	86.67	71.88
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc.	701.35	745.97
	Rent income	1.10	1.10
	Other Recoveries	8.09	-
	Income from services rendered	19.58	-
	Purchase of finished goods / raw materials etc.	307.17	329.49
	Dividend paid	561.07	238.03
	Royalty expense	6.08	3.82
	Software development and procurement of licenses	-	5.25
	Maintenance and support costs for licenses and software	-	2.30
	Inter Corporate Loans given during the year	88.95	-
	Inter Corporate Loans repaid during the year	87.55	-
	Interest income	0.54	-
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	116.15	169.06
- Trade Payables	106.85	109.81	
<b>Joint Venture (to the extent not consolidated)</b>	: Purchase of finished goods / raw materials etc.	145.91	145.07
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	9.87	12.66
<b>Key Management Personnel</b>	: Remuneration	38.68	32.49
	Dividend paid	0.59	0.15
	Consideration received on exercise of options	0.28	2.84
	Purchase of equity shares in Hindustan Unilever Foundation	0.01	-
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	55.08	41.01
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	2.68	7.76
<b>Controlled Entity (Sec. 25 Company)</b>	: Contribution to fund	0.75	-



# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 42) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>Dividend paid</b>		
Unilever PLC	1,311.43	556.36
<b>Royalty</b>		
Unilever PLC	386.22	303.42
<b>Income from services rendered</b>		
Unilever PLC	487.26	334.18
<b>Rent income</b>		
Unilever Industries Private Limited	1.10	1.10
<b>Other Recoveries</b>		
Unilever Asia Pvt Ltd.	8.09	-
<b>Inter Corporate Loans given during the year</b>		
Unilever Industries Pvt. Ltd.	88.95	-
<b>Inter Corporate Loans repaid during the year</b>		
Unilever Industries Pvt. Ltd.	87.55	-
<b>Interest income</b>		
Unilever Industries Pvt. Ltd.	0.54	-
<b>Remuneration</b>		
Nitin Paranjpe	10.12	9.74
Sridhar Ramamurthy	5.96	3.20
Gopal Vittal	-	3.80
Pradeep Banerjee	4.58	3.33
Hemant Bakshi	5.51	3.13
<b>Purchase of equity shares in Hindustan Unilever Foundation</b>		
Nitin Paranjpe	0.00	-
Sridhar Ramamurthy	0.00	-
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	-	2.30
<b>Software development and procurement of licenses</b>		
Unilever N.V.	-	5.25
<b>Contributions during the year</b>		
The Union Provident Fund	34.85	30.43
The Hind Lever Pension Fund	2.98	2.73
Hind Lever Gratuity Fund	17.25	7.84
<b>Consideration received on exercise of options</b>		
Pradeep Banerjee	0.27	0.91
Nitin Paranjpe	0.00	0.60
Hemant Bakshi	0.00	0.52
Sridhar Ramamurthy	0.00	0.52
Leena Nair	0.00	0.29

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.**

	<b>For the year ended 31st March, 2013</b>	For the year ended 31st March, 2012
<b>Advances recoverable in cash or kind or for value to be received</b>		
Kimberly Clark Lever Private Limited	9.87	12.66
Unilever Asia Private Limited	28.06	31.14
Unilever Gulf Free Zone Establishment	12.89	18.11
<b>Outstanding as at the year end - Trade Payables</b>		
Unilever PLC	86.67	71.88
Unilever Supply Chain Company	32.88	54.42
Unilever Asia Private Limited	30.40	24.31
Unilever N.V.	12.03	14.30
Lipton Limited UK	0.84	1.21
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Asia Private Limited	152.44	133.92
Unilever Gulf Free Zone Establishment	206.23	208.52
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private Limited	145.91	145.07
Unilever Supply Chain Company	126.26	156.79
Unilever Asia Private Limited	150.95	122.08
<b>Contribution to fund</b>		
Hindustan Unilever Foundation	0.75	-

## 43) SEGMENT INFORMATION

### Information about Primary Business Segments

	<b>For the year ended 31st March, 2013</b>			For the year ended 31st March, 2012		
	External	Inter- segment	Total	External	Inter- segment	Total
<b>REVENUE</b>						
Soaps and Detergents	12,701.82		12,701.82	10,636.28		10,636.28
Personal Products	7,522.50		7,522.50	6,627.81		6,627.81
Beverages	2,974.66		2,974.66	2,617.43		2,617.43
Packaged Foods	1,505.74		1,505.74	1,359.47		1,359.47
Others	2,237.88		2,237.88	2,182.30		2,182.30
<b>Total Revenue (Refer note 3 to segment information)</b>	<b>26,942.60</b>	<b>-</b>	<b>26,942.60</b>	<b>23,423.29</b>	<b>-</b>	<b>23,423.29</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 43) SEGMENT INFORMATION (CONTD.)

### Information about Primary Business Segments

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
<b>RESULT</b>		
Soaps and Detergents	1,615.53	1,233.26
Personal Products	1,929.74	1,756.72
Beverages	474.57	366.68
Packaged Foods	37.02	24.17
Others	166.79	139.31
<b>Total Segment (Refer note 4 to segment information)</b>	<b>4,223.65</b>	<b>3,520.14</b>
Un-allocated corporate expenses net of un-allocated income	(269.65)	(270.12)
<b>Operating Profit</b>	<b>3,954.00</b>	<b>3,250.02</b>
Finance Costs	(25.72)	(1.65)
Other income	532.03	259.62
<b>Profit before exceptional items and tax</b>	<b>4,460.31</b>	<b>3,507.99</b>
Exceptional items - income / (expenditure) - Segment		
Soaps and Detergents	1.97	(6.64)
Personal Products	1.15	2.30
Beverages	(1.84)	(0.85)
Packaged Foods	(21.77)	(10.78)
Others	(5.43)	(5.58)
	(25.92)	(21.56)
Exceptional items - income / (expenditure) - Unallocated / Corporate	631.64	135.25
<b>Profit before tax</b>	<b>5,066.03</b>	<b>3,621.68</b>
Taxation for the year		
Current tax	(1,241.20)	(832.21)
Deferred tax	(1.39)	2.60
Tax adjustments of prior years (net)	15.93	8.07
<b>Profit after tax and before minority interest</b>	<b>3,839.37</b>	<b>2,800.14</b>
Less: Minority Interest	(10.39)	(9.48)
<b>Profit for the year</b>	<b>3,828.98</b>	<b>2,790.66</b>

# NOTES

to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 43) SEGMENT INFORMATION (CONTD.)

### Information about Primary Business Segments

#### Other Information

	Segment Assets		Segment Liabilities	
	As at	As at	As at	As at
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
<b>Other Information</b>				
Soaps and Detergents	2,914.64	2,584.77	(2,874.37)	(2,625.55)
Personal Products	1,434.06	1,422.56	(1,717.80)	(1,370.99)
Beverages	868.92	755.38	(610.00)	(455.45)
Packaged Foods	533.87	559.20	(358.78)	(344.32)
Others	718.27	587.23	(583.75)	(557.76)
<b>Total</b>	<b>6,469.76</b>	<b>5,909.14</b>	<b>(6,144.70)</b>	<b>(5,354.07)</b>
Unallocated Corporate Assets / (Liabilities)	5,839.91	5,695.02	(3,279.34)	(2,550.70)
<b>Total Assets / (Liabilities)</b>	<b>12,309.67</b>	<b>11,604.16</b>	<b>(9,424.04)</b>	<b>(7,904.77)</b>

	Capital Expenditure		Depreciation/Amortization		Non - Cash Expenses other than Depreciation	
	For the	For the	For the	For the	For the	For the
	year ended 31st March, 2013	year ended 31st March, 2012	year ended 31st March, 2013	year ended 31st March, 2012	year ended 31st March, 2013	year ended 31st March, 2012
Soaps and Detergents	103.22	71.10	77.97	70.41	10.95	16.41
Personal Products	131.52	67.75	77.76	75.93	6.40	5.74
Beverages	32.82	33.07	11.14	10.66	2.44	0.08
Packaged Foods	85.38	54.73	20.11	17.06	1.50	4.20
Others	28.81	28.17	20.44	20.65	1.44	4.10
Unallocated Corporate Assets / (Liabilities)	64.13	86.66	43.90	38.83	18.13	18.13

### Information about Secondary Business Segments

	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
<b>Revenue by Geographical Market</b>		
India	24,849.19	21,595.63
Outside India	2,093.41	1,827.66
<b>Total</b>	<b>26,942.60</b>	<b>23,423.29</b>
<b>Additions to Tangible and Intangible Fixed Assets</b>		
India	377.10	253.47
Outside India	4.65	1.35
<b>Total</b>	<b>381.75</b>	<b>254.82</b>
<b>Carrying Amount of Segment Assets</b>		
India	6,386.07	5,853.69
Outside India	83.69	55.45
<b>Total</b>	<b>6,469.76</b>	<b>5,909.14</b>

# NOTES

## to the financial statements for the year ended 31st March, 2013 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 43) SEGMENT INFORMATION (CONTD.)

#### NOTES :

#### 1. Business Segments

The Group has considered business segments as the primary segments for disclosure. The products included in each of the reported domestic business segments are as follows:

- Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services, etc.
- Beverages include tea and coffee.
- Packaged foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.) and Frozen desserts
- Others include Exports, Chemicals, Water business, infant care products, etc.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided, where applicable.

**In addition, the Group's others segment includes export sale of Marine products, Leather products etc.**

The above business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- the internal financial reporting systems.

#### 2. Geographical Segments

The geographical segments considered for disclosure are as follows :

- Sales within India includes sales to customers located within India.
- Sales outside India includes sales to customers located outside India.
- The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

#### 3. Revenue comprises :

	<b>For the Year ended 31st March, 2013</b>	For the Year ended 31st March, 2012
Sale of products (net of excise duty)	26,317.15	22,987.73
Income from services rendered to group companies	506.84	334.18
Salon services, Export incentives, scrap sales included in other operating income	118.61	101.38
<b>Total</b>	<b>26,942.60</b>	<b>23,423.29</b>

#### 4. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

# INDEPENDENT AUDITORS' REPORT

## on the Consolidated Financial Statements of Hindustan Unilever Limited

### To the Board of Directors of Hindustan Unilever Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Hindustan Unilever Limited ("the Company") and its subsidiaries, controlled trust and its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at 31st March, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates

made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.

7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### OTHER MATTER

We did not audit the financial statements of one subsidiary and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 287.58 crores and net assets of Rs. 103.86 crores as at 31st March, 2013, total revenue of Rs. 415.22 crores, net profit Rs. 34.61 crores and net cash inflows amounting to Rs. 30.61 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

### For Lovelock & Lewes

Firm Registration Number: 301056E  
Chartered Accountants

### Pradip Kanakia

Partner

Membership Number: 39985

Mumbai : 29th April, 2013

# STATEMENT PURSUANT TO SECTION 212

of the Companies Act, 1956

Rs. crores

Name of the subsidiary Company	Financial year ending of the subsidiary	Number of equity shares held	Extent of holding	For financial year of the subsidiary	For the previous financial years since it became a subsidiary		
(1)	(2)	(3)	(4)	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 6 (5))	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company (6)	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 8) (7)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company (8)
Unilever India Exports Limited	31/3/2013	2,975,000	100%	107.68	59.80	211.33	60.87
Pond's Exports Limited	31/3/2013	19,900,147	100%	2.21	-	(17.05)	-
Brooke Bond Real Estates Private Limited	31/3/2013	12,946,000	100%	(0.98)	-	(7.46)	-
Jamnagar Properties Private Limited	31/3/2013	5,000,000	100%	(0.11)	-	(0.63)	-
Daverashola Estates Private Limited	31/3/2013	221,700	100%	-	-	(0.34)	-
Unilever Nepal Limited							
- Nepalese Rs.	15/07/12 (Ashaad 31, 2069)	736,560	80%	58.87	50.04	265.88	238.92
- Indian Rs. [Refer Note (ii)]				36.79	31.27	166.17	149.35
Lakme Lever Private Limited	31/3/2013	20,000,000	100%	(23.08)	-	(36.06)	-

Changes in Company's interest in Unilever Nepal Limited between 16th July, 2012 and 31st March, 2013 : Nil

Material changes between 16th July, 2012 and 31st March, 2013 in respect of fixed assets of, investments of, moneys lent and moneys borrowed (other than meeting current liabilities) by Unilever Nepal Limited : Nil

- Note :** i) Hindustan Unilever Limited held the whole of the paid-up capital of Levers Associated Trust Limited, Levindra Trust Limited, Hindlever Trust Limited and Hindustan Unilever Foundation which were non-profit making organisations  
ii) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

**Nitin Paranjpe** | Managing Director and CEO

**Sridhar Ramamurthy** | Executive Director  
(Finance & IT) and CFO

**Aditya Narayan** | Chairman - Audit Committee

**Ritesh Tiwari** | Group Controller

**Dev Bajpai** | Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013

# SUBSIDIARY COMPANIES' PARTICULARS

Particulars regarding subsidiary companies in accordance with General circular No : 02/2011 dated 8th February, 2011 from the Ministry of Corporate Affairs.

(Rs. crores)										
Name of Subsidiary company	Issued and sub-scribed share capital	Reserves	Total Assets	Total Liabilities [excl. (2) & (3)]	Investment included in total Asset	Turnover	Profit/(Loss) before taxation	Provision for Taxation	Profit/(loss) after taxation	Proposed dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Unilever India Exports Limited	2.98	256.99	540.03	280.06	42.89	1,062.54	160.60	(52.92)	107.68	
Pond's Export Limited	1.99	2.78	36.44	31.67	0.01	94.05	3.01	(0.80)	2.21	-
Hindustan Unilever Foundation	0.01	1.76	1.92	0.15	-	-	(1.21)	-	(1.21)	-
Brooke Bond Real Estates Private Limited	12.95	(8.43)	20.33	15.81	-	-	(0.98)	-	(0.98)	-
Jamnagar Propoerties Private Limited	5.00	(0.74)	4.26	-	-	-	(0.11)	-	(0.11)	-
Daverashola Estates Private Limited	0.22	3.96	4.47	0.29	-	-	-	-	-	-
Unilever Nepal Limited										-
- Nepalese Rs.	9.20	104.50	287.98	174.28	-	472.47	102.35	(19.22)	83.13	(62.61)
- Indian Rs.	5.75	65.31	179.99	108.93	-	295.29	63.97	(12.01)	51.95	(39.13)
Levers Associated Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Levindra Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Hindlever Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Lakme Lever Private Limited	20.00	(59.14)	32.06	71.20	-	59.07	(23.08)	-	(23.08)	-

**Note:** i) Converted into Indian Rupees at the Exchange rate INR 1= 1.6 Nepalese Rupees

ii) The aforesaid data in respected of the subsidiaries are as on 31st March, 2013

**Nitin Paranjpe** | Managing Director and CEO

**Sridhar Ramamurthy** | Executive Director  
(Finance & IT) and CFO

**Aditya Narayan** | Chairman - Audit Committee

**Ritesh Tiwari** | Group Contoller

**Dev Bajpai** | Executive Director  
Legal and Company  
Secretary

Mumbai : 29th April, 2013



# INVESTOR SAFEGUARDS

In order to serve you better and prevent risks associated with dealing in securities, we request you to follow the safeguards detailed hereunder:

## Demat / Exchange

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat / electronic form through a Depository Participant (DP) of their choice. Holding securities in demat form helps investors to get immediate transfer of securities, without payment of stamp duty. The Company also offers help to its Members to demat their physical shares. Share certificates of face value of Rs. 10/- are no longer tradeable in the market and will not be accepted by the DPs for demat. Members who still hold Rs. 10/- Share Certificates are therefore requested to forward the same to M/s. Karvy Computershare Private Limited (the Registrar) along with a request letter signed by all the holders for exchange of Re. 1/- shares. Share Certificates of face value of Re. 1/- will help you to demat your shares expeditiously.

## Registration of Nomination and NECS Mandate

Members holding shares in physical form are requested to register Nomination in their folio(s) by sending duly completed Nomination Form to the Registrar / Investor Service Department of the Company.

Members who have not registered their NECS Mandate are requested to send their NECS Mandate Form to the Registrar / Investor Service Department of the Company or to the DP as the case may be. For any change in bank particulars either due to banker having migrated to core banking solutions or merged with another bank, Members are requested to register a fresh NECS Mandate with revised bank particulars.

## Unclaimed Dividend

Members are requested to encash outstanding dividends on time by sending their requests to the Registrar / Investor Service Department of the Company. To ensure maximum disbursement of unclaimed dividends, the Company also sends reminders to the relevant Investors, before transfer of dividends to Investor Education and Protection Fund (IEPF).

## E-Communication

To receive Company related information and communication promptly, Members are requested to register / update their e-mail addresses with the Company by sending a duly completed E-Communication Registration Form, which is available at the end of this Annual Report.

## Consolidation of Multiple Folios

Members are requested to consolidate their shareholdings held under multiple folios, to save themselves from the burden of receiving multiple communications as also to facilitate one point tracking of all corporate benefits on their shares.

## PAN Requirement for Transfer of Shares in Physical Form

SEBI has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market / private transactions involving transfer of shares of listed companies in physical form. Therefore, it shall be

mandatory for the transferee(s) to furnish a copy of the PAN card to the Registrar / Investor Service Department for registration of such transfers. Members / Investors are therefore requested to take note of the same and submit their PAN card copy to the Registrar / Investor Service Department.

## General Safeguards

- Please send Share certificate(s) and high value dividend warrants / cheques / demand drafts by registered post or courier in order to avoid loss of document in transit.
- Exercise due diligence and notify any change in address, stay abroad or demise of any shareholder as soon as possible to the Company or the DP, as the case may be.
- Deal only with SEBI registered intermediaries and obtain a valid Contract Note / Confirmation Memo from the broker / sub-broker, within 24 hours of execution of the trade.
- Do not disclose your Folio No. / DP ID & Client ID to unknown persons.
- Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown person.
- Do not leave your demat account dormant for long.
- Obtain periodic statement of holdings from the concerned DP and verify the holdings periodically.

For further information on Investor Safeguards, Frequently Asked Questions and Related Forms, please visit the 'Investor Centre' page on the website of the Company [www.hul.co.in](http://www.hul.co.in).

### INVESTOR SERVICE DEPARTMENT

Hindustan Unilever Limited  
Unilever House, B. D. Sawant Marg,  
Chakala, Andheri (East),  
Mumbai - 400 099  
Phone : +91 - 22 - 39832285 / 32452  
Fax : +91 - 22 - 28249457  
E-mail : [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)  
Website : [www.hul.co.in](http://www.hul.co.in)

### KARVY COMPUTERSHARE PRIVATE LIMITED

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

# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## SOLICITORS

Crawford Bayley & Co., Mumbai

## AUDITORS

Lovelock & Lewes, Mumbai

## BANKERS

Bank of America  
Bank of Baroda  
Bank of India  
Citibank N.A.  
Deutsche Bank  
HDFC Bank

Hongkong & Shanghai Banking  
Corporation  
ICICI Bank  
Indian Bank  
Punjab National Bank  
Royal Bank of Scotland

Standard Chartered Bank  
State Bank of Hyderabad  
State Bank of India  
Syndicate Bank  
Union Bank of India

## PLANT LOCATIONS

### NORTHERN REGION

#### BAROTIWALA

Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA,  
Tehsil Kasauli, District Solan - 174 103, Himachal Pradesh

#### NALAGARH

- Hudbust No. 143, Khasra No. 182/183/187/1, Village Kirpalpur, Near Nalagarh Fire Station, Tehsil Nalagarh, District Solan - 174 101, Himachal Pradesh
- Khasra No. 1350 - 1318, Bhatoli Kalan, Hill Top Industrial Area, Jharmajri, Tehsil Nalagarh, District Solan - 173 295, Himachal Pradesh

#### RAJPURA

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

#### HARIDWAR

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

#### ETAH

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

#### ORAI

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

#### SUMERPUR

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

### EASTERN REGION

#### TINSUKIA

Dag No. 21 of 122 FS Grants, Mouza - Tingrai,  
Off NH No. 37, Doom Dooma Industrial Estate,  
District Tinsukia - 786 151, Assam

#### HALDIA

P.O. Durgachak, Haldia - 721 602, Midnapore, West Bengal

#### KOLKATA

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

## PLANT LOCATIONS (CONTD.)

### SOUTHERN REGION

#### BANGALORE

Suburb Stage-II, Yashwantpur, Bangalore – 560 022, Karnataka

#### MANGALORE

Sultan Battery Road, Boloor, Mangalore - 575 033, Karnataka

#### MYSORE

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

#### CHENNAI

C.P.T. Campus, Tharamani, Chennai – 600 113, Tamilnadu

#### HOSUR

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

#### HYDERABAD

Uppal Kalan, Hyderabad – 500 039, Andhra Pradesh

#### COCHIN

- Ernakulam North P.O., Tatapuram, Cochin - 682 014, Kerala
- Edapally, Cochin – 682 024, Kerala

#### PONDICHERRY

- Off NH 45A, Vadamangalam, Pondicherry - 605 102
- No. 3, Cuddalore Main Road, Kirumambakkam, Pondicherry - 605 702

### WESTERN REGION

#### CHHINDWARA

5/6 KM Stone, Narsinghpur Road, Lehgadua Chhindwara - 480 002, Madhya Pradesh

#### CHIPLUN

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

#### 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

#### GOA

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

#### SILVASSA

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





Hindustan Unilever Limited

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



## SHAREHOLDERS' SATISFACTION SURVEY 2013

Dear Shareholders,

It has been our constant endeavor to provide best of the services to our valuable shareholders and maintain highest level of Corporate Governance in this Company. In order to further improve shareholder service standards we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send it back to us at the Registered Office address mentioned above.

You may also fill the survey form online available on the website of the Company at [www.hul.co.in/investorrelations/shareholderssatisfactionsurvey/](http://www.hul.co.in/investorrelations/shareholderssatisfactionsurvey/)

Thank You,

**Dev Bajpai**

Executive Director, Legal & Corporate Affairs and Company Secretary

Name : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Folio No. / DP ID & Client ID : \_\_\_\_\_

Contact No. : \_\_\_\_\_

In the ratings given below, 5 indicates Excellent, 4 indicates Above Industry Standard, 3 indicates At par with Industry Standard, 2 indicates Needs Improvement and 1 indicates Unsatisfactory.

### I. HOW DO YOU RATE THE INFORMATION PROVIDED IN THE ANNUAL REPORT 2012-13 ?

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presentation of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### II. HOW DO YOU RATE THE INFORMATION PROVIDED ON THE WEBSITE OF THE COMPANY ?

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relevance of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Updated and latest information available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease and accessibility while navigating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Shareholders' Satisfaction Survey 2013 (Contd.)

In the ratings given below, 5 indicates Excellent, 4 indicates Above Industry Standard, 3 indicates At par with Industry Standard, 2 indicates Needs Improvement and 1 indicates Unsatisfactory.

### III. HOW DO YOU RATE THE RECEIPT OF VARIOUS DOCUMENTS ?

Parameters	5	4	3	2	1
General Notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dividend / ECS intimations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share Certificates after transfer, transmission etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### IV. HOW DO YOU RATE THE INTERACTION WITH INVESTOR SERVICE DEPARTMENT OF HUL ?

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### V. HOW DO YOU RATE THE SERVICES PROVIDED BY KARVY COMPUTERSHARE PRIVATE LIMITED, OUR REGISTRAR & SHARE TRANSFER AGENT ?

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### VI. WHAT IS YOUR OVERALL ASSESSMENT OF INVESTOR SERVICE STANDARDS OF HUL ?

Parameters	5	4	3	2	1
Quality of Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Orientation of person contacted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### VII. DO YOU HAVE ANY GRIEVANCE WHICH IS NOT ADDRESSED SO FAR ?

Yes  No

(If yes, Please provide a brief summary of the grievance)

### VIII. ANY OTHER SUGGESTIONS FOR IMPROVING THE QUALITY OF INVESTOR SERVICE



Hindustan Unilever Limited

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

## E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

The Ministry of Corporate Affairs and the Securities and Exchange Board of India have commenced Green Initiative by allowing paperless compliances by Companies. The Companies can send Annual Reports and General Notices in electronic mode to shareholders who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Hindustan Unilever to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website [www.hul.co.in](http://www.hul.co.in).

**Let's be part of this 'Green Initiative'!**

**Please note that as a Member of the Company you will be entitled to receive all such communication in physical form, upon request.**

Best Regards,

**Dev Bajpai**

Executive Director, Legal & Corporate Affairs and Company Secretary

### E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID & Client ID: .....

Name of 1st Registered Holder : .....

Name of Joint Holder(s): .....

Registered Address : .....

E-mail ID (to be registered): .....

I / We shareholder(s) of Hindustan Unilever Limited agree to receive communication from the Company in electronic mode.

Please register my above e-mail address in your records for sending communication through e-mail.

Date: .....

Signature: .....

**Note:** Shareholder(s) are requested to keep the Company informed as and when there is any change in the registered e-mail address.









## Hindustan Unilever Limited

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

# PROXY FORM

I / We \_\_\_\_\_  
of \_\_\_\_\_ being  
Member(s) of the above named Company, hereby appoint Mr. / Ms. \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing him / her  
Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my / our Proxy to attend and vote for me / us on my / our behalf at the  
80th Annual General Meeting of the Company, to be held on Friday, 26th July, 2013 at 3.30 p.m. and at any adjournment thereof.

I wish my / our Proxy to vote in the manner as indicated in the table below\*:

Reso. No.	Description	For	Against
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2013.	<input type="checkbox"/>	<input type="checkbox"/>
2.	Declaration of dividend.	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-election of the following persons as Director: Mr. Harish Manwani Mr. Sridhar Ramamurthy Mr. Aditya Narayan Mr. S. Ramadorai Mr. O. P. Bhatt Mr. Pradeep Banerjee	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4.	Appointment of M/s. Lovelock & Lewes as Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2014.	<input type="checkbox"/>	<input type="checkbox"/>
5.	Appointment of Dr. Sanjiv Misra as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6.	Revision in overall limits of remuneration of Non-Executive Directors.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Reference Folio No./DP ID & Client ID \_\_\_\_\_

No. of shares \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

### Notes:

- The instrument of Proxy, in order 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.
- A Proxy need not be a Member of the Company.
- \*3. This is only optional. Please put a 'X' (in the Box) in the appropriate column against the resolutions indicated. 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. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the Meeting.





## HUL Investor Relations App

Scan the code given below to download the HUL Investor Relations App for iOS and Android



For further information on our social, economic and environmental performance, please visit our website

## HINDUSTAN UNILEVER LIMITED

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

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

