MAKING SUSTAINABLE LIVING COMMONPLACE

Hindustan Unilever Limited

ANNUAL REPORT 2018-19

BASIS OF PREPARATION AND PRESENTATION

Summary

The terms 'HUL', 'the Company', 'your Company', 'we', 'our' and 'us' refer to Hindustan Unilever Limited. Our Integrated Annual Report encompasses the Strategic Reports, pages 2 to 80 and the Financial Statements, pages 81 to 201. The Strategic Report contains information about us, how we create value for our stakeholders and how we run our business. It also includes our strategy, business model, market outlook and key performance indicators. The Report of Board of Directors and Management Discussion and Analysis includes details of our performance under each of the strategic pillars as well as our approach to sustainability and risk management. Our Corporate Governance Report, which forms a part of the Board of Directors Report, pages 55 to 80, contains an analysis of steps taken in the area of Corporate Governance including information as required under the Securities and Exchange Board of India (SEBI), (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Our Financial Statements and Notes are on pages 81 to 201. Our Integrated Annual Report has been approved by the Board of Directors. The Notice of Annual General Meeting forms part of this report.

Standards & Frameworks

The Integrated Annual Report is prepared in accordance with the guiding principles of the Integrated Reporting (IR) Framework recommended by International Integrated Reporting Council (IIRC). Statutory Reports, including the Report of Board of Directors, Management Discussion and Analysis (MD&A) and the Corporate Governance Report, are as per the regulatory requirements mandated by the Companies Act, 2013, Listing Regulations and the Secretarial Standards.

Reporting Scope

The Integrated Annual Report including the Strategic Report and the Financial Statements provides information with respect to Company's operations for the financial year 2018-19 (unless specifically mentioned otherwise).

Accountability Statement

The Company's Board of Directors confirm that the HUL Integrated Annual Report, taken as a whole, is true, fair, balanced and provides necessary information to shareholders on the Company's performance, business model and strategy together with a description of the material risks and opportunities.

Cautionary Statement

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

Assurance by Independent Auditor

The enclosed standalone and consolidated Financial Statements of your Company have been audited by Independent Auditors B S R & Co. LLP Chartered Accountants.

Your Company's USLP performance is a subset of the Unilever PLC's reported USLP performance. Independent assurance has been provided by PricewaterhouseCoopers LLP over the Unilever PLC aggregated USLP and Environmental and Occupational Safety performance indicators; details of which are provided online at www.unilever.com/investor-relations/annual-report-and-accounts/

The Company has obtained Certificate from B S R Co. & LLP, Statutory Auditors confirming the compliance of conditions of Corporate Governance as stipulated under Listing Regulations and Cerificate from S. N. Ananthasubramanian & Co., Company Secretaries confirming compliance with the Companies Act, 2013, applicable Rules made under the Act, Listing Regulations issued by SEBI. The Certificates form part of this Report.

Materiality Determination

This Report provides fair and balanced information about the relevant matters that substantively affect your Company's ability to create value both positively and negatively, including risks, opportunities and favourable & unfavourable performance or prospects. To identify the material information or matters, your Company has taken a holistic perspective by regularly engaging with the various key stakeholders.

ONLINE

You can find more information about Hindustan Unilever Limited at www.hul.co.in
For further information on the Unilever Sustainable Living Plan (USLP) visit www.hul.co.in/sustainable-living
Annual Report 2018-19 along with other related documents can be downloaded at
https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html

INTEGRATED ANNUAL REPORT 2018-19

CONTENTS

ABOUT US

AT A GLANCE

HINDUSTAN UNILEVER LIMITED IS INDIA'S LARGEST FAST-MOVING CONSUMER GOODS (FMCG) COMPANY WITH A HISTORICAL PRESENCE IN INDIA OF OVER 80 YEARS. NINE OUT OF TEN INDIAN HOUSEHOLDS USE ONE OR MORE OF OUR BRANDS TO FEEL GOOD, LOOK GOOD AND GET MORE OUT OF LIFE, GIVING US A UNIQUE OPPORTUNITY TO CONTRIBUTE TOWARDS A BRIGHTER FUTURE FOR OUR CUSTOMERS AND CONSUMERS.

Each of our divisions – Home Care, Beauty & Personal Care and Foods and Refreshment – include a portfolio of brands that serve consumers across the length and breadth of India. With over 40 brands across 12 distinct categories including Fabric Wash, Household Care, Purifiers, Personal Wash, Skin Care, Hair Care, Colour Cosmetics, Oral Care, Deodorants, Beverages, Ice Cream & Frozen Desserts and Foods, the Company is part of the daily life of millions of consumers. Our portfolio includes leading brands such as Surf excel, Rin, Wheel, Sunlight, Vim, Pureit, Lux, Lifebuoy, Dove, Fair & Lovely, Pond's, Vaseline, Clinic Plus, Sunsilk, Indulekha, Lakmé, Pepsodent, Closeup, Axe, Brooke Bond, BRU, Kwality Wall's, Knorr and Kissan. Our products are available in over eight million outlets across India.

Your Company has around 18,000 employees working across 28 Company owned factories and nine offices. More than 1,000 suppliers work with the Company's supply chain spanning own factories and several others that manufacture on the Company's behalf. The products are stocked in warehouses dotted across the country and delivered to over 3,500 distributors. Your Company also creates employment opportunities for several thousand more across its value chain – from smallholder farmers who provide raw materials, to the distribution partners who take our products to customers and consumers.

Your Company has a clear and compelling strategy that is driven by purpose and focuses on achieving consistent, competitive, profitable and responsible growth. Our strategy focuses on Winning with Brands and Innovation, Winning in the Marketplace, Winning through Continuous Improvement and Winning with People. This is underpinned by the Unilever Sustainable Living Plan (USLP) that sets our vision to increase the size of the business, whilst decoupling it from our environmental footprint and increasing our positive social impact.

In a volatile and uncertain world, where rapid digitisation is re-shaping established business models, your Company is re-imagining itself to stay ahead. We are embedding technology across all our processes to build a business that is future-fit. We are constantly innovating across the portfolio to meet evolving consumer needs. We are focusing on building the e-commerce channel that is growing fast and driving profitability for the business.

At the same time, transformation programmes such as 'Winning In Many Indias' (WiMi) and Connected 4 Growth (C4G) are helping in faster decision-making, localised and swifter innovation delivery and increased speed-to-market, which is driving business performance.

We are committed to protecting our reputation by fostering business integrity which is non-negotiable for all employees. Our Code of Business Principles (the Code), and the 24 policies that support it (Code Policies), set out the behaviour standards required from all our people. The Code Policies cover a number of areas, including anti-bribery and corruption, respect, dignity and fair treatment of people and personal data and privacy. Together, the Code and Code Policies help us put our values of Integrity, Respect, Responsibility and Pioneering into practice.

OUR PURPOSE

HINDUSTAN UNILEVER LIMITED HAS A CLEAR PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE. WE BELIEVE THIS IS THE BEST WAY TO DELIVER LONG-TERM SUSTAINABLE GROWTH.

We are well placed to deliver long-term value through our strategy and the Unilever Sustainable Living Plan (USLP). Our commitment to the USLP's three big global goals of improving health and well-being of more than one billion people by 2020, halving our environmental footprint by 2030, and enhancing livelihoods for millions across the globe by 2020 has delivered responsible growth for the business. The success of our sustainable living brands is driven by the growing consumer demand for brands that have purpose at their core, substantiating our belief that 'Brands with Purpose' grow.

We have launched numerous initiatives to improve hygiene and access to sanitation across India. We are creating thousands of job opportunities in remote villages, especially for women. We have also set up a system of waste management to curb plastic waste from polluting the oceans.

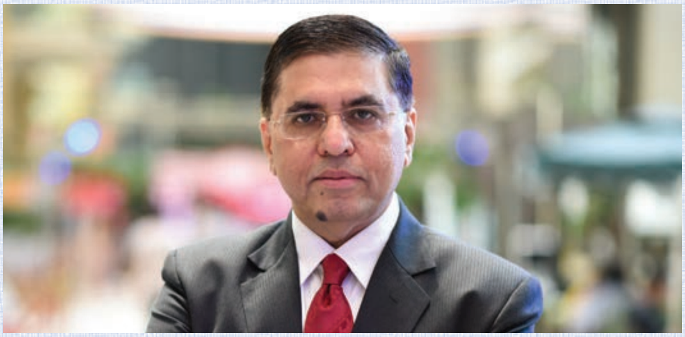
With our partners, we are working towards innovative solutions to help address the challenge of plastic waste in India. Your Company has made clear commitments to make 100% of our plastic packaging reusable, recyclable or compostable by 2025. Further, 25% of all the plastic we use is expected to come from recycled sources by 2025.

To address the challenge of depleting water resources, in 2010, we created a not-for-profit organisation, Hindustan Unilever Foundation (HUF), which along with its partners, creates water conservation potential and enhances water dependent livelihoods. The HUF supports programmes focussed on water conservation, community-based governance of water resources and efficient use of water in agriculture. HUF's water saving initiatives have created capacity to conserve over 700 billion litres of water. Till financial year 2018-19, HUF's water conservation capacity stood at 900 billion litres* cumulatively. Through HUF, we also support knowledge initiatives in the area of water.

◊ Find out more about our performance under the USLP on **pages 8 and 40 to 44.**

*pending independent assurance

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to share with you an update on your Company's performance for 2018-19; a year which has seen remarkable all-round progress. The FMCG opportunity in India continues to remain very attractive, bolstered by ongoing structural reforms such as the Goods and Services Tax. Our deep understanding of consumers, a strong portfolio of brands and distinctive capabilities across the value chain have enabled us to deliver broad-based superior performance across all our Divisions.

We continue to place purpose at the heart of our business as we believe that brands with purpose grow, companies with purpose last and people with purpose thrive. I am delighted that the year has been a testament to the fact that embedding purpose in the business, drives superior performance.

In the year under review, we crossed several milestones. We delivered over ₹ 8,500 crores of EBITDA, our EBITDA margins are at its highest ever at 22.9% and our profit crossed the ₹ 6,000 crore mark for the first time. Our Domestic Consumer business on comparable* basis, grew by 12% with 10% Underlying Volume Growth and Comparable* EBITDA margin improvement was 130 bps. Profit after tax before exceptional items, PAT (bei), grew by 18% to ₹ 6,080 crores and Net Profit at ₹ 6,036 crores was up by 15%. Our strong track record of cash generation was sustained. The Board of Directors have proposed a final dividend of ₹ 13 per share, subject to the approval of the shareholders at the Annual General Meeting. Together with the interim dividend of ₹ 9 per share, the total dividend for the financial year ending 31st March, 2019 amounts to ₹ 22 per share.

In Beauty & Personal Care, the growth was driven by focusing on strengthening core brands, accelerating premiumisation of the portfolio, entering new segments and scaling up our play in naturals. Growth in Skin Care was driven by good momentum led by Fair & Lovely and Pond's. In Skin Cleansing, premium brands such as Dove and Pears delivered a strong performance. In Haircare, your Company saw robust growth in TRESemmé, Dove and Indulekha. During the year, Dove became India's No. 1 Haircare brand. Lakmé continued its dream run, growing across the portfolio with consumer-focussed innovations.

The Home Care business continued its strong volume-driven profitable growth during the year. The Fabric Wash business delivered exceptional performance on the back of continuing premiumisation with Surf excel and Rin, whilst growing the mass segment led by Wheel. During the year, flexible packs were introduced in detergent liquids and fabric conditioners to make them more affordable for consumers and further drive consumption and penetration.

The Foods & Refreshment division delivered strong growth across categories. In Foods, we continued to grow steadily in the core portfolio of Jams and Ketchups while investing in market development to drive penetration in nascent categories. In Refreshment, we delivered strong and broad-based volume-led growth across Tea, Coffee, Ice Creams and Frozen Desserts backed by successful innovations.

During the year, we acquired Adityaa Milk to expand our ice creams business. This acquisition will also enable us to pilot low-cost business models and enhance our ice cream supply chain and 'go to market' capabilities. As you are aware, last year we also proposed a merger of GlaxoSmithKline Consumer Healthcare (GSK CH) business into HUL, subject to obtaining requisite approvals. This is in line with our ambition to build one of the largest Foods & Refreshment businesses in the country. GSK CH India is the market leader in the Health Food Drinks category, with iconic brands such as Horlicks and Boost. The amalgamation of the two Companies - the combined knowledge and the strong portfolio, will give us a strong competitive edge.

Our brands continued to live our purpose of making sustainable living commonplace. Brands such as Lifebuoy, Domex and Pureit with their initiatives in the areas of hygiene, sanitation and safe drinking water, have cumulatively reached over 150 million people across the country. Recognising the significant role we can play in driving behaviour change in communities, we launched the campaign, 'Start a Little Good'. Through this initiative, we urged consumers to take small actions in the areas of water conservation, plastic waste management, and teaching good hygiene habits. Our brands such as Surf excel, Brooke Bond Red Label and Hamam continued to drive positive social change through their purpose-driven and impactful advertising.

We remain committed to Unilever Sustainable Living Plan's (USLP) vision of reducing our environmental footprint and at the same time, creating a positive social impact. During the year, we took significant steps to further reduce waste, water consumption, energy usage and CO_2 emissions in our factories and offices. We increased the renewable energy share in our manufacturing to 43%. To address the challenges of depleting water resources, Hindustan Unilever Foundation, along with its partners, has created a cumulative water conservation potential of over 700 billion litres. During the year, your Company, along with its partner, has been able to process approximately 15,000 tonnes of plastic waste and convert it into electricity. In addition to this, approximately 5,000 tonnes of post-consumer use plastic waste was collected with the help of NGOs and disposed safely.

Your Company continued to focus and drive 'Project Shakti', aimed at providing livelihood opportunities as micro-entrepreneurs in rural India. Your Company now has more than one lakh Women Shakti Entrepreneurs across the country, who make a living by distributing HUL products.

Our world-class supply chain maintained its relentless focus on driving quality, customer service and cost effectiveness across the value chain. Our belief remains firmly embedded in 'delighting consumers everyday'. During the year, our On-Shelf-Quality improved by 30% over the previous year.

Leveraging technology and data-led decision-making continues to be a big thrust for HUL. We are 're-imagining HUL' by embedding technology across the value chain to make us future-ready. Our e-commerce channel continued its strong growth trajectory with a dedicated team working closely with our key partners to create competitive advantage for the business.

I would like to take this opportunity to thank each and every employee as well as those working with our partners across our value chain for their commitment and service to HUL.

Most importantly, I would like to thank you, our shareholders, for your overwhelming trust, support and confidence in Hindustan Unilever Limited.

Warm regards,

Sanjiv Mehta
Chairman and Managing Director

* Comparable basis: Reflecting accounting impact of GST (Excise duty and net input taxes adjusted from sales of base quarter and GST refunds to the reported sales of current quarter)

BOARD OF DIRECTORS

Mr. Sanjiv Mehta
Chairman and Managing Director

Mr. Srinivas Phatak
Executive Director, Finance & IT and Chief Financial Officer

Mr. Pradeep Banerjee
Executive Director, Supply Chain

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

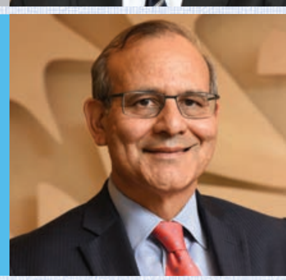
Mr. Aditya Narayan
Independent Director

Mr. S. Ramadorai
Independent Director

Mr. O. P. Bhatt
Independent Director

Dr. Sanjiv Misra
Independent Director

Ms. Kalpana Morparia
Independent Director



Mr. Leo Puri
Independent Director

For detailed Profile of Directors, refer pages 212 to 215 of this Report.

MANAGEMENT COMMITTEE

Mr. Sanjiv Mehta
Chairman and Managing Director

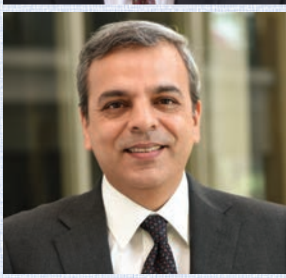
Mr. Srinivas Phatak
Executive Director, Finance & IT and Chief Financial Officer

Mr. Pradeep Banerjee
Executive Director, Supply Chain

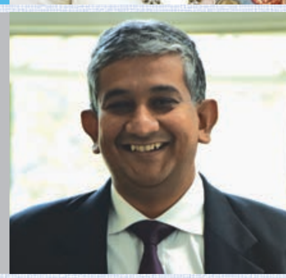
Mr. Dev Bajpai
Executive Director, Legal & Corporate Affairs and Company Secretary

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

Ms. Priya Nair
Executive Director, Home Care



Mr. Sandeep Kohli
Executive Director, Beauty & Personal Care



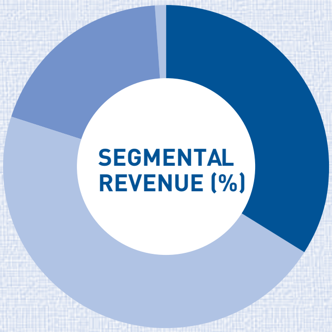
Mr. Sudhir Sitapati
Executive Director, Foods & Refreshment

Mr. Srinandan Sundaram
Executive Director, Sales and Customer Development

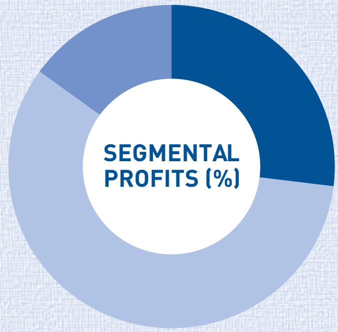
OUR PERFORMANCE

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

SEGMENT PERFORMANCE



Home Care	34
Beauty & Personal Care	46
Foods & Refreshment	19
Others	1



Home Care	27
Beauty & Personal Care	58
Foods & Refreshment	15
Others	0

FINANCIAL

NET REVENUE 2018-19

₹ 38,224 crores

Comparable Domestic Consumer business grew 12% with 10% underlying volume growth

EBITDA 2018-19

₹ 8,637 crores

Comparable Earning Before Interest Tax Depreciation and Amortisation (EBITDA) improved by 130 bps

EPS (BASIC) 2018-19

₹ 27.89

Last year's basic EPS: ₹ 24.20 per share

CASH FROM OPERATIONS 2018-19

₹ 8,000+ crores

Cash from operations was up ₹ 312 crores over the previous year

NON - FINANCIAL

MANUFACTURING

2018

59%

2017: 54%

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

2018

55%

2017: 55%

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

2018

58%

2017: 54%

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

BETTER LIVELIHOODS 2018-19

~1,09,100

2017: 80,000

Shakti entrepreneurs empowered

SUSTAINABLE SOURCING 2018

65%

2017: 52%

Tea sourced from sustainable sources for Unilever brands

HEALTH AND WELL-BEING 2018

>150 million

2017: > 140 million

People reached through our Water, Sanitation and Hygiene (WASH) initiatives

FINANCIAL PERFORMANCE

STANDALONE

(₹ crores)

Statement of Profit & Loss Account	2016-17	2017-18	2018-19
Gross Sales	33,895	34,619	37,660
Other Income (includes other operating income)	1,118	1,168	1,228
Interest	(22)	(20)	(28)
Profit before Taxation @	6,155	7,347	8,749
Profit After Taxation @	4,247	5,135	6,080
Earnings per share of ₹ 1	20.75	24.20	27.89
Dividend per share of ₹ 1	17.00	20.00	22.00

@ Before Exceptional items

Balance Sheet	2016-17	2017-18	2018-19
Property, Plant and Equipment and Intangible Assets	4,227	4,572	4,716
Investments	3,779	3,111	2,949
Cash and Other Bank Balances	1,671	3,373	3,688
Net Assets (Current and Non-current)	(3,187)	(3,981)	(3,694)
	6,490	**7,075**	**7,659**
Share Capital	216	216	216
Other Equity	6,274	6,859	7,443
	6,490	**7,075**	**7,659**

Key Ratios and EVA	2016-17	2017-18	2018-19
EBITDA (% of Gross Sales)	17.8	21.0	22.9
Fixed Asset Turnover (No. of Times)	8.0	7.6	8.0
PAT @ / Gross Sales (%)	12.5	14.8	16.1
Return on Capital Employed (%)	105.9	118.9	131.2
Return on Net Worth (%)	76.6	84.5	90.5
Economic Value Added (EVA) (in ₹ crores)	3,498	4,258	5,291

@ Before Exceptional items

Others	2016-17	2017-18	2018-19
HUL Share Price on BSE (₹ Per Share of ₹ 1)*	910	1,336	1,708
Market Capitalisation (₹ crores)	1,96,902	2,89,159	3,69,688

* Based on year-end closing prices quoted on BSE Limited.

For information on 10 years record of Financial Performance is available at Company's website at https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH & WELL-BEING

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

HEALTH AND HYGIENE

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

PERFORMANCE
In India, over 150 million people were reached by December 2018 through programmes on handwashing, safe drinking water and sanitation.

NUTRITION

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

PERFORMANCE
46% of HUL's Foods and Refreshment portfolio met the highest nutritional standards in 2018, based on globally recognised dietary guidelines.

ENHANCING LIVELIHOODS

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

FAIRNESS IN THE WORKPLACE

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

PERFORMANCE
HUL continued to embed human rights with a focus on eight salient human rights issues identified by Unilever globally.

OPPORTUNITIES FOR WOMEN

TARGET
By 2020, Unilever will empower five million women.

PERFORMANCE
HUL's Shakti programme has empowered 1,09,100 Shakti Entrepreneurs as of March 2019.

INCLUSIVE BUSINESS

TARGET
By 2020, Unilever will enhance the livelihoods of millions of people.

PERFORMANCE
HUL has positively impacted over 2.9 million people through Project Prabhat initiatives across 30 locations. These initiatives focus on enhancing livelihoods, water conservation, health and hygiene.

REDUCING ENVIRONMENTAL IMPACT

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

GREENHOUSE GASES

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

PERFORMANCE
CO_2 emissions (kg / tonne of production) in HUL's manufacturing operations reduced by 59% compared to 2008 baseline.

WATER

TARGET
By 2020, water abstraction by Unilever's global factory network will be at or below 2008 baseline despite significantly higher volumes.

PERFORMANCE
Water consumption (in m^3 / tonne of production) in HUL's manufacturing operations reduced by 55% compared to 2008 baseline.

WASTE

TARGET
By 2020, total waste sent for disposal globally, will be at or below 2008 baseline despite significantly higher volumes.

PERFORMANCE
Total waste generated (kg / tonne of production) from HUL's factories reduced by 58% over 2008 baseline.

SUSTAINABLE SOURCING

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

PERFORMANCE
In India, a total of 65% of tea sourced for Unilever's brands is from sustainable sources. 100% of tomatoes used in Kissan ketchup were sourced sustainably.

Our USLP performance given in the table above pertains to the calendar year 2018 (except mentioned otherwise). For details of the definitions and reporting periods used in the preparation of these commitments and targets, see our Sustainable Living Section at www.hul.co.in/sustainable-living.

THE CHANGING WORLD

HINDUSTAN UNILEVER LIMITED OPERATES IN THE FAST-MOVING CONSUMER GOODS (FMCG) INDUSTRY THAT CONTINUES TO BE A BIG OPPORTUNITY IN INDIA.

ECONOMIC ENVIRONMENT

The business environment for the FMCG industry has been evolving rapidly and presents a huge opportunity for businesses. Post structural changes undertaken by the Government of India through the Goods and Services Tax implementation, consumer demand has stabilised. In a country like India wherein ~ 60% of the population still lives in rural areas, the consumption patterns in this segment is very important for your Company's business performance. Rural growth rate which was ahead of urban growth rates over the last few quarters, is now at par with urban levels.

What HUL is doing

We continue to invest behind our brands with a focus on macro trends, consumer-relevant innovation and developing categories of the future. Our expansion of reach into rural areas will also enable us to capture a larger than fair share of the spending by the rural consumers.

TECHNOLOGICAL REVOLUTION

Digital technology continues to pervade modern life. It is changing the way people engage with each other, how they consume goods and services and how they shop. This connected ecosystem of social, mobile and e-commerce is on the rise, fuelled by increasing internet penetration. This is creating newer opportunities to connect with as well as to service consumers.

A similar transformation is underway in the area of business operations. Artificial Intelligence powered intelligent automation and predictive capabilities have the potential to disrupt the current ways of working and lead to new business models.

What HUL is doing

Your Company believes that it is well placed to capture the opportunities of the technological revolution and explosion of data. As part of the 'Re-imagining' HUL agenda, an organisation-wide digital transformation programme has been accelerated. Newer digital and data expert roles have been introduced and embedded in the business. Several digital experiments have now been scaled up across our business, transforming both how we service our consumers and customers, and how we run our internal operations. We believe, a connected organisation can reap the benefits of an ecosystem made up of connected consumers. We continue to invest significantly in this area. Vernacular, Video and Voice are now critical for winning in the market and we are stepping up our content strategy around these areas.

SOCIAL DEVELOPMENTS

There is proliferation of digital and social media platforms. Consumers today are exposed to a lot of information on social media and they have a plethora of brands to choose from.

Increasingly, consumers are looking to buy from companies and brands that not only have great products at the right price, but also fit with their values. Brands that address consumer needs and aspirations and have a purpose at their heart, are delivering stronger and faster growth.

What HUL is doing

Your Company reaches its consumers through traditional media as well as increasingly through digital media. Our People Data Centre (PDC) also picks up relevant information on social media through which we strengthen our connect with consumers.

Our business is investment-led, innovation-led and sustainability-led. We continue to put unequivocal focus on building brands with purpose that take a stance and make a positive difference to the society and environment. On the journey of becoming purposeful, our brands are taking many forms of purposes such as battling life-threatening diseases, improving sanitation, promoting inclusivity and togetherness and empowering women. This enables our brands to connect with consumers at a deeper, emotional level.

ENVIRONMENTAL BACKDROP

The environment around us is rapidly changing. Extreme changes in weather conditions, natural disasters, environmental damage, water crisis etc., are impacting consumer sentiments, livelihoods and safety. Consumers have started becoming more conscious of the impact their actions have on the environment and are accordingly making sustainable choices.

What HUL is doing

We are taking actions to address the environmental challenges within our value chain. One of our three big USLP goals aims to halve the environmental footprint in the making and use of our products by 2030.

Through Hindustan Unilever Foundation, a not-for-profit subsidiary, we are driving water management related community development initiatives. We also actively engage in advocacy and actions to build awareness around water conservation with our partners. In addition, we are also working towards innovative solutions to help address the challenge of plastic waste in India.

◊ For further details, refer to the USLP section on **Pages 40 to 44**

OUR VALUE CREATION MODEL

YOUR COMPANY HAS A PROVEN BUSINESS MODEL THAT SUPPORTS LONG-TERM GROWTH AND SUSTAINABLE VALUE CREATION.

Our business activities span a complex and cyclical value chain. The start of our value chain is consumer insight. We track ever-evolving consumer preferences through active analysis of consumer and customer trends, leveraging our People Data Centre. With close collaboration between marketing and Research and Development (R&D), we use our insights to support innovations and product development.

We work closely with a large number of suppliers of goods, services and raw materials. Our supply chain sources the materials and ingredients that make up our products. Our manufacturing operations spread across the length and breadth of the country turn these raw materials into products.

Our products are then distributed via a large network of stores, from large supermarkets, hypermarkets, wholesalers and cash-and-carry to small convenience stores, as well as other fast-growing channels such as e-commerce and out-of-home. This is done through over 3500 customers who help distribute our products across the channels.

We are one of the biggest advertisers in India, based on media spend. In addition to conventional advertising, we are creating an increasing amount of tailored content to market our brands, using digital channels that are more customised and focussed on the target consumer for specific categories.

Underpinning our value chain is a set of defining strengths which set us apart from our competitors: our portfolio of purpose-led brands, deep distribution capability through ever more complex channels, and a talent pool of purpose-driven employees.

Our strategy harnesses these strengths to deliver competitive top and bottom line growth. To respond further to the increasing pace of change and accelerate value creation, we have embedded our C4G programme across all divisions to become a faster, simpler and more agile organisation. We are also rapidly embracing new digital technologies such as the Internet of Things, Artificial Intelligence and robotics to get even closer to our partners and consumers.

The Unilever Sustainable Living Plan (USLP) is at the centre of our multi-stakeholder business model and our vision to grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact.

Our strategy and business model enable us to deliver growth that is consistent, competitive, profitable and responsible in the long-term.

WHAT WE DEPEND ON

1. FINANCIAL CAPITAL
Cash and Equity to invest for the long term.
Reference Pages: 113 to 115

2. MANUFACTURED CAPITAL
Physical assets such as manufacturing, logistics, office facilities and stock.
Reference Page: 106

3. INTELLECTUAL CAPITAL
R&D capabilities and intellectual property such as patents, trademarks and know-how.
Reference Page: 107

4. HUMAN CAPITAL
18,000 talented people who contribute their skills and purpose to our business.
Reference Pages: 17 to 18

5. SOCIAL & RELATIONSHIP CAPITAL
Relationships with partners, governments and other organisations to drive sustainable value creation.
Reference Pages: 50 to 51

6. NATURAL CAPITAL
Renewable and non-renewable materials and ingredients for our products.
Reference Page: 52

HOW WE CREATE VALUE

VALUE WE CREATE

1. FINANCIAL CAPITAL
We deliver consistent, competitive, profitable and responsible growth.
Reference Page: 6

2. MANUFACTURED CAPITAL
We sell products that help people to feel good, look good and get more out of life.
Reference Page: 16

3. INTELLECTUAL CAPITAL
We continue to invest behind our brands with a focus on consumer-relevant innovation.
Reference Pages: 13 to 15

4. HUMAN CAPITAL
We are an organisation whose employees are purpose-led and are empowered to act like business owners.
Reference Pages: 17 to 18

5. SOCIAL & RELATIONSHIP CAPITAL
We are helping hundreds of millions of people to improve their health & well-being and enhancing the livelihood of millions of people as we grow our business.
Reference Pages: 40 to 43

6. NATURAL CAPITAL
We are working to halve the environmental footprint of the making and use of our products as we grow our business.
Reference Pages: 40 to 43

OUR STRATEGY

GROWING THE CORE, EVOLVING THE PORTFOLIO THROUGH INNOVATIONS AS WELL AS MARKET DEVELOPMENT AND DEVELOPING NEW CHANNELS ARE AT THE HEART OF OUR STRATEGY TO DELIVER LONG-TERM, COMPOUNDING GROWTH AND SUSTAINABLE VALUE CREATION.

Binding our strategy together are our Compass pillars which define how we win with consumers. They are:

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

Underpinning the Compass is the Unilever Sustainable Living Plan (USLP), which is our differentiator. While growing our business, we deliver social and environmental benefits throughout our value chain, which in turn enables us to improve lives and provide opportunities to people, everywhere.

Our Purpose is 'to make sustainable living commonplace'. As an organisation, we have an aspiration to be a 'Purpose-Led Future Fit' Company. We believe that Brands with Purpose Grow, Companies with Purpose last and People with Purpose thrive.

WINNING WITH BRANDS AND INNOVATION

Technology and rapid digitisation are changing the consumer landscape around the world. Consumers today are taking newer paths for purchasing brands and are seeking brands that are purpose-driven. Our Sustainable Living brands are a key differentiator in this regard.

We are constantly innovating across our portfolio and creating categories of the future to address the evolving needs of our consumers. We are strengthening our core portfolio by constantly innovating, making it more aspirational, acting on local trends and driving penetration. We are driving consumption through targeted market development initiatives such as sampling and trial packs. We are also constantly evaluating and evolving the ways in which we reach our consumers. We are customising brand messages for different communication channels, as well as building iconic engagement platforms.

To capitalise on the growing trend of 'naturals', we have built a strong portfolio of brands and products. We are constantly evaluating and innovating our 'naturals' portfolio to win in the future.

◊ Read more on **Page 13**

WINNING IN THE MARKETPLACE

Our Customer Development ecosystem encompasses demand capture, demand fulfilment and demand generation. On demand capture, we are focussed on driving high quality direct coverage and increasing the assortment sold in each store using technology and data-centric analytical approach.

On demand fulfilment, we have introduced various processes and technology interventions to enable our customers to service the trade effectively. For demand-generation, our strategy encompasses winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce. Our teams strive to ensure our brands are brought to life at the point of sale. We strive to be the supplier of choice for customers and trade partners through strong joint business planning and in-store execution. We continue to derive the benefits of tailor-made consumer and customer plans across categories as part of our 'Winning in Many Indias' strategy, through a strong understanding of the interconnected ecosystem of customers, consumers and shoppers. This will continue to be our source of competitive advantage.

◊ Read more on **Page 15**

WINNING THROUGH CONTINUOUS IMPROVEMENT

With the proliferation of smartphones in India and the increased affordability of mobile data, we see possibilities of newer engagement models with our customers. We are constantly aligning our products, processes and strategies to the changing market conditions to stay ahead of competition.

We are leveraging technology to further develop and build new capabilities to redesign and automate some of the key business processes across functions. This will drive increased efficiency in operations and will lead to streamlining of processes.

Delighting consumers every day is central to our business. Our focus on consumer and customer centricity and service excellence is a source of our business competitiveness. We continue to improve on-shelf consumer-relevant quality standards, thereby enhancing overall consumer experience.

With sharper financial discipline on our spendings through Zero-Based Budgeting approach, we are reducing costs as well as uncovering new and innovative ways of working. We have an enterprise-wide savings programme, driven through cross-functional teams of brand building, R&D, supply chain, procurement and finance.

The Company will constantly work towards driving efficiencies across the value chain to further grow the business.

◊ Read more on **Page 16**

WINNING WITH PEOPLE

Our People are our biggest strength. They are driven by purpose and are fully empowered to excel in our fast-changing market. We are continuously striving to develop the right capabilities and skills needed for different ways of working and new entrepreneurial leadership qualities.

To strengthen the People agenda through the C4G initiative, we are creating a more flexible and agile mindset in the organisation. It involves more collaboration, experimentation through test-and-learn, embracing failure to gain insights and an obsession with customers and consumers. An 'owner's mindset' empowers our people to take responsibility for delivering superior business results.

Our success depends largely on our ability to attract and retain the most talented individuals. We motivate and inspire them with a mission and a purpose that resonates with the long-term aims and the values of the Company.

◊ Read more on **Page 17**

REPORT OF BOARD OF DIRECTORS

and Management Discussion and Analysis

Against the backdrop of the external environment discussed earlier, our value creation model and our strategy, your Board of Directors is pleased to share with you the Business Performance under each of its strategic pillars along with the Audited Financial Statements for the financial year ended 31st March, 2019.

WINNING WITH BRANDS AND INNOVATION

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

₹ 2,000+ CRORE BRANDS	₹ 1,000+ CRORE BRANDS	₹ 500+ CRORE BRANDS

We meet the constantly changing needs of consumers by harnessing our global scale and local expertise. From nutritionally balanced foods and refreshments, to affordable soaps that combat disease, innovation is the key to creating great products that consumers love.

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

Beauty & Personal Care (BPC)

Your Company continued to focus on key areas - strengthening core brands, accelerating premiumisation of the portfolio, driving market development at scale, entering into white spaces and scaling up play in naturals. The penetration and consumption of the categories in which your Company operates, have a healthy headroom to grow, indicating the long-term potential in the BPC market. The business registered a robust growth led by premiumisation during the year.

Skin Care saw accelerated growth across segments including face care, face cleansing and hand and body. Growth in core portfolio of Skin Care was driven by good momentum in Fair & Lovely and strong growth in Pond's and the premium part of the portfolio. All the value packs launched in the moisturiser range in Pond's, Vaseline and Vaseline Petroleum Jelly, Lakmé Aloe range and Lakmé Lip Love did well during the year. The talc business grew strongly with the launch of Pond's Starlight Talc variant. The facial cleansing business also saw strong growth during the year.

Lakmé continued its dream run, growing across the portfolio (Core, 9to5, Absolute), after entering the list of your Company's ₹ 1,000+ crore brands last year. Launch of consumer-focussed innovations such as the Kareena Kapoor Khan collection – a bold and beautiful premium range of makeup, helped the brand deliver stellar results. Lakmé Fashion Week, the most digitally followed fashion event in the world, which has been a marquee event for the brand, continued to gain in size and scale and helped enhance the brand equity with consumers. The e-commerce channel is emerging as a key growth driver for the category and your Company continues its focus on this opportunity.

Skin Cleansing growth was led by the premium part of the portfolio- Dove, Pears and Hamam. The freshness variants within Lifebuoy, Lux and Liril did well.

Lux hosted the 3rd edition of the Lux Golden Rose Awards (LGRA) to celebrate the best women actors in Bollywood that coincided with the brand's 90th Anniversary. One of the highest rated award shows of 2018, LGRA further helped build the equity of Lux as the 'Beauty Soap of the Stars' with consumers.

In Haircare, your Company sustained its strong growth momentum with new launches and activations throughout the year. The performance was further boosted by robust growth in TRESemmé, Dove and Indulekha. TRESemmé, on its fifth anniversary in India, was relaunched with new packaging and a more fragrant formulation. TRESemmé was also the official hair partner of the Lakmé Fashion Week, re-establishing its credential as the choice of professionals. During the year, Dove became India's No.1 hair care brand. Dove shampoo and conditioner range was relaunched with increased level of Keratin Actives for damage repair. Indulekha entered the shampoo category and led the charge in the naturals segment in Haircare. Brylcreem launched an exclusive range of men's grooming products for hair and beard - a first for the Company. The range was co-created with Amazon, leveraging new digital business models in e-commerce.

Your Company's sustained efforts helped getting some momentum back in the Oral Care category. Your Company relaunched CloseUp and Pepsodent with a refreshed proposition and communication. With the launch of LEVER ayush and natural variants in CloseUp, your Company continued to build its credentials into the growing Oral Care naturals segment. The year saw the relaunch of Pepsodent Germicheck toothpaste and Pepsodent Clove and Salt toothpaste with natural clay activated formula using proprietary germ fighting technology for long lasting germ protection. Pepsodent Expert Protection Complete, Germ care and Whitening variants were also relaunched.

Deodorants performed well with innovations and market development driving the growth. Axe Ticket – a pocket sized perfume pack through its contextual, digital and moment marketing activations continued to build the consumer franchise. Rexona, our leading anti-perspirant brand, delivered great results in select geographies and has now been rolled out nationally.

Your Company further strengthened its 'naturals' strategy through its three-pronged approach. The master brand LEVER ayush launched across multiple categories like oral care, haircare, skin care, skin cleansing continued to perform well in south India. The second leg of the strategy is building specialist brands like Indulekha. Indulekha has delivered impressive performance in both oil and shampoos, with a unique product formulation and distinctive packaging. The third leg of the 'naturals' strategy involves supporting various natural variants within our existing portfolio of products like Lakmé aloe vera range, Lifebouy neem and turmeric, Fair & Lovely Ayurveda etc.

Home Care

Your Company's Home Care business sustained its volume driven, profitable growth during the year. The fabric wash business delivered a strong performance on the back of continuing premiumisation with Surf excel and Rin, whilst regaining growth in the mass segment led by Wheel. In the market development segments of machines and fabric conditioning, Surf excel matic liquid and Comfort fabric conditioner continued their growth trajectory. During the year, flexible packs were introduced in detergent liquids and fabric conditioners to make them more affordable for the consumers and further drive consumption and penetration.

In Household Care, Vim led the market development for dishwash by driving category adoption of Vim bar in rural India and upgrading existing bar consumers to the liquid format in urban India. Vim liquid performed well by increasing penetration through introduction of access packs. Domex Toilet cleaner was relaunched with a long-lasting freshness proposition and new user friendly packaging. The low cost Domex powder, designed for squat toilets, was extended to selected geographies in India.

Your Company is sharpening its strategy for the Pureit portfolio in line with the evolving needs of consumers. The brand will focus on the electric purifier product range and phase out the gravity filter range while continuing to win with consumers through value added innovations. Based on its new strategy, this year, Pureit launched Pureit Copper+, an innovation inspired by the age-old tradition of storing water in Copper vessels, which adds goodness of copper to RO purified water.

Foods & Refreshment

During the year, the Company integrated Foods and Refreshments categories with an objective of making the business simpler, more focussed and agile. The Foods & Refreshment division delivered strong growth across categories. The Foods business of your Company is home to trusted brands like Kissan, Knorr and Annapurna and plays across different product segments. In Foods, we continued to grow steadily in the core portfolio of Jams and Ketchups while investing in market development to drive penetration in nascent categories. During the year, Kissan launched a range of international sauces – Schezwan, Manchurian, Pizza Pasta and Mexican Salsa.

The Refreshment business of your Company, comprising of the iconic brands like Taj Mahal, Brooke Bond Red Label, Lipton, BRU and Kwality Wall's, had a good year. The business delivered strong volume-led growth across Tea, Ice Creams and Frozen Desserts. The business continued to drive reach by increasing direct distribution and leveraging our WiMi strategy. Tea continued to deliver robust, volume-led growth as all the key brands – Brooke Bond Red Label, 3 Roses, Taaza and Taj Mahal – continued to grow and delight millions of consumers with their superior products at the right price. The relaunched Brooke Bond Taj Mahal continued to strengthen its franchise. Your Company launched two new premium variants of Taj Mahal for gifting on the e-commerce channel. Taaza continued to upgrade consumers along the quality pyramid by offering superior value.

Brooke Bond Red Label and 3 Roses Natural Care Tea, with its differentiated immunity benefit from ayurvedic ingredients, continued to delight consumers. Lipton green tea accelerated its proposition on how exercise, when supplemented with green tea, can work wonders for weight loss.

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

During the year, the Ice Cream and Frozen Desserts business delivered strong, volume-led growth on the back of innovations and geography expansion. Your Company rolled out globally successful innovations – UniCornetto, Sandwich and Magnum Hazelnut as well as local innovations - Cloud Bite with twin flavours and access packs in Choco Cone, Orange Bar and Rajwadi Bite. Your Company also launched several co-branded innovations – Cornetto Oreo, Gems Cup and Oreo Tubs. During the year, your Company acquired Adityaa Milk Ice creams brand and distribution business which has provided an entry into complementary markets and also bolstered the product portfolio.

Brands With Purpose

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

Lifebuoy continued its behaviour change initiatives that promote the benefits of handwashing with soap. By 2018, Lifebuoy, with its partners, reached 68 million people. Dove was relaunched with an enhanced formulation and new communication which carries the 'No-digital distortion mark' reaffirming the brand's commitment to portrayal of 'real beauty'.

Through the Rexona Confidence Academy that guides job seeking youth on how to prepare for job interviews, we reached out to over 2.2 lakh college students in West Bengal.

The Fair & Lovely (FAL) Career Foundation is a mobile platform that was launched in 2017 to help women overcome barriers and create their own identity through online courses and career guidance. In September 2018, the brand ran a campaign called Pehli Tankhwa or *First Salary* which received good response. During the year, the brand launched job opportunities on the Foundation platform starting with Lakmé Beauty Advisory. FAL also launched internship opportunities on the platform with Internshala. Till date more than 500,000 women have registered on the FAL platform.

Closeup launched the #FreeToLove campaign to promote inclusivity in society. The campaign, which features the stories of real couples who have broken through the barriers of age, caste and gender, received positive response on social media. This is yet another example of the differentiated and socially relevant marketing campaigns of our brands that focus on driving social change.

Domex believes that cleaning a toilet is a vital part of the sanitation agenda in India. It is just as normal and acceptable as any other chore and there is no shame associated with cleaning a toilet. To remove this taboo, Domex launched the campaign 'Why the Shame? Pick Up The Brush!'.

Surf excel has consistently brought alive its purpose of 'Daag Acche Hain' or 'Dirt is Good' over the past decade through its various campaigns, by showing kids getting dirty while demonstrating good values. This is also true of the latest campaign #RangLaayeSang, which is set in the context of Holi. It embodies the brand's 'Daag Acche Hain' philosophy and captures how the colours of Holi can be a force for good, melting differences and bringing people together.

Our laundry brand Wheel has always valued the husband-wife relationship and has been acknowledging the evolution of this relationship towards a more progressive outlook, given that today's woman undertakes multiple responsibilities and is the anchor of the family. The new communication with this objective has been launched through the message 'jab kapde fresh tab soch bhi'.

Brooke Bond remained true to its purpose of 'Breaking Barriers' and took a step ahead in impactful advertising. The 'Ganpati film' and the '2 Blends film' were very well received on digital platforms. The Brooke Bond Red Label '6 Pack Band 2.0', featuring six teenagers with autism, released five songs and reached 90 million people with their message of inclusiveness.

Our purpose-driven brand Kissan, continued to source 100% of the tomatoes used in its ketchup sustainably.

WINNING IN THE MARKETPLACE

The Customer Development eco-system of your Company encompasses demand capture, demand fulfilment and demand generation. On demand capture, we are focussed on driving high quality direct coverage and increasing the assortment sold in each store using technology and a data-centric analytical approach. Your Company continued to be a thought leader and deployed cutting edge technology in the front end to drive performance and execution. On demand fulfilment, your Company introduced various processes and technology interventions to enable customers to serve the trade effectively. Our endeavour was to drive both visibility and efficiency of how our distributors service the trade. On demand-generation, the strategy of your Company encompassed winning in traditional trade in both open and closed formats, winning in 'route to market' as well as winning in emerging channels like Modern Trade and e-commerce.

In traditional trade, we are focussed on optimal servicing with appropriate beat lengths and improving the in-store visibility and competitiveness. In 'route to market', your Company continued to build its distribution through differentiated investments. We continued to derive the benefits of tailor-made consumer and customer plans across categories as part of the 'Winning in Many Indias' strategy through a strong understanding of the interconnected ecosystem of customers, consumers and shoppers. This will continue to be our source of competitive advantage.

The foundation of your Company's success in Modern Trade is underpinned by strong collaboration with key customers across all aspects of the business. Your Company continued to invest in 'assisted selling' and 'visibility' in Modern Trade whilst improving execution. 'Building Brands in Store' remained a key thrust in this channel and yielded good results across the portfolio.

The e-commerce channel continued on its exponential growth trajectory on the back of strong thought leadership and exemplary execution. A dedicated expertise team is working closely with all key e-commerce partners to create competitive advantage for the business and scaling up at a rapid pace in line with the overall channel growth.

Your Company continued to focus and drive 'Project Shakti', the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for small scale entrepreneurs in rural India. Your Company now has over 1 lakh Shakti Entrepreneurs (Shakti Ammas) across India who make a respectable living by distributing your Company products.

In a rapidly changing world, leveraging technology and data led decision making continues to be a big thrust for your Company. Your Company continued to invest and experiment in this dynamic space to retain its competitive edge in the marketplace. Your Company believes such investments ahead of the curve will be a source of competitive advantage in the days to come.

WINNING THROUGH CONTINUOUS IMPROVEMENT

Under the strategic pillar of Winning through Continuous Improvement, your Company continues to deliver profitable growth and delighting consumers by improving service, quality and processes.

Your Company's Supply Chain is continuously upgrading itself with future ready technologies that support the entire value chain. New technologies like machine learning, artificial intelligence, uberisation of trucks, robotics and automation are important ingredients of this transition. Smart use of these technologies is driving efficiency in the Supply Chain by delivering cost savings, better customer service through enhanced availability and opportunities for strategic partnerships.

While continuously evolving and being future fit, your Company's Supply Chain agenda remains focussed on building competitiveness through consumer and customer centricity, creating value through cost saving, customer service excellence, 'partner to win' programme with suppliers and driving the USLP agenda in manufacturing.

Your Company continues to improve the on-shelf quality of its products to enhance consumer experience. Our belief remains firmly embedded in 'Delighting consumers Everyday'. During the year on-shelf quality was improved by 30% over the previous year.

Your Company continued its journey of delivering cost savings by using 'Zero Based Budgeting' and 'World Class Manufacturing'(WCM) principles and applying it to every element of cost in the end-to-end supply chain. The WCM programme is being expanded to cover most of the manufacturing sites and all sites have been consistently delivering savings through elimination of non-value added activities. Cash flows were improved through rigorous use of IT tools which enabled cutting of excess and optimising stocks throughout the value chain. Your Company has brought down inventory by an additional three days.

Continuing its journey of Segmentation, your Company delivered Customer-Case-Filled-on-Time (CCFOT) upwards of 95%. The key thrust area in customer service continues to be ensuring enhanced availability to retailers from our customers with shorter lead times which will help improve On-Shelf-Availability.

The introduction of GST has led to flexibility in shaping the Supply Chain network. Your Company is focused on unlocking value in this area by redesigning the supply chain to create demand focussed network. We continue our journey of consolidating distribution centres spread across the country and building an agile and efficient manufacturing footprint which is closer to demand clusters.

In line with the USLP commitments, your Company has increased its renewable energy share to 43%. This was achieved by converting agricultural process waste from our operations into fuel, besides increasing the utilisation of bio-fuels like agri-waste. Your Company continues to expand installation of specialised burners to utilise heavy vegetable oil residue from operations as fuel, substituting furnace oil. This increase in renewable energy usage and reduction in specific energy consumption has also contributed to CO_2 reduction in your Company's operations by 59% as compared to 2008 baseline. All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill sites' status. Your Company continues to maximise reuse of waste generated in the manufacturing units, reduction at source, waste segregation and pre-processing facilities provided at all locations for improving recyclability has resulted in total waste reduction by 58% as compared to 2008 baseline. Captive rainwater harvesting and its utilisation in processes, reuse of treated effluent water, reduction of water losses in utilities and operations, process water requirement optimisations, improving efficiencies and maximising use of RO plants have contributed to reduction of water usage in manufacturing by 55% compared to 2008 baseline.

During the year, through a partnership with 'waste to electricity installation', your Company has been able to process approximately 15,000 tonnes of plastic waste and convert it into electricity. In addition to this, approximately 5,000 tonnes of post-consumer use plastic waste was collected with the help of NGOs and EPR partners and sent for energy recovery.

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

Technology Absorption

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

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

Your Company has an existing Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever which was entered into in 2013. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. The pace of innovations and the scope of services have expanded over the years. Unilever's global resources are providing greater expertise and superior innovations. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical know-how provided by Unilever. The TMLA provides for the payment of trademark royalty as a percentage of net sales on specific brands where Unilever owns the trademark in India including use of 'Unilever Corporate logo'.

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

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

The details of expenditure on R&D at the Company's in-house facilities, eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961, for the year ended 31st March, 2019, are as follows:

Capital Expenditure : ₹ 2 crores

Revenue Expenditure : ₹ 20 crores

Finance & IT

The Finance Function of your Company has made a stellar contribution by leading and supporting the business through the course of the year with a compelling strategy of 'Winning Business', 'Leading Capabilities' and 'Amazing People'.

Through the Finance function, business performance was supported by a gamut of interventions, be it in accelerating growth opportunities or making tough resource allocation choices. The cost saving programme of your Company delivered another year of significant savings, providing fuel for growth and aiding margin expansion. Your Company demonstrated resilience under challenging circumstances that involved commodity volatility, currency devaluation, competitive pressures and evolving regulatory environment.

Your Company made significant interventions in building data and digital capabilities. The projects span across areas of intelligent automation, data analytics, controls and predictive capabilities. Risk-based and analytics supported internal audit approach of your Company is helping strengthen controls whilst enhancing processes and driving efficiencies in the value chain.

The finance function of your Company continued to build a strong purpose led team which is leading with impact. The key focus during the year was upskilling talent on digital skills. The function also setup a 'Digi Club' – a team of highly talented finance and IT resources to drive digital projects with focus and upskill everyone across the function on digital skills.

Your Company continues to invest in technology capabilities that drive efficiency and speed in warehousing, logistics and factory operations. Your Company is increasingly leveraging Cloud capabilities for speed and scale. During the year, the Information Technology function has continued to play a key role in both the growth and efficiency programs. We are investing in Data Driven Marketing Technology capabilities that will enable the Company to strengthen one to one connection with our consumers while continuing to invest in technology that secures consumer data.

The pace of technology change continues to increase and is a good opportunity to 'Re-imagine HUL'. Your Company continues to create a culture of Innovation, Learning and Agility to enable the digital transformation journey. With increasing digitisation of consumer interactions, consumer data privacy and data protection continue to be a focus area.

WINNING WITH PEOPLE

Great Brands and Great People have always been Hindustan Unilever's biggest assets. Sustainable, profitable growth can only be achieved in an organisation which focuses on performance culture and where employees are engaged and empowered to be the best they can be.

Our constant endeavour is to work towards making an organisation that is simpler, diverse and agile and therefore will move faster, innovate better and leverage Unilever's global scale. Your Company's Connected 4 Growth (C4G) business transformation programme has been designed to create an organisation that is more consumer and customer-centric, as well as future ready. The imperatives for this have come from the need to be able to compete in a fast-changing world characterised by digitisation and increased competition. To propel the C4G transformation, your Company has identified new behaviours as key to winning in the market – Empowerment, Collaboration & Experimentation. We are creating an organisation and culture where employees are empowered to act like entrepreneurs and business owners. To support this culture of experimentation, there is an additional focus on digital transformation of the business with a Digital Council which is now fully empowered to spearhead this agenda, developing niche digital skills in our leaders and upgrading the digital skills footprint of our employees at large. While quality of talent has been your Company's strength, there has been an impetus on building future ready leadership that is equipped and empowered to thrive in this dynamic environment.

HUL continues its title of 'No. 1 Employer of Choice' in the industry for the past 10 years. The 'Unilever Diaries' social media presence on Facebook and Instagram has over five lakh followers and helps us deepen our engagement with students, as well strengthens our brand image amongst them.

Driven by the 'leaders build leaders' philosophy, we have created an environment where people get big responsibilities early in their career and are also able to constantly experiment. Your Company's flagship management trainee programme, the Unilever Future Leaders Programme (UFLP), has been the training ground for many inspiring leaders across HUL and Unilever, and provides extensive cross-functional experience through live projects and assignments.

Our vision is to make HUL an inclusive organisation that celebrates diversity and helps people bring their best selves to work. Apart from enabling infrastructure and work practices such as parental support programme, flexible work arrangements, there is an increased focus on hosting conversations to sensitise employees on unconscious biases and helping them break limiting stereotypes. We have taken our focus beyond gender balance, which we are committed to achieving in the near future, to inclusion of Persons with Disability and LGBTQ in our organisation and ecosystem.

Employee well-being is integral to your Company's Winning with People agenda and we continue our focus on all four aspects of well-being i.e. Physical, Mental, Emotional and Purposeful. The first step is on building awareness by employee contact programs and sensitising our managers, setting up health support eco-systems and bringing a sharper understanding of the health of our employees. An Employee Assistance Programme called 'Reach Out' - a telephonic counselling and work-life programme with round-the-clock access, has provided timely help for several employees and their family members. The underlying mission is to bring a shift from reactive healthcare to proactive wellbeing. This year, your Company has taken conscious steps to confront the stigma of Mental Well-Being and created awareness to deal with this stigma.

Your Company, believes that people with purpose thrive and that purpose is at the heart of what energises people. In line with this thinking, we have commenced the Discover Your Purpose (DYP) journey with an intent to ignite passion and purpose in our employees. We have ignited this spark in over 10,000 employees and our ambition is to ensure that every employee finds their purpose.

EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

Under this plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year,15 employees were awarded conditional rights to receive 4,650 equity shares at the face value of ₹ 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2018 to 2021.

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP scheme has two sets of eligibilities – for Managers, it allows eligible employees to invest up to 50% of their annual bonus and for eligible senior leaders to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance related shares. Under GPSP, eligible employees receive annual awards of the Holding Company's shares. The awards under GPSP and MCIP plans vest after 3-4 years up to 200% of grant level, depending on the satisfaction of the performance metrics. Under the SHARES Plan, eligible employees can invest in the shares of the Holding Company for a specified amount and after three years, one share is granted to the employees for every three shares invested, subject to the fulfilment of conditions of the scheme. The Holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

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

PERFORMANCE OF SUBSIDIARIES

The summary of performance of the subsidiaries is provided as below:

Unilever India Exports Limited

The Company is a 100% subsidiary of HUL and is engaged in FMCG Exports business. The focus of the FMCG operations is to become a cross border sourcing hub of FMCG products for Unilever Companies across the world and to drive distribution of ethnic brands in key overseas markets. Due to continued disruption in key exports markets and increased competitive pressures, the Company has sharpened its focus on the distribution business of key brands in strategic markets only.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has over 430 owned / managed and franchisee salons.

LLPL continued to expand its salons business across markets with close to 100 new salons in the year. The Lakmé Salon Showstopping bridal collection was launched at Lakmé Fashion Week in collaboration with leading designer Ms. Payal Singhal with the Shaadi anthem by acclaimed musician Raftaar. The 'Runway Rewards' club was relaunched with attractive benefits for members across tiers. Compelling thematic campaigns like Good Hair Day, Happy New You and BFF - Best Face Forward helped drive growth. Customer delight, as measured by the Net Promoter Score and Magic Moments, improved significantly over the previous year. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

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

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products and laundry soaps in Nepal. In 2018, UNL has ventured into Foods and Refreshment category with manufacturing of Tea under the Red Label brand.

During the year, UNL enhanced its growth trajectory which was broad based across all categories. UNL has maintained its bottom-line performance, driven by mix, judicious price management and by leveraging the current manufacturing capability. In 2018, UNL implemented SAP as its ERP system which will significantly improve the financial and operational controls in the Company.

Hindustan Unilever Foundation

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

HUF operates the 'Water for Public Good' programme, with a specific focus on water conservation, building local community institutions to govern water resources and enhancing farm based livelihoods through adoption of judicious water practices. The Foundation's programs have till date reached out to over 5,000 villages cumulatively in 51 districts, 10 states and 2 union territories across India in partnership through 20 NGO partners and multiple co-funders. HUF also supports several knowledge initiatives in water conservation and governance.

By the end of financial year 2018, the cumulative and collective achievements through partnered programmes of HUF include:

- **Water Conservation:** We have created water saving potential of over 700 billion litres through improved supply and demand management of water resources. Till financial year 2018-19, HUF's water conservation capacity stood at 900 billion litres* cumulatively.
- **Crop Yield:** Additional agriculture production of over 0.8 million tonnes has been generated.
- **Livelihoods:** More than 7.5 million person days of employment have been created though water conservation and increased agriculture production.

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

Other Subsidiaries

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

Bhavishya Alliance Child Nutrition Initiatives is a not-for-profit subsidiary of the Company and had launched a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. We discontinued operations and a similar handwashing programme is now being driven by your Company directly.

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

Jamnagar Properties Private Limited is a subsidiary of the Company. The litigation over the land of the Company is now over and accordingly the land has been surrendered to the Government.

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

Your Company has not made any downstream investments in subsidiaries.

RISKS AND OPPORTUNITIES

Our approach to Risk Management:

Your Company operates in an increasingly volatile, uncertain, complex and ambiguous (VUCA) world with rapid changes in all domains potentially impacting your Company. These changes bring in new opportunities for your Company but also bring about multi-dimensional risks, which need to be judiciously managed.

Risk Management is, thus, an integral part of your Company's strategy. We proactively identify potential risks and accordingly devise our short-term and long-term actions to mitigate any risk which could materially impact your Company's long-term goals.

Governance

The Risk Management Committee of your Company identifies, monitors and manages risks. Our approach to risk management is designed to provide reasonable assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be

*pending independent assurance

disclosed is reported to your Company's Audit Committee and Board.

Your Company has access to global resources in the Risk Management domain through Unilever PLC., and various partner agencies which helps in proactively identifying possible financial as well as operational risks and take mitigating actions even before the risk materialises. Technology has been a key enabler and operational risks are being monitored through advanced capability on an agreed frequency.

Processes

Your Company operates a wide range of processes and activities across all its operations covering Strategy, Planning execution and Performance management. Controls are built into every stage of business process and are formalised and documented. We are leveraging advances in technology to help centralise and automate several controls into the transactional Information Technology systems.

Risk and Internal Adequacy

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Risk Assessment

Business risk assessment is an annual cross functional exercise involving leadership across the organisation to identify, update and mitigate business risks. Each risk is assessed basis its probability of occurrence and the severity of impact. Basis this assessment, your Company classifies various risks into three major heads and accordingly decides the strategies to monitor, manage and mitigate such risks – 1) High risk exposure requiring immediate attention; 2) Moderate risk exposure requiring close monitoring; and 3) Acceptable risk exposure. This comprehensive exercise ensures an effective risk culture across the organisation and an embedded approach to risk management. The Risk Management Committee reviews the findings of the risk assessment exercise and the effectiveness of the management controls in place to mitigate the risk exposure. Your Company's Board of Directors, through the Audit Committee, also reviews the assessment of risks, internal controls and disclosure controls and procedures in operation within your Company.

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

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
BRAND PREFERENCE		
As a branded goods business, your Company's success depends on the value and relevance of our brands and products to consumers and our ability to innovate and remain competitive. Consumer tastes, preferences and behaviours are changing more rapidly than ever before. We are dependent on creating innovative products that continue to meet the needs of our consumers and getting these new products to market with speed. If we are unable to innovate effectively, our sales or margins could be adversely affected. With the changing technological landscape, our ability to develop and deploy the right communication in tune with consumer preferences, both in terms of messaging content and medium is critical to the continued strength of our brands.	Your Company monitors external market trends and collates consumer, customer and shopper insights leveraging People Data Centre and other external sources in order to develop category and brand strategies. Our R&D function actively looks for ways in which to translate the trends in consumer preference and taste into new technologies for incorporation into future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed. Your Company has access to Unilever's global resources that provide greater expertise and superior innovations, backed by technology and know-how from Unilever. This helps your Company bring bigger, better and faster innovations to its consumers. Your Company also has the benefit of a large portfolio that straddles the economic pyramid with brands that have a strong presence across the mass, popular and premium segments in most categories. Our varied brands enable us to address the needs and preferences of different consumers. Our brand communication strategies are designed to optimise digital communication opportunities. We develop and customise brand messaging content specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers.	Intellectual Capital, Financial Capital and Social Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
SUPPLY CHAIN		
Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers. The cost of our products can be significantly affected by the cost of the underlying commodities and raw materials as well as currency movements given import of a number of raw materials. Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, trade restrictions or disruptions at a key supplier, which could impact our ability to deliver orders to our customers.	Commodity price and foreign exchange risks are actively managed by expert teams. Trends are closely monitored and modelled regularly and integrated into our commodity and foreign currency management strategies. Your Company endeavours to drive efficiencies in all aspects of the supply chain cost elements before passing on the pricing to the consumer. In all cases, the price-value equation for the customer is maintained. Your Company has contingency plans designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials in our product formulations and recipes. Your Company has policies and procedures designed to ensure the health and safety of our employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery.	Financial Capital, Manufactured Capital, Human Capital, Social and Natural Capital
BUSINESS TRANSFORMATION		
Successful execution of business transformation projects is key to delivering their intended business benefits and avoiding disruption to other business activities. Your Company is continually engaged in major change projects, including acquisitions, disposals, supply chain restructuring and business transformation, to drive continuous improvement in our business and to strengthen our portfolio and capabilities. Failure to execute such initiatives successfully could result in under-delivery of the expected benefits.	Sound project discipline is followed in evaluation of all acquisitions, disposals, business transformation and restructuring projects. These projects are led by senior executives and staffed with dedicated and appropriately qualified personnel. All such projects have strong governance and is regularly reviewed by the Board of your Company.	All Capitals
PLASTIC PACKAGING		
A reduction in the amount of plastic and an increase in the use of recyclable content in our packaging is critical to our future success. Both consumer and customer responses to the environmental impact of plastic waste and emerging regulation by different state governments to ban the use of certain plastics, requires us to find solutions to reduce the amount of plastic we use; increase recycling post-consumer use; and to source recycled plastic for use in our packaging.	We believe in a well-rounded approach across the value chain based on the 4R's: 'Reduce, Reuse, Recycle and Recover.' In accordance with this principle, we have initiated systematic efforts with strategic partners to reduce our factory and packaging waste while helping us find scalable solutions. The Company has been partnering with think-tanks to drive circular economy. Your Company has initiated several projects to collect, segregate and safely dispose of plastic waste, in collaboration with partners and social entrepreneurs in several cities. We have strategic partnership for conversion of waste to electricity and have converted 15,000+ tons of plastic waste to energy in the first year. Your Company has made clear commitments to make 100% of our plastic packaging reusable, recyclable or compostable by 2025. Further, 25% of all the plastic we use is expected to come from recycled sources by 2025. In achieving these commitments, your Company has access to Unilever's expertise which enables us to identify alternative packaging materials / substrates or technologies.	Manufactured Capital, Social Capital, and Natural Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
LEGAL & REGULATORY **Compliance with laws and regulations is an essential part of your Company's business operations.** We are subject to laws and regulations in diverse areas such as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes. Failure to comply with laws and regulations could expose your Company to legal consequences and damage corporate reputation. Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas leads to complexity in compliance.	We are committed to complying with all applicable laws and regulations. The relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Our legal and regulatory specialists are closely engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations. Your Company has institutionalised the mechanism to monitor changes in legislation, both existing and proposed. The Company proactively engages with the government, regulators and various industry bodies to develop a regulatory framework which is in the best interest of the consumers and other stakeholders including industry.	Financial Capital, Manufactured Capital, Social Capital and Human Capital
SYSTEMS AND INFORMATION **Your Company's operations are increasingly dependent on IT systems and the management of information.** Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession to ensure data privacy. The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continue to increase. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results.	To reduce the impact of external cyber-attacks on our business we have firewalls and threat monitoring systems in place, with immediate response capabilities to mitigate identified threats. We also maintain a global system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls. We have policies covering the protection of both business and personal information, as well as the use of IT systems and Applications by our employees. Our employees are trained to understand these requirements. We also have a set of IT security standards and closely monitor their operation to protect our systems and information. Hardware that runs and manages core operating data is fully backed up with separate contingency systems to provide real-time backup operations should they ever be required. We have standardised ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, as well as with our own policies.	Financial Capital, Manufactured Capital, Human Capital and Social Capital

DESCRIPTION OF RISK	WHAT ARE WE DOING TO MANAGE THE RISK	CAPITALS IMPACTED
QUALITY AND SAFETY		
The quality and safety of our products are of paramount importance for our brands and our reputation. HUL's brands, product quality and safety are valuable assets and hence, the risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded.	Your Company is committed to complying with all applicable and relevant external standards to maintain a robust quality and safety inspection process across all manufacturing and warehousing locations. We assess the security and usage risk for key third parties, suppliers, customers and empower employees and third parties through the necessary training and communication on policies and procedures. Our product quality processes and controls are comprehensive, from product design to customer shelf. The processes are reviewed annually, and controls regularly monitored through performance indicators that drive improvement activities. Our key suppliers are externally certified, and the quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require. In the event of an incident relating to the safety of our consumers or the quality of our products, incident management teams are activated in the affected markets under the direction of our product quality, science and communications experts, to ensure timely and effective marketplace action.	Financial Capital, Manufactured Capital, Intellectual Social Capital and Human Capital
TALENT		
A skilled workforce and agile ways of working are essential for the continued success of our business. Our ability to attract, develop and retain the right number of appropriately qualified people is critical if we are to compete and grow effectively. The loss of management or other key personnel could make it difficult to manage the business and could adversely affect operations and financial results.	We have targeted programmes to attract and retain top talent and we actively monitor our performance in retaining talent within HUL. Resource committees have been established and implemented throughout our business. These committees have responsibility for identifying future skills and capability needs, developing career paths and identifying the key talent and leaders of the future. We have an integrated management development process which includes regular performance reviews underpinned by a common set of leadership behaviours, skills and competencies. We regularly review our ways of working to drive speed and simplicity through our business in order to remain agile and responsive to marketplace trends.	Human Capital
ETHICAL		
Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of HUL and its brands. Despite our commitment to ethical business and the steps we take to adhere to this commitment, there remains a risk that activities or events may cause us to fall short of our desired standard, resulting in damage to HUL's corporate reputation and business results.	Our Code of Business Principles and our Code Policies govern the behaviour of our employees, suppliers, distributors and other third parties who work with us. Our processes for identifying and resolving breaches of our Code of Business Principles and our Code Policies are clearly defined and regularly communicated. Data relating to such breaches is reviewed by the HUL Management Committee and by relevant Board Committees and helps to determine the allocation of resources for future policy development, process improvement, training and awareness initiatives.	Intellectual Capital, Financial Capital, Human Capital and Social Capital

OPPORTUNITY	WHAT WE ARE DOING TO RESPOND TO OPPORTUNITIES
WINNING IN THE MARKETPLACE **GROWING IN CHANNELS OF THE FUTURE** With the rapid expansion of alternate channels like e-commerce and Modern Trade, there is huge opportunity to tap into these channels to drive the growth of our business.	Winning in traditional trade and 'route-to-market' continues to be important for your Company. However, winning in emerging channels like e-commerce and Modern Trade will be a key differentiator. Hence, your Company continues to put thrust on investments in strengthening our capabilities in the channels of the future while digitising our distribution in the traditional trade. We collaborate and partner with various e-commerce and Modern Trade companies to further our strategic priorities.
WINNING WITH BRANDS AND INNOVATION **PREMIUMISATION AND MARKET DEVELOPMENT** With changing population demographics, urbanisation, higher spending capacity of consumers, rising aspirations of consumers and wider reach of products, there is a huge headroom to grow for premium and under penetrated categories.	Your Company has a large portfolio spanning the mass, popular and premium segments in most categories. We have an exciting range of premium brands to address the rising aspirations of our consumers. We also have a robust pipeline of innovations designed to meet the trend of premiumisation. Your Company is constantly focusing on creating the categories of the future by investing in market development activities aimed to increase the adoption in under-penetrated categories. Various initiatives are undertaken to educate the consumers through sampling and product demonstrations.
WINNING THROUGH CONTINUOUS IMPROVEMENT **DIGITAL TRANSFORMATION** With the rapid evolution of technology, analytics and big data, the way different functions operate is changing. The digital and technological revolution presents an opportunity to make meaningful interventions across the value chain thereby redefining the way we work and the way we do business in future	Your Company has been a leader in using big data and analytics as a tool to drive sustainable growth. Your Company continues to drive organisation-wide digital transformation agenda under the umbrella 'Re-imagining HUL' to capture the digital opportunity. Keeping these dynamics in mind, we are pre-empting the imminent disruption through a holistic intervention across our value chain by experimenting with different technologies that will change the way we work in future. Collectively, these initiatives will give us a competitive edge. Some examples of these interventions include: - 'Live Wire' which provides the Company with granular Data Analysis and also democratises enterprise data across cross-functional teams to aid in faster and more responsive decision-making. - 'People Data Centre (PDC)' which enables real time listening that involves using data to unearth underlying currents that shape the changing consumer behaviour and deciphering the impact of these trends on our brands. By using a simple model of capture-analyse-leverage, along with Media and Commerce, PDC plays a critical role in developing personalised relationships by engaging in meaningful and relevant dialogue. These investments in digital in all aspects of the business are helping your Company in its journey from mass marketing to mass customisation.
WINNING THROUGH CONTINUOUS IMPROVEMENT **SUPPLY CHAIN NETWORK OPTIMISATION** The introduction of GST provides a unique opportunity to redesign the supply chain to win in the future.	Your Company is leveraging this structural reform to optimise its supply chain network spanning across its manufacturing locations, sourcing points and distribution centres. We are on a path of consolidation of distribution centres to create demand focussed network design for faster and more efficient demand fulfilment. Your Company is also investing in building an agile and efficient manufacturing network comprising of a mix of own factories and third party manufacturers. By moving our supply chain closer to the demand clusters, these restructuring projects will drive supply chain efficiencies.

OPPORTUNITY	WHAT WE ARE DOING TO RESPOND TO OPPORTUNITIES
WINNING WITH PEOPLE **IMPROVING DIGITAL SKILL FOOTPRINT** The world of work is rapidly changing. Automation, big data, advanced analytics, flexible resourcing and new business models are revolutionising our business and workforce. The digital transformation of work is bringing both great disruption, but also a great opportunity to become a simpler, more agile and efficient organisation with a strong data moat.	Your Company's vision of 'Re-imagining HUL' incorporates a thrust on building the firm of the future with talent equipped and empowered to successfully ride the tidal wave of digital transformation. Your Company has established a Digital Council as a forefront for developing the niche digital skills and capabilities of leaders as well as employees at large. The leadership of your Company is actively invested in driving the organisation-wide agenda of inspiring and enabling people to be future-fit by improving the digital skill footprint.

UNILEVER SUSTAINABLE LIVING PLAN (USLP)

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

Your Company has made good progress on the three USLP big goals to be achieved globally: to help more than a billion people improve their health and well-being, to halve the environmental footprint of our products and to source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

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

FINANCIAL REVIEW (STANDALONE)

Results (₹ crores)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sales	37,660	34,619
EBITDA	8,637	7,276
Profit before exceptional items and tax	8,749	7,347
Profit for the year	6,036	5,237

Division Wise Turnover (₹ crores)

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	Sales	Others*	Sales	Others*
Home Care	12,763	113	11,464	165
Beauty & Personal Care	17,323	332	16,132	332
Foods & Refreshment	7,068	65	6,425	62
Others (including Exports, Infant and Feminine Care)	506	54	598	26
TOTAL	**37,660**	**564**	**34,619**	**585**

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

Summarised Profit and Loss Account

(₹ crores)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (including excise duty)	37,660	34,619
Other operational income	564	599
REVENUE FROM OPERATIONS	**38,224**	**35,218**
Operating Costs	29,587	27,942
Profit Before Depreciation, Interest, Tax (PBDIT)	**8,637**	**7,276**
Depreciation	524	478
Profit Before Interest & Tax (PBIT)	**8,113**	**6,798**
Other Income (net of finance cost)	636	549
Profit before exceptional items	**8,749**	**7,347**
Exceptional items	(227)	(62)
Profit Before Tax (PBT)	**8,522**	**7,285**
Taxation	2,486	2,048
Profit for the year	**6,036**	**5,237**
Basic EPS (₹)	**27.89**	**24.20**

Key Financial Ratios

Particulars	2018-19	2017-18	2016-17
Return on Net Worth (%)	90.5	84.5	76.7
Return on Capital Employed (%)	131.2	118.9	105.9
Basic EPS (after exceptional items) (₹)	27.9	24.2	20.8
Debtors Turnover	26.7	33.4	34.0
Inventory Turnover	15.8	14.7	13.9
Interest coverage ratio	289.8	340.9	256.9
Current ratio	1.4	1.3	1.3
Debt Equity ratio	1.3	1.4	1.3
Operating profit margin (%)	21.5	19.6	16.7
Net profit margin (%)	16.0	15.1	13.3

There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios.

Detailed explanation of ratios

(i) Return on Net Worth

Return on Net Worth (RONW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year.

(ii) Return on Capital Employed

Return on Capital Employed (ROCE) is a financial ratio that measures a Company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a Company is generating profits from its capital. It is calculated by dividing profit before exceptional items and tax by average capital employed during the year.

(iii) Basic EPS

Earnings Per Share (EPS) is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing Profit for the year by Weighted average number of shares outstanding during the year.

(iv) Debtors Turnover

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.

(v) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.

(vi) Interest Coverage Ratio

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

(vii) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(viii) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

(ix) Operating Profit Margin (%)

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

(x) Net Profit Margin (%)

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Other Financial Disclosures

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

Capital Expenditure during the year was at ₹ 728 crores (₹ 853 crores in the previous year).

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

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of ₹ 3,688 crores (2017-18: ₹ 3,373 crores), as on 31st March, 2019. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, are in line with the requirements of Ind AS 21. The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

(₹ crores)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Foreign Exchange earnings	324	387
Foreign Exchange outgo	1,382	1,285

Cost Audit

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the cost audit is applicable for following businesses such as Liquid Detergents and Powders, Petroleum Jelly Products, Tea, Milk Powder, Insecticides, Machinery and Mechanical Appliances Drugs and Pharmaceuticals. The accounts and records for the above applicable businesses are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 13/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2019. The Interim Dividend of ₹ 9/- per equity share was paid on 1st November, 2018.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on Saturday, 29th June, 2019 will be paid on or after 4th July, 2019 to the Members whose names appear in the Register of Members, as on the Book Closure dates, i.e. from Saturday, 22nd June, 2019, to Saturday, 29th June, 2019 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 22/- per equity share and will absorb ₹ 5,719 crores, including Dividend Distribution Tax of ₹ 957 crores.

Unpaid / Unclaimed Dividend

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 5.95 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers and Acquisitions

During the year, your Company entered into an agreement with Vijaykant Dairy and Food Products Limited (VDFPL) and its group companies, acquiring its Ice cream and frozen desserts business consisting of its flagship brand 'Adityaa Milk' and front-end distribution network across geographies. The proposed acquisition was in line with the Company's strategic intent to strengthen its position in the rapidly growing Ice cream and frozen desserts market in India.

During the year, the Board of Directors of your Company approved a Scheme of Amalgamation between the Company and GlaxoSmithKline Consumer Healthcare Limited (GSK CH India) to acquire the business of GSK CH India, subject to obtaining requisite approvals from statutory authorities and shareholders. The proposed transaction is an all equity merger, under which on the Scheme becoming effective, 4.39 shares of the Company will be allotted for every share of GSK CH India.

The acquisition is in line with your Company's strategy to build a sustainable and profitable Foods & Refreshment business in India by leveraging the mega trend of health and wellness. GSK CH India is the market leader in the Health Food Drinks (HFD) category, with iconic brands such as Horlicks and Boost, and a product portfolio supported by strong nutritional claims.

The Competition Commission of India has vide its order dated 18th February, 2019, accorded its approval for the amalgamation of GSK CH India with the Company. The Company has obtained No Objection Letters dated 15th February, 2019 from BSE Limited and National Stock Exchange of India Limited for the proposed Scheme of Amalgamation. The Company had filed the Scheme with the National Company Law Tribunal (NCLT) for its sanction and the same is pending. The Mumbai Bench of National Company Law Tribunal vide its order dated 2nd May, 2019, has directed the Company to convene meeting of Equity Shareholders and Unsecured creditors on 29th June, 2019.

Scheme of Arrangement

The Members of the Company, had, at the Court Convened Meeting held on 30th June, 2016, approved the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account. The Company had accordingly filed the petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai [jurisdiction later changed to National Company Law Tribunal (NCLT)]. The Hon'ble National Company Law Tribunal, Mumbai Bench, vide its order dated 30th August, 2018, has sanctioned the aforesaid Scheme of Arrangement. With Scheme becoming effective, the balance of ₹ 2,187 crores standing to the credit of the General Reserves has been transferred to the Profit and Loss Account.

Particulars of Loan,Guarantee or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during the financial year 2018-19 are appended as an Annexure to this report.

GOVERNANCE, COMPLIANCE AND BUSINESS INTEGRITY

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

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

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. The menace of counterfeiting is also seen in the channels of the future like e-commerce. Your Company continued to engage with various stakeholders including e-commerce Channel Partners, Industry Bodies and Regulators to curb the menace of counterfeiting on the e-commerce platforms.

One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school students. Your Company believes it is important to educate students on intellectual property and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age.

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

Business Integrity

Our principles and values apply to all our employees through our Code and Code Policies. Our employees undertake mandatory annual training on these Policies via online training modules and an annual business integrity pledge. Our Business Integrity guidelines include clear processes for managing Code breaches.

During the year, we closed 147 incidents across all areas of our Code and Code Policies, with 97 confirmed breaches. During the year, we terminated the employment of 11 employees on account of such breaches. The Code and Code Policies reflect our commitment to fight corruption in all its forms. We are committed to eradicating any practices or behaviours through our zero-tolerance policy.

Our Responsible Sourcing Policy and Responsible Business Partner Policy help to give us visibility of our third parties to ensure their business principles are consistent with our own.

Corporate Governance

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

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Annual Report and also available on the website of the Company at https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

Prevention of Sexual Harassment at Workplace

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

Update on Kodaikanal Soil Remediation

Your Company had informed the Members that soil remediation trials had been concluded. Pursuant to which the authorities permitted the Company to commence full scale soil remediation work on the premises of the former factory of your Company as per the approved up-scaling plan. In the meantime, the soil remediation up-scaling plan and the Site-Specific Target Level specified by the authorities was challenged before the National Green Tribunal. The National Green Tribunal dismissed the petition that was filed and ordered that the remediation be carried out as per the approved upscaling plan. The decision of the National Green Tribunal was challenged before the Supreme Court of India; the Supreme Court of India dismissed the petition and has allowed the soil remediation to go ahead. The Company is taking steps to commence full-scale soil remediation at the factory site at the earliest after obtaining the requisite local approvals.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and amendment to the Listing Regulations, your Company has formulated a revised Policy on Related Party Transactions which is also available on the Company's website at https://www.hul.co.in/Images/policy-on-materiality-of-rpt-and-dealing-with-rpt_tcm1255-537139_1_en.pdf. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

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

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the Board of Directors appointed Mr. Leo Puri as an Additional Director with effect from 12th October, 2018, to hold office up to the date of the forthcoming Annual General Meeting. Being eligible, Mr. Leo Puri has offered himself to be appointed as the Independent Director of your Company.

During the year, Mr. Sanjiv Mehta, Chairman and Managing

Director of the Company was elevated as President, South Asia and Member of Unilever Leadership Executive effective from 1st May, 2019.

In terms of the requirements of the Companies Act, 2013, the Independent Directors of the Company were appointed for a period of five years on 30th June, 2014. Such term of appointment of the Independent Directors shall come to an end on 29th June, 2019. In view of the same, the Board of Directors have basis the recommendation of the Nomination and Remuneration Committee proposed to re-appoint Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia as the Independent Directors of the Company for a second term. A resolution proposing re-appointment of Independent Directors of the Company for the second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice of Annual General Meeting. Dr. Sanjiv Misra and Ms. Kalpana Morparia shall attain age of 75 years during the proposed second term. A resolution proposing their continuation of term on attaining age of 75 years during their second term pursuant to Section 149(6) of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

Mr. S. Ramadorai, Independent Director of the Company, did not offer his candidature for re-appointment by shareholders in the forthcoming Annual General Meeting. Consequently, he will resign from the position of an Independent Director with effect from 30th June, 2019 after serving of about 17 years in the Company. The Board places on record its deep sense of gratitude and appreciation for Mr. Ramadorai's immense contribution, strategic guidance provided during his tenure as an Independent Director and as the Chairperson of the Nomination and Remuneration Committee of the Company.

The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013. Mr. Sanjiv Mehta, Chairman and Managing Director have been appointed for a term of five years in accordance with the relevant provisions of Companies Act, 2013, and is not eligible to retire by rotation.

The details of training and familiarisation programme and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report. The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for key managerial personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

MANAGEMENT COMMITTEE

The day-to-day management of the Company is vested with the Management Committee, which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by the Managing Director and has Functional / Business Heads as its members. During the year, Ms. Geetu Verma, Executive Director, Foods and a Member of Management Committee was appointed as Global Vice President-Nutrition & Natural Platforms, Unilever. In view of the integration of the Foods and Refreshments categories Mr. Sudhir Sitapati, Executive Director, Refreshments was re-designated as an Executive Director, Foods & Refreshment.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee held on 3rd May, 2019 appointed Ms. Anuradha Razdan as Executive Director, Human Resource in place of Mr. B. P. Biddappa and Dr. Vibhav Sanzgiri was appointed as Executive Director, Research and Development effective 1st June, 2019.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 30th June, 2014, for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the firm of Statutory Auditors can be re-appointed for a further period of five years.

A resolution proposing re-appointment of M/s. BSR & Co. LLP as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

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

M/s. RA & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the financial year 2019-20.

STAKEHOLDER ENGAGEMENT

Our multi-stakeholder model aims to respect the interests of and be responsive towards all stakeholders.

Stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the USLP. The CoBP, which is the statement of values and represents the standard of conduct for everyone associated with your Company, and the Code Policies guide how we interact with the partners, suppliers, customers, employees, shareholders, government, Non-Governmental Organisations (NGOs), trade associations and industry bodies. Through the underlined standards set in CoBP and Code policies, your Company is committed to transparency, honesty, integrity and openness in all its engagements with the various stakeholders.

OUTLOOK

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

India continues to be one of the fastest growing economies in the world and this is expected to continue in the financial year 2019-20. The demand trends in the markets is stable and the government initiatives such as increases to Minimum Support Price (MSP), provision of health insurance, direct income distribution etc. will lend further impetus to the rural economy. Inclusive GDP growth will augur well for the overall economy. Commodity inflation, potential disruptions due to global events and a below normal monsoon this year are possible headwinds which the business will need to navigate with caution.

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

Your Company will continue to focus on being Purpose-led and Future fit.

RESPONSIBILITY STATEMENT

The Directors confirm that:

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

APPRECIATIONS AND ACKNOWLEDGMENTS

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

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

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

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

On behalf of the Board

Sanjiv Mehta
Chairman and
Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019

Annexure to the Report of Board of Directors

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

i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2018-19, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director(s) and Company Secretary during the financial year 2018-19.

Sr. No	Name of Director(s) / KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Chairman and Managing Director	194.00	Refer Note iv.
2	Srinivas Phatak	Executive Director, Finance & IT and CFO	51.00	
3	Pradeep Banerjee	Executive Director, Supply Chain	82.00	
4	Dev Bajpai	Executive Director, Legal and Corporate Affairs and Company Secretary	70.00	

ii. The percentage increase in the median remuneration of Employees for the financial year was 4.2%.

iii. The Company has 5,645 permanent Employees on the rolls of Company as on 31st March, 2019.

iv. Average increase made in the salaries of Employees other than the managerial personnel in the financial year was 7% whereas the target increase in the managerial remuneration was 6%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.

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

Note:

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

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2018-19.

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

Particulars of Loans, Guarantees or Investments

AMOUNT OUTSTANDING AS AT 31ST MARCH, 2019 (₹ crores)

Particulars	Amount
Loans given	191
Guarantee given	8
Investments made	2,949

LOAN, GUARANTEE AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2018-19

Name of the Entity	Relation	Amount (In crores)	Particulars of loan, guarantee and investments	Purpose for which the guarantee and investments are proposed to be utilised
Lakme Lever Private Limited	Subsidiary	78	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	170	Loan	Business purpose
Mutual Funds#	-	-17	Investments	Cash Management

#For details refer to Note 6 of Notes to the financial statements

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019

Annexure to the Report of Board of Directors

Extract of Annual Return

Form No. MGT-9

(As on the Financial Year ended on 31st March, 2019)
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L15140MH1933PLC002030
ii)	Registration Date	:	17th October, 1933
iii)	Name of the Company	:	Hindustan Unilever Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v)	Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. Tel : 022 39832285/39832452 E-mail : levercare.shareholder@unilever.com Website : www. hul.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Fintech Private Limited, (Formerly known as Karvy Computershare Private Limited), Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Phone : +91 - 40 - 67161500, 67162222 Fax : +91 - 40 – 23431551 Toll Free no.: 1800-345-4001 E-mail : einward.ris@karvy.com Website : www.karvy.com

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

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	28.4 %
2	Detergents	20233	20.8 %
3	Cosmetics & Toiletries	20237	16.8 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	% of shares held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.48
2	Brooke Bond Group Limited #	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK & CN Holdings Limited #	N.A.	2.78
5	Brooke Bond South India Estates Limited #	N.A.	2.44
6	Brooke Bond Assam Estates Limited #	N.A.	1.52
7	Unilever Overseas Holdings B V #	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
1	Unilever India Exports Limited *	U51900MH1963PLC012667	100
2	Pond's Exports Limited *	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited*	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V.D.C. – 5, P.O. Box-11, Hetauda, Dist. Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited *	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited *	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited *	U74999MH1946PLC005403	100
8	Levindra Trust Limited *	U67120MH1946PLC005402	100
9	Hindlever Trust Limited *	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation *	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100

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

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

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

i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian	-	-	-	-	-	-	-	-	-
2. Foreign									
– Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.19	1,45,44,12,858	-	1,45,44,12,858	67.19	-
TOTAL PROMOTER SHAREHOLDING (A)	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.19**	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.19**	**-**
B. Public Shareholding									
1. Institutions									
– Mutual Funds	3,54,84,654	39,244	3,55,23,898	1.64	4,62,00,855	38,744	4,62,39,599	2.14	0.50
– Alternate Investment Funds	5,48,333	-	5,48,333	0.03	7,46,444	-	7,46,444	0.03	-
– Banks / Financial Institutions	1,59,47,050	1,28,190	1,60,75,240	0.74	1,19,46,627	1,29,110	1,20,75,737	0.56	-0.18
– State Government	-	20	20	-	-	20	20	-	-
– Insurance Companies	9,60,91,021	9,500	9,61,00,521	4.44	9,31,76,602	9,500	9,31,86,102	4.30	-0.14
– Foreign Institutional Investors	27,19,32,775	28,460	27,19,61,235	12.56	25,60,42,230	27,340	25,60,69,570	11.83	-0.73
Sub-total (B)(1):-	**42,00,03,833**	**2,05,414**	**42,02,09,247**	**19.41**	**40,81,12,758**	**2,04,714**	**40,83,17,472**	**18.86**	**-0.55**
2. Non-Institutions									
– Bodies Corporates									
i) Indian	2,52,30,800	3,42,730	2,55,73,530	1.18	3,75,15,690	2,89,020	3,78,04,710	1.75	0.57
ii) Overseas	500	-	500	-	500	-	500	-	-
– Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,16,67,651	3,96,20,319	24,12,87,970	11.15	20,58,78,659	3,28,98,424	23,87,77,083	11.03	-0.12
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	39,95,743	7,10,350	47,06,093	0.22	34,96,284	7,10,350	42,06,634	0.18	-0.04
– Others									
i) Trust	51,98,117	-	51,98,117	0.24	59,95,013	-	59,95,013	0.28	0.04
ii) Non Resident Indians	84,74,763	3,84,640	88,59,403	0.41	97,78,534	3,61,170	1,01,39,704	0.47	0.06
iii) Foreign Nationals	35,669	120	35,789	-	12,259	120	12,379	-	-
iv) Foreign Banks	6,220	-	6,220	-	6,220	-	6,220	-	-
v) Directors & their Relatives	1,25,178	-	1,25,178	0.01	1,11,547	-	1,11,547	0.01	-
vi) Clearing Members	10,21,418	0	10,21,418	0.05	14,20,306	-	14,20,306	0.07	0.02
vii) Qualified Foreign Investor	10,868	-	10,868	-	24,391	-	24,391	-	-
viii) IEPF	30,81,586	-	30,81,586	0.14	34,75,588	-	34,75,588	0.16	0.02
Sub-total (B)(2):-	**24,88,48,513**	**4,10,58,159**	**28,99,06,672**	**13.39**	**26,77,14,991**	**3,42,59,084**	**30,19,74,075**	**13.95**	**0.55**
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1) +(B)(2)	**66,88,52,346**	**4,12,63,573**	**71,01,15,919**	**32.81**	**66,88,52,346**	**4,12,63,573**	**71,01,15,919**	**32.81**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	**212,32,65,204**	**4,12,63,573**	**216,45,28,777**	**100.00**	**213,02,40,607**	**3,44,63,798**	**216,47,04,405**	**100.00**	**-**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	
1	Unilever PLC	1,11,43,70,148	51.48	-	1,11,43,70,148	51.48	-	-
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	-
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	-
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	-
5	Brooke Bond South India Estates Limited	5,27,47,200	2.44	-	5,27,47,200	2.44	-	-
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings BV	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
	TOTAL	**1,45,44,12,858**	**67.19***	**-**	**1,45,44,12,858**	**67.19***	**-**	**-**

*Percentage rounded off

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2018-19.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2019:

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Life Insurance Corporation of India**				
	At the beginning of the year	6,67,50,072	3.08	6,67,50,072	3.08
	Bought during the year	1,32,39,625	0.61	7,99,89,697	3.69
	Sold during the year	97,82,677	0.45	7,02,07,020	3.24
	At the end of the year	7,02,07,020	3.24	7,02,07,020	3.24
2	**Nomura India Investment Fund Mother Fund**				
	At the beginning of the year	1,26,92,465	0.59	1,26,92,465	0.59
	Bought during the year	3,01,843	0.01	1,29,94,308	0.60
	Sold during the year	1,00,000	0.00	1,28,94,308	0.60
	At the end of the year	1,28,94,308	0.60	1,28,94,308	0.60
3	**Vanguard Emerging Markets Stock Index Fund, A Series**				
	At the beginning of the year	1,17,96,203	0.54	1,17,96,203	0.54
	Bought during the year	4,33,197	0.02	1,22,29,400	0.56
	Sold during the year	11,12,968	0.05	1,11,16,432	0.51
	At the end of the year	1,11,16,432	0.51	1,11,16,432	0.51
4	**Vanguard Total International Stock Index Fund**				
	At the beginning of the year	95,07,725	0.44	95,07,725	0.44
	Bought during the year	16,00,598	0.07	1,11,08,323	0.51
	Sold during the year	75,664	0.00	1,10,32,659	0.51
	At the end of the year	1,10,32,659	0.51	1,10,32,659	0.51
5	**Life Insurance Corporation of India P & GS Fund**				
	At the beginning of the year	1,41,52,133	0.65	1,41,52,133	0.65
	Bought during the year	10,28,713	0.05	1,51,80,846	0.70
	Sold during the year	50,77,637	0.23	1,01,03,209	0.47
	At the end of the year	1,01,03,209	0.47	1,01,03,209	0.47

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6	**The New India Assurance Company Limited**				
	At the beginning of the year	1,16,94,518	0.54	1,16,94,518	0.54
	Bought during the year	0.00	0.00	1,16,94,518	0.54
	Sold during the year	18,93,845	0.09	98,00,673	0.45
	At the end of the year	98,00,673	0.45	98,00,673	0.45
7	**General Insurance Corporation of India**				
	At the beginning of the year	91,60,940	0.42	91,60,940	0.42
	Bought during the year	0.00	0.00	91,60,940	0.42
	Sold during the year	7,65,242	0.03	83,95,698	0.39
	At the end of the year	83,95,698	0.39	83,95,698	0.39
8	**ICICI Prudential Life Insurance Company Limited**				
	At the beginning of the year	11,06,713	0.05	11,06,713	0.05
	Bought during the year	79,37,087	0.37	90,43,800	0.42
	Sold during the year	10,81,829	0.05	79,61,971	0.37
	At the end of the year	79,61,971	0.37	79,61,971	0.37
9	**SBI-ETF NIFTY 50**				
	At the beginning of the year	56,02,793	0.26	56,02,793	0.26
	Bought during the year	22,85,593	0.10	78,88,386	0.36
	Sold during the year	43,156	0.00	78,45,230	0.36
	At the end of the year	78,45,230	0.36	78,45,230	0.36
10	**Government of Singapore**				
	At the beginning of the year	53,38,577	0.25	53,38,577	0.25
	Bought during the year	30,00,337	0.14	83,38,914	0.39
	Sold during the year	14,48,828	0.07	68,90,086	0.32
	At the end of the year	68,90,086	0.32	68,90,086	0.32

Notes:
- The above information is based on the weekly beneficiary position received from Depositories.
- The date wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company at https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Mr. Sanjiv Mehta**				
	At the beginning of the year	10	-	10	-
	Bought during the year	-	-	10	-
	Sold during the year	-	-	10	-
	At the end of the year	10	-	10	-
2	**Mr. Srinivas Phatak**				
	At the beginning of the year	10,208	-	10,208	-
	Bought during the year	-	-	10,208	-
	Sold during the year	-	-	10,208	-
	At the end of the year	10,208	-	10,208	-
3	**Mr. Pradeep Banerjee**				
	At the beginning of the year	52,886	-	52,886	-
	Bought during the year	2,591*	-	55,477	-
	Sold during the year	-	-	55,477	-
	At the end of the year	55,477	-	55,477	-

Sr. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	**Mr. S. Ramadorai**				
	At the beginning of the year	35	-	35	-
	Bought during the year	-	-	35	-
	Sold during the year	-	-	35	-
	At the end of the year	35	-	35	-
5	**Mr. Dev Bajpai**				
	At the beginning of the year	39,909	-	39,909	-
	Bought during the year	5,908*	-	45,817	-
	Sold during the year	-	-	45,817	-
	At the end of the year	45,817	-	45,817	-

*Shares alloted under ESOP.

Notes :

1. Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Ms. Kalpana Morparia and Mr. Leo Puri (appointed as an Independent Director of the Company w.e.f. 12th October, 2018) did not hold any shares of the Company during the financial year 2018-19.
2. Mr. Harish Manwani ceased to be the Non-Executive Chairman of the Company w.e.f. 30th June, 2018. His shareholding in the Company at the beginning of the year and at the time of cessation as Non-Executive Chairman of the Company was 22,130 shares.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2018-19.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ lakhs)

Sr. No.	Particulars of Remuneration	NAME OF THE MD / WTD / KMP				Total Amount
		Sanjiv Mehta	Srinivas Phatak	Pradeep Banerjee	Dev Bajpai	
		Chairman and Managing Director	Executive Director, Finance and IT & Chief Financial Officer	Executive Director, Supply Chain	Executive Director, Legal and Corporate Affairs & Company Secretary	
1.	**Gross salary**					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	880	219	240	223	1,562
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	113	1	-	1	115
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	273	189	29	159	650
2.	Stock Option	579	43	171	252	1,045
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others (Contribution to PF, Superannuation and Consultancy fees)	43	40	145*	40	268
	TOTAL (A)	**1,888**	**492**	**585**	**675**	**3,640**
	Ceiling as per the Act	₹ 84,568 lakhs (being 10% of Net Profits of the Company has calculated as per Section 198 of the Companies Act, 2013)				

* Consultancy fees paid to Pradeep Banerjee Associates LLP.

B. Remuneration to other Directors:

(₹ lakhs)

Particulars of Remuneration	Name of other Directors							Total Amount
	Chairman*	Independent Directors						
	Harish Manwani	Aditya Narayan	S. Ramadorai	O.P. Bhatt	Sanjiv Misra	Kalpana Morparia	Leo Puri$	
– Fee for attending Board / Committee meetings	-	7.20	6.30	7.80	7.20	2.10	2.70	33.30
– Commission#	25.50*	24.00	32.77^	26.00	23.00	19.50	14.50**	165.27
TOTAL (B)	**25.50**	**31.20**	**39.07**	**33.80**	**30.20**	**21.60**	**17.20**	**198.57**
Ceiling as per the Act	₹ 8,457 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							
TOTAL MANAGERIAL REMUNERATION = (A+B)								
Overall Ceiling as per the Act	₹ 93,025 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

* Mr. Harish Manwani, ceased to be a Non-Executive Non-Independent Director of the Company w.e.f. 30th June, 2018. The commission for 1st April, 2018 to 29th June, 2018 will be paid, subject to deduction of tax, after adoption of accounts by the members at the AGM to be held on Saturday, 29th June, 2019. The Commission mentioned includes ₹ 10 lakhs paid to Mr. Harish Manwani, as one time commission at the time of stepping down from the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

The commission for the Financial year ended 31st March, 2019 will be paid after adoption of accounts by the shareholders at the AGM to be held on 29th June, 2019.

$ Mr. Leo Puri appointed as a member of Audit Committee and Nomination and Remuneration Committee w.e.f. 12th October, 2018.

^ Includes ₹ 10 lakhs to be paid to Mr. S. Ramadorai, as one time commission at the time of stepping down form the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

** Pro-rata annual commission

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 3rd May, 2019

Annexure to the Report of Board of Directors

Annual Report on Corporate Social Responsibility

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

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS/ PROGRAMMES UNDERTAKEN:

Your Company has a clear purpose – to make sustainable living commonplace. Your Company believes this is the best way to deliver long-term sustainable growth, while reducing its environmental footprint and increasing its positive social impact.

That is why Unilever Sustainable Living Plan (USLP) (http://www.hul.co.in/sustainable-living) is at the heart of your Company's business model. The USLP has three global goals, namely: (i) help more than a billion people take action to improve their health and well-being; (ii) halve the environmental footprint of the making and use of products; and (iii) enhance the livelihoods of millions of people while growing the business.

These goals contribute to and are covered by activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. USLP commits to a value chain approach which is integrated across your Company's brands and operations. Your Company also contributes to achieving United Nation's Sustainable Development Goals through its initiatives.

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

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

Section A

i. Water Conservation Project

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of Hindustan Unilever Limited. The Foundation supports reputed NGOs in the country to scale up solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture.

HUF operates the 'Water for Public Good' programme, with specific focus on empowering local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water management practices.

Through HUF's water conservation and farm-based livelihood initiatives, cumulatively we have created water saving potential of over 700 billion litres, generating over 0.80 million tonnes of additional agriculture production and over 7.5 million person days of employment till financial year 2017-18. In financial year 2018-19, HUF's water conservation capacity stood at 900 billion litres* cumulatively. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakh adults for an entire year.

ii. Swachh Aadat Swachh Bharat

'Swachh Aadat, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. In 2018, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aadat') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices.

A part of SASB, Swachhata Doot is a volunteering programme that enables any person to become a change agent in his / her community. During 2018, through more than 2,000 employees working at the Company's factories, we reached out to six million people through this programme. Till date 13.5 million people have been reached through the Swachhata Doot programme.

Your Company also contributes to the Chief Minister of Maharashtra's Village Social Transformation Mission (VSTM). In this regard, it has also created Swachhata Curriculum that teaches students the importance of adopting three clean habits - washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The Community Hygiene Centre – Suvidha is another important project by your Company that contributes to SASB. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre in one of the largest slums in Mumbai. The community centre provides drinking water, sanitation, handwashing, shower facilities and laundry services at an affordable cost. Your Company has entered into partnership with HSBC to set-up four more Suvidha centres.

In December 2018, your Company launched the campaign, 'Start a little good' to urge consumers to take small actions in the areas of water conservation, plastic waste management, and teaching good hygiene habits. The campaign

*pending independent assurance

has reached out to 1.1 million people by end of March 2019.

iii. Project Shakti

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

Your Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their business. Across 18 States, Project Shakti has 1,09,100 Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped Shakti Entrepreneurs gain selling skills, become self-confident, improve their self-esteem, learn negotiating and communication skills. Most importantly, our interventions have helped in building and fostering entrepreneurial mindset amongst Shakti Entrepreneurs.

iv. Handwashing Behaviour Change Programme

Around 0.9 million children under the age of five die due to diarrhoeal and respiratory diseases in India[1]. Handwashing with soap has been cited as one of the most cost-effective solutions to improve health & hygiene and reduce infant mortality. A review of several studies shows that the simple act of handwashing with soap reduces the incidence of diarrhoeal diseases by an average of 30 per cent[2]. Your Company's Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. From 2010 till date, your Company has reached out to over 68 million people in India through the handwashing behaviour change initiatives. Your Company has been driving handwashing behaviour change programmes in partnership with Global Alliance for Vaccine Initiative (GAVI) Plan, World Association of Girl Guides & Girl Scouts (WAGGGS), Naman Seva Samiti, NGOs in Uttar Pradesh, Jharkhand, Orissa, Madhya Pradesh and Maharashtra. Through the programmes, the practice of using soap at critical occasions every day is spread across communities, thereby protecting people from infections.

v. Plastic Waste Management

Your Company has made clear commitments to make 100% of our plastic packaging reusable, recyclable or compostable by 2025. Further, 25% of all the plastic we use is expected to come from recycled sources by 2025.

Your Company has done significant work in this area. In 2018, your Company has collected a total of about 20,000 tonnes of plastics in partnership with NGOs and start-ups in more than 20 cities across India. During the year, through a partnership with 'waste to electricity installation', your Company has been able to process approximately 15,000 tonnes of plastic waste and convert it into electricity. The balance has been used for co-processing in Cement Kilns. The Company is also working closely with the Government and other partners such as United Nations Development Programme (UNDP) for end-to-end pilot projects for plastic waste management. To identify, advocate and create awareness in the area of waste management, your Company has partnered with Xynteo India Private Limited to create 'India 2022 Coalition' which is a purpose-driven coalition facilitated by reputed Indian and multi-national companies. The mission of this coalition is to leverage the power of collaboration to unlock future-fit growth opportunities. Your Company has also developed a curriculum called 'Plastic Safari' to create awareness and drive behaviour change on waste segregation and recycling among school children and people in housing societies.

vi. Project Prabhat

'Prabhat' is your Company's USLP-linked programme which contributes to the development of local communities around key sites including our manufacturing locations. Prabhat is building on the local community needs at grassroot level through targeted pillars of enhancing livelihoods, water conservation and 'health and well-being' awareness. Project Prabhat is live in over 30 locations across the country. It has directly benefited over 2.9 million people across 12 states and two union territories in India through partnerships with over 20 NGOs. More than 5,000 HUL employee volunteers participated in the volunteering activities under Project Prabhat in the last five years.

In 2018, under the pillar of enhancing livelihoods, Prabhat launched a unique initiative 'Project Mooo' in partnership with Uday (AVTEG Pvt Ltd) to improve milk productivity in cattle and enhance farmers' income through an app-based dairy farming solution. Prabhat also launched the School Contact Programme (SCP) on Nutrition last year wherein HUL employees volunteered as Nutrition Ambassadors explaining the importance of healthy eating and healthy living to school children. Through the project, we have reached out to more than 46,000 school children during last year.

vii. Domex Toilet Academy

Domex Toilet Academy (DTA), launched by the Company in 2014, is a unique market-based entrepreneurial model to support Government of India's Swachh Bharat Mission and improve sanitation coverage across the country by achieving the goal of open-defecation free (ODF) India. Since then, DTA programme has trained 600 micro-entrepreneurs and masons to help

[1] https://data.unicef.org/country/ind/

[2] http://unicef.in/story/129/fast-facts-and-figures-about-handwashing

build and maintain toilets; provide access to micro-financing and create demand for toilets in low-income households impacting over one million people.

In 2017, DTA moved focus from 'Access' to 'Usage' through a science-based behaviour change model. DTA has partnered with PSI India to reach out to more than 0.28 million people in 101 villages in Chittoor, Andhra Pradesh with strategic interventions and communications. This behaviour change model has shown early encouraging results with a sharp increase in toilet usage and cleaning across age groups and gender.

viii. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive patients and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance and upkeep of the premises. At any time, there are about 350-400 inmates at Asha Daan. During the year, your Company contributed to the Project for re-development of Asha Daan with the objective of taking better care of the inmates by providing them better facilities.

ix. Sanjeevani

Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3,30,000 patients have been treated in these service camps since its inception in 2003. In 2018 alone, nearly 16,297 patients were treated through this programme.

x. Ankur

Ankur was set up in 1993 as a centre for special education for differently-abled children at Doom Dooma in Assam. Ankur has provided educational and vocational training to 359 differently-abled children.

xi. Kerala Flood Relief

Your Company has always been at the forefront while responding to a call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters. Last year during Kerala floods, your Company contributed ₹ 1 crore towards the Chief Minister's Distress Relief Fund and provided essential products such as Pureit water purifier, soap, sanitizer, toothpaste, Atta and more as immediate relief during floods. Your Company is also contributing towards rebuilding homes in the affected areas.

xii. Supporting Healthcare

Your Company also contributed towards the Breach Candy Hospital Trust for upgradation of infrastructure and the Cancer Society and other medical institutions to support healthcare.

Section B

Improving Health and Well-being:

i. Safe Drinking Water

Your Company's Pureit water purifier provides safe drinking water without the hassles of boiling or continuous tap water supply. This enables complete protection from all water-borne diseases. In India, Pureit has provided over 89 billion litres of safe drinking water till date.

ii. Nutrition and Well-being Initiatives

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards, which are also compliant with applicable Indian regulations. As per USLP commitment, by 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. In 2018, in India 46% of your Company's total food and refreshment portfolio met the highest nutritional standards.

iii. Dove Self-Esteem programme

In India, 6 in 10 girls say they do not have high body esteem[1]. Dove's mission is to ensure that the next generation grows up enjoying a positive relationship with the way they look helping young people raise their self-esteem and realise their full potential. Your Company is working with partners such as Fountainhead and World Association of Girl Guides & Girl Scouts (WAGGGS) to reach out to two million girls by 2020 and work towards enhancing their self-esteem.

Reducing Environmental Impact:

i. Reducing GHG, Waste, Water in Manufacturing

In 2018, CO_2 emissions per tonne of our production reduced by 59%*. There was an increase in share of renewable energy at your Company's sites to 43%*. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 55%*. Total waste generated from the factories reduced by 58%*. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the non-hazardous waste generated at our factories was recycled in environment friendly ways.

ii. Sustainable Sourcing

Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. In 2018, 100%

* compared to 2008 baseline.

[1]The 2017 Dove Global Girls Beauty and Confidence Report

of tomatoes used in Kissan ketchup continued to be sourced sustainably. In 2018, over 65% of tea in India procured for Unilever brands was sourced from sustainable sources.

Enhancing Livelihoods:

i. Fair & Lovely Career Foundation

Fair & Lovely Career Foundation is a mobile platform designed to help women create an identity for themselves by providing them career guidance, skill-based courses and training for job opportunities. The platform addresses multiple educational barriers that girls and women in India face including limited access to transportation, lack of parental permission, high cost of courses and inadequate availability of local institutes. The Foundation is powered by a range of high quality education and career guidance partners including established edtech companies like NIIT, edX, English Edge and start-ups such as www.testbook.com and www.idreamcareer.com. Over 600,000 women have enrolled to date on the platform and approximately 200,000 women have accessed career guidance resources and online courses, and 50,000 women have opted for job-oriented tests and profile builder.

ii. Clinic Plus Scholarship

The scholarship is an opportunity for mothers to help their daughters of class 5th to 12th complete secondary education and fulfil their daughter's dreams by supporting their education. In 2018, over 124 girls were awarded a scholarship of ₹ 6,000 each.

iii. Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English training, delivered step-by-step online or through mobile phone. The academy offers a 'Tele-Conferencing' module where students can speak to a 'real' teacher instead of an automated voice. We also have a web course available on www.rin.in So far, over 5,20,000 people have benefitted from this programme.

iv. Kwality Wall's Vending Operations

Our Kwality Wall's mobile vending initiative 'I am Wall's', has provided entrepreneurship opportunities to 14,566 people across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling ice creams on the move.

Your Company's work over the last several years has touched large number of people in India. To scale up your Company's initiatives, partnerships are crucial. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

The above is a brief overview of the Corporate Social Responsibility projects undertaken by your Company and the work your Company does under the USLP.

Your Company has shared further progress on the sustainability initiatives and partnerships in the Business Responsibility Report in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The Business Responsibility Report forms a part of this Annual Report.

2. COMPOSITION OF THE CSR COMMITTEE:

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

3. DETAILS OF CSR SPEND

			(₹ lakhs)
1	**Average Net Profit of the Company for last 3 financial years:**		6,20,971
2	**Prescribed CSR Expenditure**		12,419
3	**Details of CSR spends during the financial year 2018-19:**		
	a.	Total amount to be spent for the financial year	12,419
		(2% of Average Net Profit for the last 3 financial years)	
	b.	Total amount spent during the financial year	12,645
	c.	Amount unspent, if any	Nil

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

(₹ lakhs)

Sr. No.	CSR project/ activity identified	Relevant Section of Schedule VII in which the project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project/programme		Cumulative expenditure up to 31st March, 2019	Amount spent Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,335	4,335	0	4,335	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	4,781	4,781	0	4,781	Direct
3	Water Conservation Project	(iv)	PAN India	895	570	325	895	Implementing Agencies (Multiple NGOs) (Note 2 (i))
4	Asha Daan	(iii)	Mumbai	1,475	1,475	0	1,475	Implementing Agencies (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	608	600	8	608	Implementing Agencies (Note 2 (ii))
6	Sanjeevani	(i)	Assam	68	68	0	68	Direct
7	Ankur	(iii)	Assam	33	33	0	33	Direct
8	CM Relief Fund	(iii)	Kerala	100	100	0	100	Direct
9	Contribution to Medical Institutions	(i)	PAN India	350	350	0	350	Direct
	TOTAL			**12,645**	**12,312**	**333**	**12,645**	

Note 1:

(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventinve health care and sanitation, including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

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

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

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

(x) rural development projects

Note 2 (i) List of HUF's Implementing Agencies

People's Action for National Integration (PANI), Center for International Projects Trust (CIPT), Vikram Sarabai Centre for Development Interaction (an activity of Nehru Foundation for Development), Self-Reliant Initiatives through Joint Action (Srijan), BAIF Development Research Foundation, Parmarth Samaj Sevi Sansthan, Mysore Resettlement and Development Agency (MYRADA), Advanced Center for Water Resources Development and Management (ACWADAM), VILLGRO, DHAN FOUNDATION, Professional Assistance for Development Action (PRADAN), Samaj Pragati Sahayog, SAMUHA, Foundation for Ecological Security, Development Support Centre India, Aga Khan Rural Support Programme (India) – AKRSP, Watershed Organisation Trust (WOTR), Sahjeevan.

Note 2 (ii) Project Prabhat Implementing Agencies

Labour Net Services India Private Limited, Mann Deshi Foundation, Development Alternatives, Yusuf Meherally Centre (YMC), Uday (AVTEG Pvt. Ltd.) & ConnectED Technologies.

Note 3

During the year, the Company has spent an amount of ₹ 394.66 lakhs on Fair & Lovely Foundation and ₹ 60 lakhs on Rin Career Ready Academy in accordance with the CSR Policy of the Company. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Net Profits.

On behalf of the CSR Committee

Sanjiv Mehta
Chairman and Managing Director
(DIN : 06699923)

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

Annexure to the Report of Board of Directors

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2. Name of the Company	Hindustan Unilever Limited
3. Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400099
4. Website	www.hul.co.in
5. E-mail id	levercare.shareholder@unilever.com
6. Financial Year reported	1st April, 2018 to 31st March, 2019
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	• 20231 Soaps • 20233 Detergents • 20236 Shampoos • 20235 Toothpastes • 20234 Deodorants • 20237 Cosmetics • 10791 Tea • 10792 Coffee • 10750 Packaged Foods (Including Frozen Desserts) • 27501 Water Purifiers • 28195 Air Purifiers
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	• Home Care (Fabric Wash, Household Care and Water Business) • Beauty & Personal Care (Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Foods & Refreshment (Culinary products, foods, Tea, Coffee, Ice cream and Frozen Desserts)
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations	None
ii. Number of National Locations	• Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 • Research Centre: 64, Main Road, Whitefield P O, Bangalore - 560 066 • 9th Floor, Prestige Shantiniketan, The Business Precinct, Tower - A, Whitefield Main Road, Bangalore – 560 048 • Regional Office (East): Brooke House, 9 Shakespeare Sarani, Kolkata - 700 071 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 • Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 • Regional Office (South): 101, Santhome High Road, Chennai - 600 028 • Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow - 226 010 Uttar Pradesh • Unit No. 511 To 514, 5th Floor, Princes' Business Skypark, Block No. 22,23,24, Sch No. 54, Pu-3 Commercial, Opposite Orbit, A.B Road, Indore - 452001, Madhya Pradesh Details of manufacturing locations forms part of this Report.
10. Markets served by the Company	India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

		(₹ lakhs)
1.	Paid up Capital	21,647
2.	Total Turnover	3,765,998
3.	Total profit after taxes	603,616
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the company for last 3 financial years:	2.04% (₹ 12,645 lakhs)

5. List of activities in which expenditure in 4 above has been incurred : Please refer to CSR Annual Report which forms part of this Annual Report.

SECTION C – OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	As on 31st March, 2019, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives - both are not-for-profit Companies incorporated to promote and implement the Corporate Social Responsibility agenda. Both the Companies work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited and Lakme Lever Private Limited also contribute to the sustainability initiatives of the Company.
2.	Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(ies)?	
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives. Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin the third-party compliance programme.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

Details of Director / Directors Responsible For BR

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

The DIN details of the CSR Committee members are as follows:

NAME	DESIGNATION	DIN
Mr. O. P. Bhatt*	Independent Director	00548091
Mr. Aditya Narayan	Independent Director	00012084
Dr. Sanjiv Misra	Independent Director	03075797
Ms. Kalpana Morparia	Independent Director	00046081
Mr. Sanjiv Mehta	Chairman and Managing Director	06699923
Mr. Srinivas Phatak	Executive Director, Finance & IT and Chief Financial Officer	02743340

*Chairman

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

Respect and Integrity for its people, environment and other businesses have always been at the heart of your Company's Corporate Responsibility. Your Company's Corporate Purpose is to make Sustainable Living Commonplace and it believes that this is the best way to deliver long-term sustainable growth.

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

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

The National Voluntary Guidelines provide the following nine principles.

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

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

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

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

GOVERNANCE RELATED TO BR

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

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

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

The standards on ethics, transparency and accountability are stated under the CoBP and Code policies of your Company. CoBP is the statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours. Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. The CoBP and Whistle Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have supported the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 150 million people by end of 2018 through its initiatives in the area of health and well-being and has also contributed to an important national agenda through its Swachh Aadat, Swachh Bharat programme. For further details on our brands with purpose refer to the Report of Board of Directors.

Understanding and managing the environmental impact of your Company's products is crucial to achieving the Unilever Sustainable Living plan goals.

Life Cycle Analysis (LCA) is one of several techniques your Company uses. It enables the Company to understand the impact of its products across each stage of their life cycle – from the sourcing of raw materials to product manufacture, distribution, consumer use and disposal. We use LCA in three main ways:

1. **New Product Design:** LCA is used to compare the environmental performance of new vs. existing products - helping to guide the choices product developers make. It is also used to communicate the environmental performance of our products to consumers.
2. **Existing products:** LCA helps the Company identify opportunities to improve the environmental impact of existing products. It can also improve the quality and availability of data used by us and others e.g. it is used when working with suppliers to reduce the environmental impact of our ingredients.
3. **Science and Methodology:** Your Company engages with partners to develop and promote the science used for LCA, aiming to improve both the robustness and scope of life cycle-based approaches and assessment. Your Company has contributed to the science of LCA assessment methods in a number of areas including land use, biodiversity and water-related impacts and the challenges of applying a planetary boundary-based approach.

Sustainable purpose, sustainable products

These purpose-driven brands are not limited to being socially relevant, but are also environmentally sustainable. Many of your Company's food products are made from sustainably sourced agricultural raw materials. For example, 100% of tomatoes used in your Company's Kissan ketchup are from sustainable sources. This sustainable sourcing is enabled through partnerships with various private and Govt bodies. 65% of the tea sourced from India for Unilever brands was from sustainable sources. In 2018, we continued our process of buying RSPO (Roundtable on Sustainable Palm Oil) certified palm oil to achieve the ambition of reaching 100% sustainable sourcing. 100% of paper and board used by your Company in packaging are sourced from mills that are certified sustainable by Forest Stewardship Council (FSC). Your Company is also working through its supplier partners with 19,000 smallholder farmers for sustainable farming of gherkins, that are exported to multiple countries for Unilever. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

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

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers. Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance aspects with SEAC and releases any new product to market only after clearance from SEAC.

Your Company also prescribes processes and protocols to ensure that consumers get promised quality of product and its safety is assured during the life cycle of product distribution & usage.

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

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

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

Safety Vision – An incident-free organisation

Your Company's safety vision is to become an incident-free organisation. The Company sustained consistently low workplace injury rates or Total Recordable Frequency Rate (TRFR) in 2018. During 2018, WCM Safety approach was deployed across all factory sites so that the low TRFR can be sustained and injury severity can be reduced further. Your Company has a Central Safety, Health and Environment Sub-Committee, which is led by the Chairman and Managing Director.

Holistic well-being

Your Company's well-being agenda encompasses four pillars of well-being – physical, mental, emotional and purposeful. Lamplighter is your Company's framework for addressing employee health and well-being and is targeted at improving the health of our people through sharp focus on prevention using analytics through digitised health information and rigorous follow-ups by our dedicated team of medical professionals. In 2018, your Company continued to roll out well-being workshops and health awareness sessions for employees that were attended by over 5,600 employees. It also conducted purpose workshops for over 10,000 employees.

Your Company is successfully running the toll-free helpline in nine languages for its employees to reach out and speak to a counsellor and seek advice on physical and mental health. Your Company has also collaborated with well-being experts to share their insights on holistic well-being. Your Company has also expanded this facility to include face-to-face orientation sessions and street plays to break the stigma around mental health across all our locations in India over the last three years. We offer targeted programs on stress management for our employees and leaders, and special workshops on mental health support were run for 120 managers.

Your Company also conducted regular workshops on improving nutrition where we invited experts to demonstrate ways of healthy cooking. Along with partners and experts, the Company implemented habit changing interventions that focussed on healthier nutrition, better hydration habits and encouraged increased physical activity through in-house competitions.

Capability building

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

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

Diversity and inclusion

Your Company continues to place significant importance on diversity and inclusion (D&I) in the workplace. Active steps have been taken over the years to ensure we move towards a gender balanced organisation. Two additional pillars of inclusion of LGBT and persons with disability have also been incorporated into the D&I charter for the Company.

Your Company has a Diversity and Inclusion Leadership Team comprising of senior leaders across functions championing the D&I agenda both internally as well as externally.

- **Gender Balance:** In 2018, women comprised more than 40% of our managers. The progress continues on account of enablers such as focusing on hiring top women talent through both UFLP and mid-career recruits, providing career development and mentorship opportunities, agile working and parental support arrangements, etc. The Company's onsite Day-Care Centre in Mumbai is an award winning one, providing child care support to parents on site.
- **Inclusion of Persons with Disability (PwD):** We are committed to including persons with disability into our employment ecosystem and workforce. Additionally, we are building an accessible workplace for persons with

disability with over 15 of our sites already audited and work underway to convert them.

- **LGBT Inclusion:** The Company is taking first steps towards inclusion of LGBT employees through inclusive policies and benefits, converting infrastructure and a powerful awareness and culture campaign to nudge the culture towards pride and allyship.

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity / Affirmative Action. It has a Policy on Affirmative Action and a Policy on Prevention of Sexual Harassment to ensure a harassment-free workspace for the employees. Sexual harassment cases are dealt with as per the Company Policy on Prevention of Sexual Harassment and the CoBP and applicable laws. Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication. During the year 2018-19, four complaints with allegation of sexual harassment were filed with the Company and the same has been handled as per the provisions of the Prevention of Sexual Harassment Act. More than 1500 people were trained on preventing sexual harassment and related topics. Training included:

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

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations. Since 2015, it has maintained a record of near-zero loss of man-days due to industrial unrest. Your Company currently has 5,645 employees (excluding workmen), over 5,000 employees are employed on contractual / temporary basis as on 31st March, 2019.

Freedom of association, participation and collective bargaining

All workers are free to exercise their right to form and / or join trade unions or to refrain from doing so and to bargain collectively. There are 105+ employee associations across your Company. More than 10,000 permanent employees are members of these associations. There are over 104 female shop-floor Blue collar employees and over 15 permanent shop-floor Blue collar employees with disabilities in your Company's factories. During the last year, your Company entered into long-term settlements with more than 1900 employees across India.

Managing grievances

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

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

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

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

Internal and external stakeholder engagement

Stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the USLP. The CoBP and Code Policies guide how your Company interacts with the partners – among other suppliers, customers, governments, Non-Governmental Organisations (NGOs) and trade associations. Only authorised and appropriately trained employees or representatives can engage with these groups. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Unilever's values.

The Company engages in multiple ways with specific important stakeholders:

Suppliers

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

Consumers and customers

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

- **Winning In Many Indias:** Your Company consolidated the ambitious transformation agenda of 'Winning In Many

Indias' (WiMi) in 2016. It has been a journey strengthening the WiMi thinking across markets, end-to-end planning and ways of working. This has helped the Company to move the needle on quality of servicing and in-market execution by getting closer to the customers, shoppers and consumers. This approach has strengthened your Company's connect with them across geographical clusters, and will be a source of competitive advantage for years to come.

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

Shareholders and investors

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

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

Government

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

NGOs

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

Media

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

Employee engagement

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

- **Quarterly Report Back:** Quarterly performance update delivered by the Management Committee to all employees.
- **Annual Review:** All managers are invited to the Annual Review by the Chairman and Managing Director which is conducted across four metros.
- **Others:** The Company has other in-house communication channels both digital and offline that help employees to connect, bond, inspire, express and celebrate their achievements.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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

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

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

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

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners. Your Company's Responsible Sourcing Policy for suppliers reinforces the principles of human rights and labour rights for all suppliers of your Company and is available on Unilever's website. No complaints were received regarding human rights violation during the year.

PRINCIPLE 6: ENVIRONMENT

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

In line with USLP, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact. To achieve this goal, your Company has taken up ambitious targets of specific reductions in the areas of waste (kg/tonne of production), water (m^3/tonne of production) and greenhouse gas emission (kg/tonne of production). The reductions for financial year 2018 based on 2008 baseline are:

- CO_2 emissions (kg/tonne of production) reduced by 59%.
- Water consumption (m3/tonne of production) reduced by 55%.
- Total waste (kg/tonne of production) generated from the factories reduced by 58%.

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

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

- **Water** - Major contributors to water reduction were captive rainwater harvesting and use in processes and utilities make-up, increase in condensate recoveries, improving efficiency and maximising use of RO plants, reduction of water losses from cooling tower blowdowns.
- **Waste** - Factories have identified reuse opportunities for various non-hazardous waste streams for examples Installation of composting machine in GRF to use canteen and garden waste. Reduction at source and waste segregation and pre-processing are some of the ongoing practices. All factories are provided with pre-processing facilities to improve recyclability.
- **Energy** - Reduction in total energy footprint through various capital projects ranging from installation of energy efficient pumps, installation of VVVFDs, condensate recoveries in Mysore, air compressor heat recovery systems, steam expanders in Rajpura & Dapada.
- **CO_2** - Conversion of TF heater from FO to biofuel in Puducherry, Modification in Thermic fluid heater in Bhuj to use residue in TFH and use of biomass briquette in FBC boiler, Solar initiatives in Chhindwara aided in CO_2 reduction. This is in addition to the increase in renewable energy share.
- The contribution of renewable energy in total energy has increased to 43%.
- **Plastic** - In partnership with a waste to electricity installation we have been able to process ~15000 tonnes of plastic waste and convert it into electricity which is fed to the Grid in 2018. In addition to this ~ 5,000 tonnes of plastic waste was collected with the help of NGOs and EPR partners and sent for energy recovery via co-processing in cement kilns in 2018.

Monitoring procedures

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

- **Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on USLP commitments. The Council reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.
- **Global Environmental Performance Monitoring Portal:** A global level database is maintained for all Unilever sites. Environmental performance data is uploaded monthly on the portal by all sites. The "Group Manufacturing Environment Team" monitors the performance against set targets and provides feedback as well as management updates. Audits are conducted at sites randomly selected by above team through reputed external auditors (e.g. PwC).
- **Environment Sub-Committee:** The Environment Sub-committee consists of team members from various functions such as Supply Chain, Engineering, Finance, Research and Development, Legal and Corporate SHE. It is led by the Executive Director, Supply Chain and convenes periodically to assess Environmental performance in sites (e.g. reduction in water consumption, reduction in waste generation, improved methods for waste disposal, reduction in electricity usage and CO_2 emission etc.) and initiatives like Rain Water use in operations etc.

Risk Assessment

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

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

PRINCIPLE 7: POLICY ADVOCACY

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

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

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

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

Your Company participates in multi-stakeholder engagements and when relevant, responds to public consultations. Some of the key issues on which your Company engaged with the government in 2018-19 include:

- Effective plastic waste management
- Engagement with government on 'Ease of Doing Business' initiatives
- Recommending changes on upcoming e-Commerce policy to mitigate the issue of counterfeits and fakes sold online
- Recommending changes to Consumer Protection law
- Engagement with government on fiscal issues including Goods and Services Tax (GST)
- IPR: Right Holders recommending changes in policy framework and adoption of practices to mitigate the menace of counterfeits; seeking action against parallel imports of goods in the country
- Effective changes to the Prevention of Sexual Harassment at Workplace.

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

Improving livelihoods of smallholder farmers

Your Company has been associated with a number of smallholder farmers through its supplier partners, training them on good agricultural practices like drip irrigation, nutrient management, pest and disease management to improve their livelihood. Through these programs, smallholder farmers have benefitted by a higher yield, more certain demand and higher incomes.

In Tea, Unilever worked with partners like IDH to start the Trustea program in 2012, which was aligned with USLP. The program has now expanded into a much larger scale in the industry. Through the program, 546k plantation workers (56% of them women workers) and 48.3k SHFs have been positively impacted. 65% of tea in India procured for Unilever brands is from sustainable sources.

Over 19,000 smallholder gherkin farmers have benefitted from Unilever's innovative Responsible Farming Programme. The aim of this programme is to increase productivity, develop best practices and improve livelihoods of farmers. The gherkins grown in India are exported globally to other Unilever businesses.

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

Your Company has expanded the sustainable sourcing programme to Chicory farming, where 1,000 smallholder farmers benefit from the program.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to provide livelihood enhancing opportunities to women micro-entrepreneurs in rural India. The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets of distribution management. Currently, there are more than 1,09,100 micro-entrepreneurs as a part of Project Shakti.

Empowering communities through Prabhat

Project Prabhat is the community development initiative of your Company that is linked to Unilever Sustainable Living Plan (USLP). It builds on local community needs at a grassroot level, in line with India's development agenda. It aims to create sustainable communities in and around HUL sites through focussed interventions on Livelihood, Water Conservation, Nutrition and Health & Hygiene.

Project Prabhat has directly impacted over 2.9 million people across 30 locations. More than 5,000 employee volunteers of the Company participated in the volunteering activities under Project Prabhat in the last five years.

Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English speaking, office dressing and interview preparation. So far, over 5.2 lakh people have benefitted from this programme.

PRINCIPLE 9: CUSTOMER VALUE

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

Your Company's strong distribution network comprises millions of outlets serviced by 3,500 distributors and associates who help deliver Company's products. Your Company has undertaken some important initiatives to become more customer-centric and win in the marketplace. These initiatives include:

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

Responsible marketing and communication

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.
- It is your Company's responsibility to ensure that its products are safe and that the Company provides clear information on their use and any risks that are associated with their use.
- Your Company fully supports a consumer's right to know what is in the products and is transparent in terms of ingredients, nutritional values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which include product labels, websites, careline phone numbers and leaflets to communicate openly with its consumers.
- Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of Advertising Standards Council of India (ASCI), a self- regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 61 complaints were filed with ASCI against advertisements made by your Company.
- Your Company has certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 56 consumer cases pending.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation. As part of Guideline Daily Amounts (GDA) labelling, 100% of the Company's food and beverage product includes energy per portion information on the front of the pack and percentage GDA for five nutrients on the back of the pack*. In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products directed at children (below 12 years). These principles require that marketing practices:

- Do not convey misleading messages
- Do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed
- Do not encourage 'pester power'
- Do not suggest time / sense of urgency or price minimisation pressure
- Do not encourage unhealthy dietary habits
- Do not use broadcast or print media personalities in a way that obscures the distinction between programme or editorial content or commercial promotion

All Marketing Communications directed to children between six (6) and twelve (12) years of age meets Unilever's Highest Nutritional Standards and / or where applicable, nutrition criteria agreed as signatories to India Pledge or any binding criteria set by public authorities.

Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, your Company pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria and / or Unilever Highest Nutrition Standards. Where differences in criteria exist, Unilever will apply the strictest criteria across all Marketing Communications directed to children.

On behalf of the Board
Sanjiv Mehta
Chairman and Managing Director
Mumbai, 3rd May, 2019 (DIN: 06699923)

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

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. At Hindustan Unilever Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

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

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

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

In recognition of its governance practices, your Company was conferred upon a Certificate of Recognition at the ICSI National Awards for Excellence in Corporate Governance for the year 2017 and 2018 by the Institute of Company Secretaries of India. In the year 2011, the Company had been bestowed with the National Award for Excellence in Corporate Governance.

THE BOARD OF DIRECTORS

The Board of Directors have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. The Management Committee of the Company is headed by the Chairman and Managing Director and has business / functional heads as its members, which look after the management of the day-to-day affairs of the Company.

Composition

The Board of your Company has a good mix of Executive and Non-Executive Directors with majority of the Board Members comprising Independent Directors. As on date of this Report, the Board consists of ten Directors comprising one Executive Chairman, six 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 Board as part of its succession planning exercise periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. During the year, Mr. Leo Puri was appointed as an Independent Director with effect from 12th October, 2018. During the year, Mr. Sanjiv Mehta, Managing Director and CEO was appointed as Chairman of the Company w.e.f. 30th June, 2018. As per the Listing Regulations, top 500 Companies by market capitalisation need to have separate positions for Chairman and Managing Director effective April 2020. The Company shall ensure compliance of this new requirement of separation of position of Chairman and Managing Director on or before the due date.

Mr. S. Ramadorai, Independent Director of the Company, did not offer his candidature for re-appointment by shareholders in the forthcoming Annual General Meeting. Consequently, he will resign from the position of an Independent Director with effect from 30th June, 2019 after serving of about 17 years in the Company. The Board places on record its deep sense of gratitude and appreciation for Mr. Ramadorai's immense contribution, strategic guidance provided during his tenure as an Independent Director and as the Chairperson of the Nomination and Remuneration Committee of the Company.

Confirmation and Certification

On an annual basis, the Company obtains from each Director, details of the Board and Board Committee positions he/she occupies in other Companies, and changes if any regarding their Directorships. The Company has obtained a certificate from M/s. S. N. Ananthasubramanian and Company, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority and the same forms part of this report.

Board Independence

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013 and Regulation 16 of Listing Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations / disclosures received from the Directors and on evaluation of the relationships disclosed, supported by a certificate from M/s. S. N. Ananthasubramanian and Company, Practicing Company Secretary, as per the requirement of Regulation 25(8) of the Listing Regulations, the Board confirms, that the Independent Directors fulfil the conditions as specified under Schedule V of the Listing Regulations, 2015 and are independent of the management.

The details of each Member of the Board along with the number of Directorship(s) / Committee Membership(s) / Chairmanship(s), date of joining the Board and their shareholding in the Company are provided herein below:-

Composition and Directorship(s) / Committee Membership(s)/Chairmanship(s) as on 31st March, 2019

The number of Directorship(s), Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and the Listing Regulations.

Name and Category	Date of joining the Board	Number of shares held in the Company	Directorship(s) in other Companies#	Membership (s) of Committees of other Companies##	Chairmanship(s) of Committees of other Companies##
Chairman and Managing Director					
Sanjiv Mehta	01.10.2013	10	-	-	-
Executive Director (Finance & IT) and CFO					
Srinivas Phatak	01.12.2017	10,208	-	-	-
Executive Directors					
Pradeep Banerjee	01.03.2010	55,477	2	2	-
Dev Bajpai	23.01.2017	45,817	-	-	-
Independent Directors					
Aditya Narayan	29.06.2001	-	1	-	-
S. Ramadorai	20.05.2002	35	2	-	-
O. P. Bhatt	20.12.2011	-	3	2	1
Sanjiv Misra	08.04.2013	-	1	-	-
Kalpana Morparia	09.10.2014	-	1	-	1
Leo Puri	12.10.2018	-	3	-	-

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

Includes only Audit Committee and Stakeholders' Relationship Committee.

None of the Directors of your Company are related to each other.

The names of the listed entities along with the category of Directorship for all the Directors form part of Profile of Directors from pages 212 to 215.

Appointment and Tenure

The Directors of the Company are appointed/re-appointed by the Board on the recommendations of the Nomination and Remuneration Committee and approval of the Members at the General Meetings. In accordance with the Articles of Association of the Company and provisions of the Companies Act, 2013, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-election. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956 / Companies Act, 2013 and serve in accordance with the terms of their contract of employment / contract of service with the Company.

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

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and Listing Regulations.
- The Independent Directors can serve a maximum of two terms of five years each, after the introduction of the Companies Act, 2013.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and the Listing Regulations.
- The Company shall ensure that the appointment of any Non-Executive Director who has attained the age of 75 years is approved by the Members of the Company by way of a Special Resolution.

Any person who becomes Director or Officer, including an employee who is acting in a managerial or supervisory capacity, shall be covered under Directors' and Officers' Liability Insurance Policy. The Policy shall also cover those who serve as a Director, Officer or equivalent of an outside entity at Company's request. The Company has provided insurance cover in respect of legal action against its Directors under the Directors' and Officers' Liability Insurance.

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 are noted and confirmed in the subsequent Board Meeting.

The Board business generally includes consideration of important corporate actions and events including:-

- quarterly and annual results announcements
- oversight of the performance of the business;
- declaration of dividends;
- development and approval of overall business strategy;
- Board succession planning;
- review of the functioning of the Committees and
- other strategic, transactional and governance matters as required under the Companies Act, 2013, Listing Regulations and other applicable legislations.

The notice of Board / Committee Meetings is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and Managing Director of the Company. The Agenda is circulated a week prior to the date of the Meeting. The Board Agenda includes an Action Taken Report comprising of actions emanating from the Board Meetings and status updates thereof. The Agenda for the Board and Committee Meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision. Video / tele-conferencing facilities are also used to facilitate Directors travelling or located at other locations to participate in the Meetings.

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

During the financial year ended 31st March, 2019, eight Board Meetings were held on 11th and 12th April, 2018, 14th May, 2018, 16th July, 2018, 12th October, 2018, 12th November, 2018, 3rd December, 2018, 17th January, 2019 and 14th March, 2019. The maximum interval between any two Meetings was well within the maximum allowed gap of 120 days.

Board Support

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

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

Separate Independent Directors' Meetings

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

The Independent Directors met four times during the financial year ended 31st March, 2019 on 14th May, 2018, 16th July, 2018, 12th October, 2018, and 17th January, 2019. The Independent Directors inter alia discuss the issues arising out of Committee meetings and Board discussion including the quality, quantity and timely of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

Directors' Induction and Familiarisation

The Board familiarisation program comprises of the following:-

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

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

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

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

Every year, a two day Strategy Board Meeting is organised generally at a location where the Company has an office or an establishment. It provides to the Board an opportunity to understand Company's footprint in that market and also interact with the Company's leadership and business teams in that market. The strategy session focuses on the strategy for the future and covers all parts of the business and functions, the course corrections, if any, required to be undertaken and gives a good perspective of the future opportunities and challenges. Apart from the above, the Directors are also given an update on the environmental and social impact of the business, corporate governance, regulatory developments and investor relations matters.

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

Board Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The criteria of performance evaluation of Board, its Committees and Individual Directors forms part of the Corporate Governance Code which is available on the website of the Company. For Independent Directors, evaluation is carried out based on the criteria viz. the considerations which led to the selection of the Director on the Board and the delivery against the same, contribution made to the Board / Committees, attendance at the Board / Committee Meetings, impact on the performance of the Board / Committees, instances of sharing best and next practices, engaging with top management team of the Company, participation in Strategy Board Meetings, etc.

During the year, Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Peer Evaluation of the Directors. The exercise was led by the Chairman and Managing Director of the Company along with the Chairman of the Nomination and Remuneration Committee of the Company. The Evaluation process focussed on various aspects of the functioning of the Board and Committees such as composition of the Board, improving Board effectiveness, performace of Board Committees, Board knowledge sessions and time allocation for strategic issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgment.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities and deliberations in the Board and Committee meetings are enriched by such diversity and complementarities. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committees.

The Board also noted that given the changing external environment the Company should be prepared for any likely disruption. The Board emphasized role of technology in this regard and the need to build capabilities in this area. The evaluation exercise also highlighted the need for having better understanding of competitive landscape in a dynamic business environment and importance of external perspective in Board deliberations. These areas have been identified for the Board to engage itself with and the same will be acted upon.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulation; 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 Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committees Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The Board has established the following statutory and non-statutory Committees:-

Audit Committee

The Company's Audit Committee comprises Mr. Aditya Narayan as the Chairman and Mr. S. Ramadorai, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Mr. Leo Puri, Independent Directors of the Company as members of the Committee. Mr. Leo Puri was appointed as a member of the Committee with effect from 12th October, 2018. All the members of the Committee have relevant experience in financial matters.

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

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;
- reviewing management discussion and analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- reviewing the functioning of the Code of the Company and Whistle Blowing Mechanism.
- reviewing the utilisation of loans and / or advances from / investment in the Subsidiary exceeding ₹100 crores of 10 % of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. During the year, the terms of reference of the Committee was updated in line with the amendments to the Listing Regulations. The detailed terms of reference of the Audit Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are convened. In these meetings, the Audit Committee reviews various businesses / functions, business risk assessment, controls and critical IT applications with implications of security and internal audit and control assurance reports of all the major divisions of the Company.

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

The Audit Committee met eight times during the financial year ended 31st March, 2019 on 12th April, 2018, 14th May, 2018, 28th June, 2018, 16th July, 2018, 12th October, 2018, 3rd December, 2018, 10th and 11th December, 2018 and 17th January, 2019.

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 outsourced audit teams.

The Internal Audit covers factories, sales offices, warehouses and centrally controlled businesses and functions, as per the annual plan agreed with the Audit Committee. The audit coverage plan of CAD is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with summary of 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.

Ms. Subhra Gourisaria, Head Control Assurance, is the Internal Auditor of the Company.

The Company's internal financial control framework, established in accordance with the Committee of Sponsoring Organisation (COSO) framework, is commensurate with the size and operations of the business and is in line with requirements of the Companies Act 2013. The Company's internal financial controls framework is based on the 'three lines of defense model'. The Company has laid down Standard Operating Procedures and policies to guide the operations of the business. Unit heads are responsible to ensure compliance with the policies and procedures laid down by the management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Mr. Leo Puri and Mr. Sanjiv Mehta as members of the Committee. Mr. Leo Puri was appointed as a member of the Committee with effect from 12th October, 2018.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, *inter alia*, includes:

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine / recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole.
- Recommend to the Board, all remunerations, in whatever form, payable to Senior Management.

The detailed terms of reference of the Nomination and Remuneration Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. The Committee also plays the role of Compensation Committee and is responsible for administering the Stock Option Plan and Performance Share Plan of the Company and determining eligibility of employees for stock options.

The Nomination and Remuneration Committee met six times during the financial year ended 31st March, 2019 on 12th April, 2018, 28th June, 2018, 16th July, 2018, 12th October, 2018, 11th March, 2019 and 14th March, 2019. During the year, the Committee also transacted some of the business under its terms of reference by passing resolution by circulation.

Board Membership Criteria and list of core skills / expertise / competencies identified in the context of the business:

The Board of Directors are collectively responsible for selection of a Member on the Board.

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

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;

- professional qualifications, expertise and experience in specific area of relevance to the Company;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

In terms of requirement of Listing Regulations, 2015, the Board has identified the following core skills / expertise / competencies of the Directors in the context of the Company's business for effective functioning as given below:

Skills and its description	Sanjiv Mehta	Srinivas Phatak	Pradeep Banerjee	Dev Bajpai	Aditya Narayan	S. Ramadorai	O. P. Bhatt	Dr. Sanjiv Misra	Kalpana Morparia	Leo Puri
Leadership experience of running large enterprise –										
Experience in leading well-governed large organisations, with an understanding of organisational systems and processes complex business and regulatory environment, strategic planning and risk management, understanding of emerging local and global trends and management of accountability and performance.	✓				✓	✓	✓	✓	✓	✓
Experience of crafting Business Strategies –										
Experience in developing long-term strategies to grow consumer / FMCG business, consistently, profitably, competitively and in a sustainable manner in diverse business environments and changing economic conditions.	✓	✓			✓		✓	✓		✓
Understanding of Consumer and Customer Insights in diverse environments and conditions –										
Experience of having managed organisations with large consumer / customer interface in diverse business environments and economic conditions which helps in leveraging consumer insights for business benefits.	✓				✓	✓	✓	✓		✓
Finance and Accounting Experience –										
Leadership experience in handling financial management of a large organisation along with an understanding of accounting and financial statements.		✓			✓	✓	✓	✓	✓	✓
Experience in overseeing large and complex Supply Chain –										
Experience in overseeing large and complex supply chain operations, management of innovations, understanding of emerging technologies including digital information technologies and their disruptive impact.	✓		✓			✓				
Understanding use of Digital / Information Technology across the FMCG value chain –										
Understanding the use of digital / Information Technology across the value chain, ability to anticipate technological driven changes and disruption impacting business and appreciation of the need of cyber security and controls across the organisation.	✓					✓				✓
Experience of large Companies and understanding of the changing regulatory landscape –										
Experience of having served in large public companies in diverse industries to provide Board oversight to all dimensions of business and Board accountability, high governance standards with an understanding of changing regulatory framework.	✓			✓	✓	✓	✓	✓	✓	✓

Reward Policy

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

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

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

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

A fair portion of Executive Directors total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. Long-term incentives, in the form of Management Co-Investment Plan, seek to reward Executive Directors, Management Committee Members and other eligible employees by aligning their deliverables to business results.

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

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the approval of Members of the Company. Independent Directors are currently paid sitting fees of ₹30,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors remuneration which is also available at Company's website at https://www.hul.co.in/investor-relations/corporate-governance/. As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of ₹ 15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a Member of the Committee(s). The remuneration payable to the Independent Directors under the Differential Remuneration Policy is within the overall limit of ₹ 300 lakhs, as approved by the Members at the Annual General Meeting held on 29th June, 2015. The criteria adopted by the Company for Differential Remuneration Policy is as under:

(₹ lakhs)

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

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

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

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

The details of remuneration paid, stock options and conditional grants made to Executive Directors and remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2019 are provided hereinafter:

Details of Remuneration to the Executive Directors

(₹ lakhs)

Name	Salary and Allowances	Bonus	Perquisites	Contribution to PF	Pension	Consultancy fees	Total
Sanjiv Mehta	880	273	692	43	-	-	1,888
Srinivas Phatak	219	189	44	25	15	-	492
Pradeep Banerjee	240	29	171	15	9	121*	585
Dev Bajpai	223	159	253	25	15	-	675

* Consultancy fees paid to Pradeep Banerjee Associates LLP.

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

Name	Performance Shares outstanding as at 31st March, 2018	Performance Shares exercised during the year	Grant under Performance Share Scheme during the year	Performance Shares balance as at 31st March, 2019
Pradeep Banerjee	5,845	2,591	-	3,254
Dev Bajpai	9,746	5,908	-	3,838

Details of Remuneration to the Non-Executive Directors

(₹ lakhs)

Name	Sitting Fees*	Commission#	Total
Hairsh Manwani$	-	25.50$	25.50
Aditya Narayan	7.20	24.00	31.20
S. Ramadorai	6.30	32.77^	39.07
O. P. Bhatt	7.80	26.00	33.80
Sanjiv Misra	7.20	23.00	30.20
Kalpana Morparia	2.10	19.50	21.60
Leo Puri	2.70	14.50**	17.20

*Includes sitting fees paid for the Board and Committee Meetings.

#The Commission for the financial year ended 31st March, 2019 as per the Differential Remuneration Policy will be paid to Independent Directors, subject to deduction of tax, after adoption of financial statement by the Members at the AGM to be held on Saturday, 29th June, 2019.

$Mr. Harish Manwani, ceased to be a Non-Executive Non-Independent Director of the Company w.e.f. 30th June, 2018. The commission for 1st April, 2018 to 29th June, 2018 will be paid, subject to deduction of tax, after adoption of accounts by the members at the AGM to be held on Saturday, 29th June, 2019. The Commission mentioned includes ₹ 10 lakhs paid to Mr. Harish Manwani, as one time commission at the time of stepping down from the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

^Includes ₹ 10 lakhs to be paid to Mr. S. Ramadorai, as one time commission at the time of stepping down form the Board of the Company in accordance with the Remuneration Policy applicable to Non-Executive Directors.

** Pro-rata annual commission

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. Srinivas Phatak as the members of the Committee.

The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the area of CSR.

The detailed terms of reference of the Corporate Social Responsibility Committee is contained with the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

During the year 2018-19, the Committee had recommended to the Board to approve the amendments to its CSR Policy to include the initiative "Promoting Health Care" as per Clause (i) of Schedule VII of Companies Act, 2013.

During the financial year ended 31st March, 2019, the Committee met twice on 14th May, 2018, and 17th January, 2019.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises Mr. O. P. Bhatt, Independent Director as the Chairman and Mr. Sanjiv Mehta and Mr. Srinivas Phatak, as Members of the Committee.

The role of Stakeholders' Relationship Committee includes resolving the grievances of shareholders, 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.

The detailed terms of reference of the Stakeholders' Relationship Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

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

During the year 2018-19, Securities and Exchange Board of India, the capital market regulator had issued guidelines and undertook a number of measures for raising Industry standards for Registrar and Transfer Agent to facilitate effective shareholder service. In order to ensure this compliance, the Company had invited the Registrar and Transfer Agent to join the Committee meeting to share the actions taken on the same.

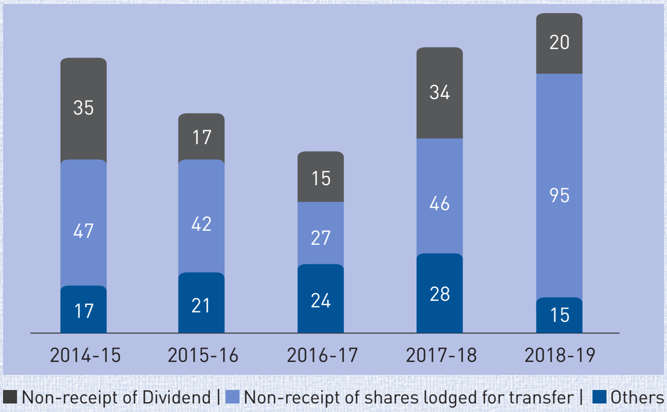
During the financial year ended 31st March, 2019, the Committee met twice on 12th October, 2018 and 11th March, 2019.

Details of Shareholders' / Investors' Complaints

Mr. Dev Bajpai, Executive Director, Legal & Corporate Affairs and Company Secretary, is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the financial year ended 31st March, 2019, 130 complaints were received from the shareholders. All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2019.

Particulars	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	20	20
Non-Receipt of Shares lodged for Transfer	95	95
Others (e.g. non-receipt of Annual Report)	15	15
Total	**130**	**130**

Trend of complaints received during last 5 years:



Risk Management Committee

The Risk Management Committee of the Company comprises Mr. Sanjiv Mehta as the Chairman and Mr. Srinivas Phatak, Mr. Pradeep Banerjee, Mr. Dev Bajpai and Ms. Suman Hegde, Group Controller as Members of the Committee.

The role of Risk Management Committee includes the implementation of Risk Management Systems and Framework, review the Company's financial and risk management policies, assess risk and procedures to minimise the same.

The detailed terms of reference of the Risk Management Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

During the financial year ended 31st March, 2019, the Risk Management Committee met once on 5th November, 2018 for reviewing the Company level risks and mitigation plans and actions.

Share Transfer / Transmission Committee

The Share Transfer / Transmission Committee has been formed to look into share transfer and related applications received from Shareholders, with a view to accelerate the transfer procedures. The Committee comprises three Executive Directors of the Board. The Committee *inter alia* considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed. The Committee meets generally on a weekly basis to ensure that share transfers, and other related requests are registered and returned within a period of 15 days from the date of receipt, provided the documents are complete in all respects.

Committee for Allotment of Shares under ESOPs

The Committee for Allotment of Shares under ESOPs has been constituted for approval, issue and allotment of shares under ESOP Schemes. The Committee comprises three Executive Directors of the Board and is constituted to expedite the process of allotment and issue of eligible shares to the employees under the Stock Option Plan of the Company.

Other Functional Committees

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

Administrative Matters Committee

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

Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets has been set up and entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee comprises three Executive Directors of the Board. The Committee reports to the Board and minutes of these meetings are placed before the Board for information.

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

The following table shows attendance of Directors at the Board and Members of the Statutory Committee Meeting(s) for the year ended 31st March, 2019. Attendance is presented as number of meeting(s) attended, (including meetings attended through electronic mode) out of the number of meeting(s) required to be attended.

Name	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	Risk Management Committee Meeting
Harish Manwani*	2 of 2#	-	2 of 2	-	-	-
Sanjiv Mehta*	8 of 8#	-	4 of 4	2 of 2	2 of 2	1 of 1#
Srinivas Phatak	8 of 8	-	-	2 of 2	2 of 2	1 of 1
Pradeep Banerjee	7 of 8	-	-	-	-	1 of 1
Dev Bajpai	8 of 8	-	-	-	-	1 of 1
Aditya Narayan	8 of 8	8 of 8#	6 of 6	-	2 of 2	-
S. Ramadorai	7 of 8	8 of 8	6 of 6#	-	-	-
O. P. Bhatt	8 of 8	8 of 8	6 of 6	2 of 2#	2 of 2#	-
Sanjiv Misra	8 of 8	8 of 8	6 of 6	-	2 of 2	-
Kalpana Morparia	5 of 8^	-	-	-	2 of 2	-
Leo Puri$	4 of 4	3 of 3	2 of 2	-	-	-
Suman Hegde	-	-	-	-	-	1 of 1

Chairman

* Ceased to be the Non-Executive Chairman of the Company w.e.f. 30th June, 2018 and Mr. Sanjiv Mehta was appointed as Chairman and Managing Director of the Company w.e.f. 30th June, 2018.

$ Mr. Leo Puri was appointed as an Independent Director of the Company with effect from 12th October, 2018.

^ Ms. Kalpana Morparia had recused herself from the Board Meetings dated 12th November, 2018 and 3rd December, 2018, being interested in the matter of discussion.

The last AGM of the Company held on 29th June, 2018 was attended by all Members of the Board of Directors except Ms. Kalpana Morparia.

GOVERNANCE OF SUBSIDIARY COMPANIES

The minutes of the Board Meetings of the subsidiary companies along with the details of significant transactions and arrangements entered into by the subsidiary companies are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 10% of the consolidated net worth or income of 10% of the consolidated income of your Company. The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Notes to the standalone financial statements.

COMPANY POLICIES

Code of Business Principles / Whistle Blower Policy

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

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of the Company.

The Company has provided dedicated e-mail addresses whistleblowing.hul@unilever.com and CoBP.hul@unilever.com for reporting such concerns. Alternatively, employees can also send written communications to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to the Whistle Blower Policy. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Code and the Whistle Blower Policy of the Company, are reported to the Management Committee and are subject to the review of the Audit Committee. The Whistle Blower Policy is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment.

Number of Complaints filed during the financial year 2018-19	4
Number of Complaints disposed of during the financial year 2018-19	2
Number of Complaints pending as on 31st March, 2019	2

The Complaints which were pending as on 31st March, 2019 were disposed off at the time of adoption of this report by Board. The Company ensures that the inquiry processes are completed within the stipulated period of 90 days.

Preventing Conflict of Interest

The Board of Directors are responsible for ensuring that rules are in place to avoid conflict of interest by the Board Members and the Management Committee. The Board has adopted the Code of Conduct for the Members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company. If such an interest exists, they are required to make adequate disclosure to the Board and to abstain from discussion, voting or otherwise influencing the decision on any matter in which the concerned Director has or may have such interest. The Code also restricts Directors from accepting any gifts or incentives in their capacity as a Director of the Company, except what is duly authorised under the Company's Gift Policy. The Members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board. The Code of Conduct is in addition to the Code of the Company. A copy of the said Code of Conduct is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. In addition, members of the Board and Management Committee also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. The Members of the Board inform the Company of any change in their Directorship(s), Chairmanship(s)/Membership(s) of the Committees, in accordance with the requirements of the Companies Act, 2013 and Listing Regulations. Transactions with any of the entities referred above are placed before the Board for approval. Details of all Related Party Transactions are placed before the Audit Committee on quarterly basis.

Policy on dealing with Related Party Transactions

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

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

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

During the year the Board of Directors had adopted the updated Related Party Transanction policy in line with amendments to the Listing Regulations.

Policy on Material Subsidiaries

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

Policy on Dividend Distribution

During the year the Board of Directors had adopted amended Dividend Distribution Policy in terms of the requirements of Listing Regulations. The Policy is available on the website of the Company under the weblink https://www.hul.co.in/investor-relations/corporate-governance/. The Dividend Distribution Policy forms a part of this Report.

Share Dealing Code

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing in the securities of the Company. In accordance with the SEBI Regulations the Company has established systems and procedures to prohibit insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company prohibits the Directors of the Company and other specified employees dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The Board of Directors of the Company have adopted a Share Dealing Code and formulated the Code of Practices and Procedures for Fair Disclosure in terms of the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The details of dealing in Company's shares by Specified Employees (which include members of the Management Committee and Directors) are placed before the Board for information on quarterly basis. The Code also prescribes sanction framework and any instance of breach of Code is dealt with in accordance with the same. A copy of the Share Dealing Code of the Company is made available to all employees of the Company and compliance of the same is ensured.

In line with the requirements of amendments to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Company has amended the Share Dealing Code. The amended Share Dealing Code is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

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, 2019 and a declaration to that effect, signed by the Chairman and Managing Director, is attached and forms part of this Report.

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

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

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

No funds were raised through preferential allotment or Qualified Institutional Placement as per the Regulation 32(7A) of Listing Regulations.

Disclosure on Website

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

1. Details of business of the Company
2. Terms and conditions of appointment of Independent Directors
3. Composition of various Committees of Board of Directors
4. Code of Conduct for Board of Directors and Senior Management Personnel
5. Details of establishment of vigil mechanism/Whistle Blower policy
6. Criteria of making payments to Non-Executive Directors
7. Policy on dealing with Related Party Transactions
8. Policy for Determining Material Subsidiaries
9. Details of Familiarisation Programmes imparted to Independent Directors
10. Policy for Determination of Materiality of Events
11. Policy for Dividend Distribution

Fees paid to Auditors

Total fees for all services paid by the Company and the subsidiaries, on a consolidated basis, to the M/s. B S R & Co. LLP, Chartered Accountants Statutory Auditors and all the entities in the network firm/network entity of which Statutory Auditors forms part of the Explanatory Statement to the Notice of Annual General Meeting at page 209.

Disclosure of Pending Cases / Instances of Non-Compliance

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

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

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

1. Risk Management Policy of the Company with respect to the Commodities and Forex:

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

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

   Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with the no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the context of the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2019 are disclosed in Notes to the standalone financial statements.

2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year : The Company does not have any exposure hedged through commodity during the financial year 2018-19.

Compliance with the Discretionary Requirements under the Listing Regulations

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

- **Shareholders' rights:** The quarterly results along with the press release are uploaded on the website of the Company https://www.hul.co.in/investor-relations/quarterly-results/.The soft copy of the quarterly results is also sent to the shareholders who have registered their e-mail addresses.
- **Audit qualifications:** Company's financial statements are unqualified.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

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

Secretarial Audit Report

The Company has undertaken Secretarial Audit for the financial year 2018-19 which, *inter alia*, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by the Securities and Exchange Board of India and Foreign Exchange Management Act, 1999 and Secretarial Standards issued by the Institute of the Company Secretaries of India. The Secretarial Audit Report forms part of this Annual Report.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the financial year 2018-19 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

Corporate Governance Code Audit

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

The Company had appointed M/s. S. N. Ananthasubramanian and Co., a firm of Company Secretaries as the Auditor for the audit of the practices and procedures followed by the Company under the Code. The Company has received the Corporate Governance Audit Report for the financial year 2018-19.

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 resolution passed
31st March, 2016	30th June, 2016 3.30 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (E), Mumbai – 400 099	• No Special Resolutions were passed in this meeting
31st March, 2017	30th June, 2017 3.30 p.m.	Same as above	• Increase in overall limit of remuneration payable to Non-Executive Directors
31st March, 2018	29th June, 2018 2.30 p.m.	Same as above	• No Special Resolutions were passed in this meeting

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

Annual General Meeting for the financial year 2018-19

Date	29th June, 2019
Venue	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	2.30 p.m.
Book Closure Dates for Final Dividend	Saturday, 22nd June, 2019 to Saturday, 29th June, 2019 (both days inclusive)
Last Date of receipt of Proxy Forms	Thursday, 27th June, 2019 before 2.30 p.m. at Registered Office of the Company

Calendar of financial year ended 31st March, 2019

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2019 were held on the following dates:

First Quarter Results	16th July, 2018
Second Quarter and Half yearly Results	12th October, 2018
Third Quarter Results	17th January, 2019
Fourth Quarter and Annual Results	3rd May, 2019

Tentative Calendar for financial year ending 31st March, 2020

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2020 are as follows:

First Quarter Results	23rd July, 2019
Second Quarter and Half yearly Results	14th October, 2019
Third Quarter Results	13th January, 2020
Fourth Quarter and Annual Results	5th May, 2020

Dividend

The Board of Directors at their meeting held on 3rd May, 2019, recommended a Final Dividend of ₹ 13/- per equity share of face value of ₹ 1/- each, for the financial year ended 31st March, 2019. Together with the Interim Dividend of ₹ 9.00 per equity share paid on 1st November, 2018, the total dividend for the year works out to ₹ 22/- per equity share of face value of ₹ 1/- each. Final Dividend, if approved by Members, will be paid on or after Thursday, 4th July 2019.

Unpaid / Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate Companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority. In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 5.95 crores of unpaid / unclaimed dividends and 3,97,672 shares were transferred during the financial year 2018-19 to the Investor Education and Protection Fund.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at https://www.hul.co.in/investor-relations/ unclaimed-and-unpaid-dividends/.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29th June, 2018 (date of last AGM) on the Company's website https://www.hul.co.in/investor-relations/unclaimed-and-unpaid-dividends/ and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in/

Details of Demat / Unclaimed Suspense Account:

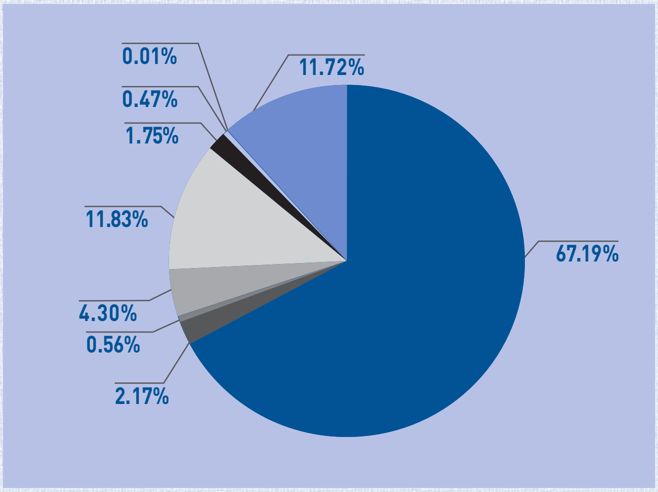
The Company does not have any shares in the demat suspense account or uncliamed suspense account.

Distribution of Shareholding as on 31st March, 2019

Holding	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	3,66,587	96.89	12,87,32,998	5.95
5001 – 10000	3,082	0.81	4,26,69,584	1.97
10001 – 20000	780	0.21	1,90,10,133	0.88
20001 – 30000	330	0.09	1,13,75,571	0.53
30001 – 40000	175	0.05	78,48,400	0.36
40001 – 50000	347	0.09	2,44,49,827	1.13
50001 – 100000	6,563	1.73	4,61,91,001	2.13
100001 and above	504	0.13	188,44,26,891	87.05
TOTAL	**3,78,368**	**100.00**	**216,47,04,405**	**100.00**

Categories of Shareholders as on 31st March, 2019

Category	No. of Folios	Shares	%
Unilever PLC and its Associates	7	145,44,12,858	67.19
Mutual Funds & Unit Trust of India	305	4,69,86,043	2.17
Financial Institutions / Banks	138	1,20,75,737	0.56
Insurance Companies	18	9,31,86,102	4.30
Foreign Portfolio Investors	1,005	25,60,69,570	11.83
Bodies Corporate	2,489	37,805,430	1.75
NRIs / Foreign Bodies Corporate / Foreign Nationals	8,937	1,01,58,803	0.47
Directors and their Relatives	6	1,11,547	0.01
Resident Individuals & Others	365,463	25,38,98,315	11.72
Total	**378,368**	**216,47,04,405**	**100.00**



Bifurcation of shares held in physical and demat form as on 31st March, 2019

Particulars	No. of Shares	%
Physical Segment	3,44,63,798	1.59
Demat Segment		
NSDL (A)	209,37,38,290	96.72
CDSL (B)	3,65,02,317	1.69
Total (A+B)	213,02,40,607*	98.41
TOTAL	**216,47,04,405**	**100.00**

* includes shares held by Unilever PLC and its Affiliates representing 67.19% of the total shareholding There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company.

Listing Details

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

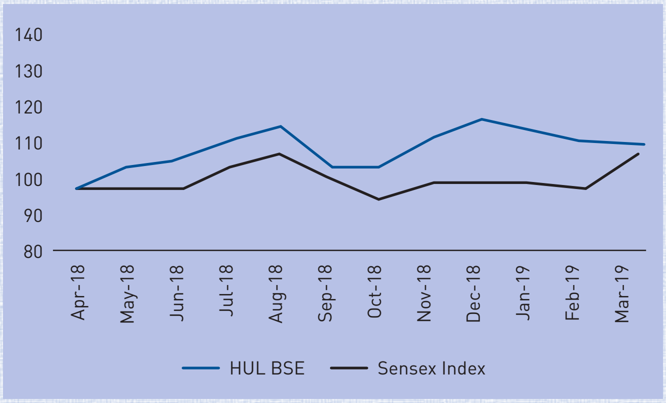
The listing fee for the financial year 2018-19 has been paid to the above Stock Exchanges.

Share Price Data

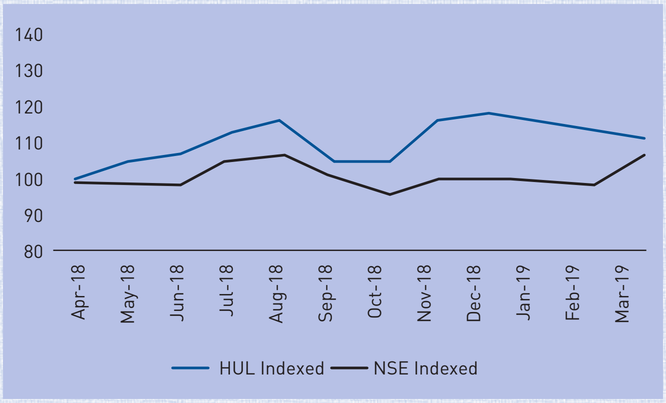
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2019 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-18	1,515.00	1,321.60	9,33,604	1,513.55	1,315.00	1,62,71,965
May-18	1,625.00	1,441.60	14,17,765	1,619.40	1,441.60	2,95,55,788
Jun-18	1,655.00	1,547.00	14,99,816	1,656.65	1,547.05	2,68,43,623
Jul-18	1,779.95	1,626.95	19,23,018	1,780.00	1,625.05	3,63,06,461
Aug-18	1,807.75	1,715.60	11,70,395	1,808.65	1,715.05	2,19,18,525
Sep-18	1,786.00	1,568.00	26,17,234	1,791.50	1,564.10	3,51,79,141
Oct-18	1,650.55	1,477.90	26,91,201	1,652.40	1,477.20	3,30,33,309
Nov-18	1,796.70	1,584.80	22,27,982	1,798.30	1,583.55	2,31,76,010
Dec-18	1,870.50	1,742.00	42,26,470	1,869.50	1,741.25	3,63,51,903
Jan-19	1,860.00	1,725.00	29,68,882	1,824.80	1,726.10	3,47,87,768
Feb-19	1,847.15	1,722.00	18,71,507	1,847.00	1,722.00	2,74,76,928
Mar-19	1,755.00	1,661.25	22,14,826	1,755.50	1,660.00	3,35,77,424

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
31-03-2010	238.70	615%	17,527.77	121%	238.05	617%	5,249.10	121%
31-03-2011	284.60	500%	19,445.22	99%	284.90	499%	5,833.75	99%
30-03-2012	409.90	317%	17,404.20	122%	410.05	316%	5,295.55	120%
28-03-2013	466.10	266%	18,835.77	105%	466.95	266%	5,682.55	105%
31-03-2014	603.65	183%	22,386.27	73%	605.55	182%	6,704.20	73%
31-03-2015	872.90	96%	27,957.49	38%	873.55	95%	8,491.00	37%
31-03-2016	869.50	96%	25,341.86	53%	869.50	96%	7,738.40	50%
31-03-2017	909.75	88%	29,620.50	31%	911.75	87%	9,173.75	27%
28-03-2018	1,335.90	28%	32,968.68	17%	1333.35	28%	10,113.70	15%
29-03-2019	1,707.80	-	38,672.91	-	1706.80	-	11,623.90	-

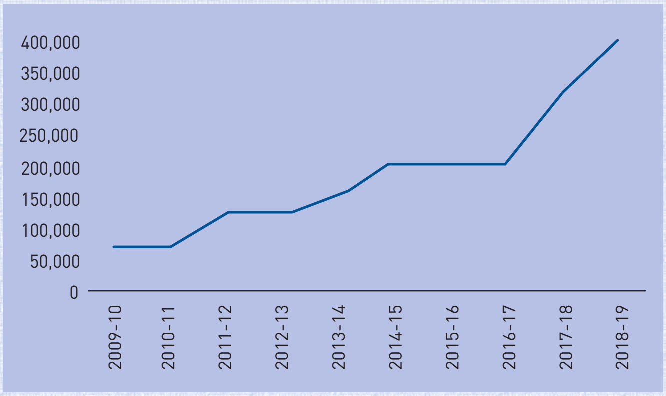
Source: BSE and NSE Website

All comparisons are with respect to 29th March 2019 (the reference date).

Market Capitalisation

The Market Capitalisation of the Company based on year-end closing prices quoted in the BSE Limited is given below:

(₹ crores)



Mergers and Demergers

The details of Mergers and Demergers with Companies and respective share exchange ratios are available on 'Investor Centre' page on the website of the Company www.hul.co.in.

Plant Locations

The details of Plant Locations form part of this Report.

Credit Ratings

CRISIL has given the credit rating of CRISIL AAA / Stable for debt instrument / facilities of the Company. The details of Credit Rating is available on the website at https://www.hul.co.in/.

Registrar and Share Transfer Agent

During the year, pursuant to Order of Hyderabad Bench of the National Company Law Tribunal, the operations of Karvy Computershare Private Limited (KCPL), Registrar and Share Agent of the Company, transferred to Karvy Fintech Private Limited (KFPL) w.e.f. 17th November, 2018 and all the existing agreements to which KCPL is a party shall be in full force and vest with KFPL. Accordingly, Karvy Fintech Private Limited, shall act as the Registrar and Share Transfer Agent of the Company.

Share Transfer System

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, dematerialisation of shares etc. to the Share Transfer/ Transmission Committee. A summary of transactions so approved by the committee is placed at the Board Meeting held quarterly. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges and available in the website of the Company. In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f 31st March, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the dematerialised form with a depository.

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 https://www.hul.co.in/investor-relations/quarterly-results/. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. The Company also sends quarterly, half yearly and annual results as well as the notice of the Board Meeting to Members through e-mail.

The Investor Relations page of the Company's website provides more than 50 Frequently Asked Questions on various topics related to transfers and transmissions 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.

All price sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. The stock exchange filings are also made available on the website of the Company https://www.hul.co.in/investor-relations/shareholder-and-agm-information/.

Investor Services

Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting https://karisma.karvy.com/ and clicking on 'INVESTORS SERVICES' option for query registration through free identity registration process.

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

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Relations page on website of the Company at https://www.hul.co.in/investor-relations/.

Alternative Dispute Redressal

Long pending litigations involve significant investment as monetary value of the disputed shares and accrued dividends / other benefits are locked up unutilised till the dispute is settled. Keeping this in mind, the Company in 2004, pioneered the mechanism of providing an alternate dispute redressal for Shareholders to resolve the shares related disputes pending before the courts / authorities by amicable settlement.

The Company had started this unique initiative of organising Alternative Dispute Redressal meetings wherein aggrieved investors come face to face and get a chance to settle their disputes, some of which were pending for years.

A number of Shareholders have availed the benefit of this process and the Company through its various initiatives keeps exploring the possibilities of settling such issues. The process helps the investors in releasing the locked up investment and save their time consumed in contesting legal proceedings. The objective of this process is to facilitate quick resolution of the dispute between the parties.

The Shareholders who are willing to avail the benefits of Alternative Dispute Redressal Mechanism may approach the Investor Service Department of the Company at the Registered Office of the Company.

Address for Correspondence

- All Members correspondence should be forwarded to Karvy Fintech Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for Investors' Complaints and other communications is levercare.shareholder@unilever.com.
- SEBI vide its circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES). As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievance.

Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited)
Unit : Hindustan Unilever Limited
Karvy Selenium Tower B, Plot 31 - 32,
Gachibowli Financial District,
Nanakramguda Hyderabad - 500 032
Phone : +91 - 40 - 67161500, 6712222
Fax : +91 - 40 - 23431551
Toll Free no.: 1800-345-4001
E-mail: einward.ris@karvy.com
Website : 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
E-mail: levercare.shareholder@unilever.com
Website : www.hul.co.in

Compliance Officer
Mr. Dev Bajpai
Executive Director, Legal & Corporate Affairs and Company Secretary
E-mail: levercare.shareholder@unilever.com
Phone : +91 - 22 – 39832557 / 34485 / 32532 /32312

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

Dividend Distribution Policy

Introduction

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy.

The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend dividend in compliance with this Policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

Dividend Payout

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is more than its immediate and foreseeable needs back to the shareholders over the long-term. Interim dividend is considered for declaration by the Board based on the performance of the Company during the year and final dividend is based on the performance for the full year. The Company shall strive to declare a steady stream of dividends to the shareholders that is in their best long-term interest.

Dividend will be declared out of the current year's Profit after Tax of the Company. In certain circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

The actual quantum of dividend pay-out on a yearly basis will be dependent on the following factors:

Internal Factors:

- Existing and expected underlying financial performance
- Cash flow and liquidity position
- Capital expenditure and investment plans
- Acquisitions and Disposals
- Restructuring activities
- Interim Dividend, if any, already declared during the year and
- Future requirement of funds

External Factors:

- Macro - economic environment
- Market conditions and consumer trends
- Changes in regulatory requirements
- Shareholder expectations

As such, any amount retained will be utilised for securing the long-term growth objectives of the business including but not limited to

- Issuance of Bonus Shares
- Share Buy Back
- Inorganic growth opportunities, including M&A as may be approved by the Board of Directors of the Company.

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.

Disclosure

This policy (as amended from time to time) will be available on the Company's website and in the annual report.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

[Pursuant to clause (i) of Point (10) of Para C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B. D. Sawant Marg
Chakala, Andheri East, Mumbai 400099

We have examined the following documents:

i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents'),

as submitted by the Directors of Hindustan Unilever Limited ('the Company') bearing **CIN: L15140MH1933PLC002030** and having its Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai 400099, to the Board of Directors of the Company ('the Board') for the financial year 2019-20. We have considered non-disqualification to include non-debarment.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Based on our examination of relevant documents made available to us by the Company and such other verifications carried out by us as deemed necessary and adequate, in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we certify that as on date of this Certificate, none of the Directors on the Board of the Company, as listed hereunder, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)
1	Mr. Sanjiv Mehta	06699923
2	Mr. Srinivas Phatak	02743340
3	Mr. Pradeep Banerjee	02985965
4	Mr. Dev Bajpai	00050516
5	Mr. Aditya Narayan	00012084
6	Mr. S Ramadorai	00000002
7	Mr. O.P. Bhatt	00548091
8	Dr. Sanjiv Misra	03075797
9	Ms. Kalpana Morparia	00046081
10	Mr. Leo Puri	01764813

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st March, 2019.

For S. N. Ananthasubramanian & Co.
Company Secretaries
Firm Registration No. P1991MH040400

S. N. Ananthasubramanian
Partner
FCS : 4206
COP No. : 1774

Date: 26th April, 2019
Place: Thane

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, 2019 and to the best of our knowledge and belief, we state that:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

(d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:

  (i) significant changes, if any, in the internal control over financial reporting during the year;

  (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

	Sanjiv Mehta	**Srinivas Phatak**
	Chairman and Managing Director	Executive Director -Finance & IT and Chief Financial Officer
Mumbai, 3rd May, 2019	DIN: 06699923	DIN: 02743340

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Hindustan Unilever Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 05 July, 2018.

2. This report contains details of compliance of conditions of Corporate Governance by Hindustan Unilever Limited ('the Company') for the year ended 31 March, 2019 as stipulated in regulations 17 to 27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the National Stock Exchange Limited and the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchanges').

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended 31 March 2019.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

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

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768
ICAI UDIN: 19046768AAAAEC9438

Mumbai, 3rd May, 2019

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B. D. Sawant Marg,
Chakala, Andheri East, Mumbai - 400099.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Unilever Limited** (hereinafter called "the Company") for the financial year ended **31st March, 2019**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2019**, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **[Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investement]**;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (upto 10th November, 2018) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (with effect from 11th November, 2018) **[Not Applicable as the Company has not issued any further share capital during the period under review]**;

  d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]**;

  f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review]**;

  g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not Applicable as there was no reportable event during the period under review]**;

  h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (upto 10th September, 2018) and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (with effect from 11th September, 2018 **[Not Applicable as there was no reportable event during the period under review]**;

vi. The Management of the Company has identified and confirmed the following laws specifically applicable:

  i. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;

  ii. The Insecticide Act, 1968;

  iii. The Drugs and Cosmetics Act, 1940;

  iv. The Legal Metrology Act, 2009;

  v. The Legal Metrology (Packaged Commodities) Rules 2011;

vi. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and regulations.

vii. Applicable BIS for various categories and production process.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

We further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including an Independent Woman Director. During the period under review, Mr. Leo Puri was appointed as an Independent Director and also a Member of Audit Committee and Nomination and Remuneration Committee. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance, except where the consent of Directors was received for circulation of agenda and notes to agenda at a shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions of the Board and Committees were carried out with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

As informed, the Company has responded appropriately to notices received from various statutory /regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, there were no specific events / actions except the following having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc., : -

- The National Company Law Tribunal, Mumbai Bench, vide its order dated 30th August, 2018 sanctioned the Scheme of Arrangement between the Company and its Members pursuant to Section 391 to 394 of the Companies Act,1956 for transfer of ₹ 2,187.33 crores (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Lacs) standing to credit of General Reserves to the Profit and Loss Account.
- Subject to approval of the National Company Law Tribunal and other authorities as may be required, the Board at its meeting held on 3rd December, 2018 considered and approved a Scheme of Amalgamation between the Company and GlaxoSmithKline Consumer Healthcare Limited and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013.

This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
Firm Registration No. P1991MH040400

S. N. ANANTHASUBRAMANIAN
PARTNER
FCS- 4206,
COP No: 1774

Date: 26th April, 2019

Place: Thane

ANNEXURE TO SECRETARIAL AUDITORS' REPORT

To,
The Members,
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B. D. Sawant Marg,
Chakala, Andheri East,
Mumbai - 400099.

Our Secretarial Review Report of even date, for the financial year ended 31st March 2019 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
Firm Registration No. P1991MH040400

S. N. ANANTHASUBRAMANIAN
PARTNER
FCS- 4206,
COP No: 1774

Date: 26th April, 2019

Place: Thane

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 8.87% for 2018-19 (7.97% for 2017-18)

*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 7.47% for 2018-19)
+
Market risk premium (taken at 6.29%) (x) Beta variant for the Company, (taken at 0.694) 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 = 7.47% + 6.29% (x) 0.694 = 11.84%

What does EVA show?

EVA is residual income after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

When will EVA increase?

EVA will increase if:

a. Operating profits can be made to grow without employing more capital, i.e. greater efficiency.

b. Additional capital's invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.

c. Capital is curtailed in activities that do not cover the cost of capital, i.e liquidate unproductive capital.

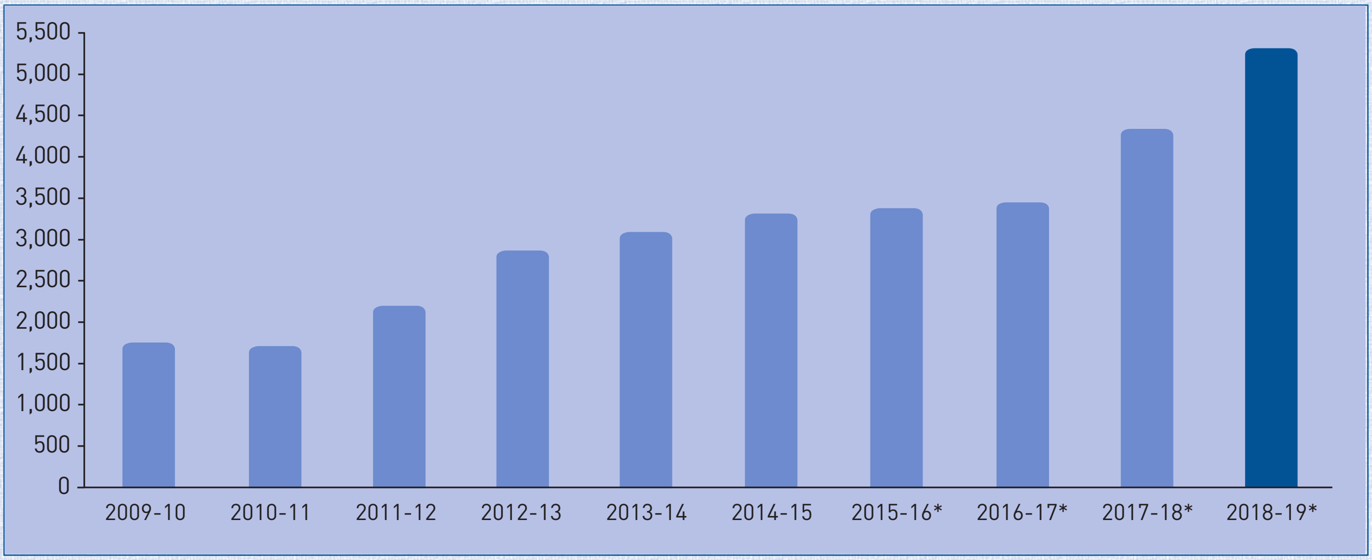
EVA in practice at Hindustan Unilever Limited.

In Hindustan Unilever Limited, the goal of sustainable long-term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

Particulars	I-GAAP						IND AS			
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	**2018-19**
Cost of Capital Employed (COCE)										
1. Average Debt	119	2	0	0	0	0	0	0	0	0
2. Average Equity	2,497	3,118	3,462	4,018	3,715	4,338	5,664	5,831	6,181	6,667
3. Average Capital Employed : (1) + (2)	**2,616**	**3,120**	**3,462**	**4,018**	**3,715**	**4,338**	**5,664**	**5,831**	**6,181**	**6,667**
4. Cost of Debt, post-tax %	3.95	5.36	6.20	6.02	6.36	5.56	5.43	4.90	5.21	5.77
5. Cost of Equity %	12.51	12.93	10.10	10.07	11.62	10.91	11.98	12.85	14.19	11.84
6. Weighted Average Cost of Capital % (WACC)	12.12	12.92	10.10	10.07	11.62	10.91	11.98	12.85	14.19	11.84
7. COCE : (3) x (6)	**317**	**403**	**350**	**405**	**432**	**474**	**679**	**749**	**877**	**789**
Economic Value Added (EVA)										
8. Profit after tax, before exceptional items	2,103	2,153	2,599	3,314	3,555	3,843	4,116	4,247	5,135	6,080
9. Add : Interest, after taxes	5	0	1	17	24	11	0	0	0	0
10. Net Operating Profits After Taxes (NOPAT)	2,108	2,153	2,600	3,331	3,579	3,854	4,117	4,247	5,135	6,080
11. COCE, as per (7) above	317	403	350	405	432	474	679	749	877	789
12. EVA : (10) - (11)	**1,791**	**1,750**	**2,250**	**2,926**	**3,147**	**3,380**	**3,438**	**3,498**	**4,258**	**5,291**

Economic Value Added (EVA)

(₹ crores)



* Figures as per IND AS

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Hindustan Unilever Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
See note 25 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Rebates and discounts are material and have arrangements with varying terms which are based on annual contracts or shorter term arrangements. In addition,	Our audit procedures included: • We assessed the appropriateness of the revenue recognition accounting policies, including those relating to rebates and discounts by comparing with applicable accounting standards. • We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system. • We tested the design, implementation and operating effectiveness of controls over the calculation of discounts and rebates. • We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes and shipping documents. • We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards. • We performed substantive testing by selecting samples of rebate and discount transactions recorded during the year and comparing the parameters used in the calculation of the rebate and discounts with the relevant source documents (including invoices, schemes and contracts) to assess whether the methodology

The key audit matter	How the matter was addressed in our audit
the value and timing of promotions for products varies from period to period, and the activity can span over a year end. There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.	adopted in the calculation of the rebates and discounts was in accordance with the terms and conditions defined in the schemes and corresponding customer contract. • We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. • We assessed manual journals posted to revenue to identify unusual items.

Provions for taxation, litigation and other significant provisions
See note 9 and 20 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax, indirect tax, transfer pricing arrangements, claims, general legal proceedings, environmental issues and other eventualities arising in the regular course of business. The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.	Our audit procedures included: • We tested the effectiveness of controls around the recognition of provisions. • We used our subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities. • We challenged the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias. • We discussed the status in respect of significant provisions with the Company's internal tax and legal team. • We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

Assessment of contingent liabilities relating to litigations and claims
See note 24 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company is periodically subject to challenges/scrutiny on range of matters relating to direct tax, indirect tax and transfer pricing arrangements. Further, potential exposures may also arise from general legal proceedings, environmental issues etc. in the normal course of business. Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.	Our audit procedures included: • We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities. • We used our subject matter experts to assess the value of material contingent liabilities in light of the nature of exposures, applicable regulations and related correspondence with the authorities. • We discussed the status and potential exposures in respect of significant litigation and claims with the Company's internal legal team including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors. • We assessed the adequacy of disclosures made. • We discussed the status in respect of significant provisions with the Company's internal tax and legal team. • We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 24 to the standalone financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 45 to the standalone financial statements.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

4. With respect to the matter to be included in the Auditor's Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai, 03 May 2019

Annexure A

to the Independent Auditor's report on the standalone financial statements of Hindustan Unilever Limited for the year ended 31 March 2019

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 3A to the standalone financial statements, are held in the name of the Company, except for the following:

(₹ crores)

Particulars	Leasehold Land	Freehold Land	Buildings
Gross block as at 31 March 2019	0.76	0.19	82.13
Net block as at 31 March 2019	0.62	0.19	46.93

(ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and service tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Appendix I to this report.

(viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institution, bank or Government nor has it issued any debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

APPENDIX I

Name of the Statute	Nature of dues	Amount Demanded ₹ in crores	Amount Paid ₹ in crores	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	105.28	3.71	1982-2018	Appellate Authority upto Commissioner's level
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	267.52	7.43	1994-2017	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	7.80	-	2003-2010	High Courts of various states
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	2.29	0.12	2011-2014	Appellate Authority upto Commissioner's level
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	8.42	0.36	2012-2017	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	195.32	52.51	1985-2018	Appellate Authority upto Commissioner's level
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	32.84	2.73	1984-2014	Sales Tax Appellate Tribunals of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	133.03	102.36	1977-2018	High Courts of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	24.26	9.40	1985-2017	Supreme Court
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, if applicable)	130.47	5.55	2005-2017	Appellate Authority upto Commissioner's level

Name of the Statute	Nature of dues	Amount Demanded ₹ in crores	Amount Paid ₹ in crores	Period to which the amount relates	Forum where dispute is pending
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, if applicable)	82.42	6.20	2003-2017	Customs, Excise and Service Tax Appellate Tribunals of various states
Goods and Service Tax Act, 2017	Goods and Service tax (including interest and penalty, if applicable)	0.48	0.01	2018-2019	Appellate Authority upto Commissioner's level
Goods and Service Tax Act, 2017	Goods and Service tax	302.09	50.00	2017-2018	Delhi High Court
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	95.68	-	1979-80, 1991, 2009-10	Appellate Authority - upto Commissioner's Level
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	58.00	-	1982-83, 2006-07, 2007-08, 2011-12, 2013-14	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	0.06	-	1963-1964, 1982- 1983	Bombay High Court

Annexure B

to the Independent Auditor's report on the standalone financial statements of Hindustan Unilever Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under section 143(3) (i) of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Hindustan Unilever Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai, 03 May 2019

BALANCE SHEET

as at 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3A	3,907	3,776
Capital work-in-progress	3B	373	430
Goodwill	4	36	0
Other intangible assets	4	400	366
Investments in subsidiaries, associates and joint venture	5	254	254
Financial assets			
Investments	6	2	2
Loans	7	396	404
Other financial assets	8	11	6
Non-current tax assets (net)	9D	619	439
Deferred tax assets (net)	9C	339	255
Other non-current assets	10	154	78
Current assets			
Inventories	11	2,422	2,359
Financial assets			
Investments	6	2,693	2,855
Trade receivables	12	1,673	1,147
Cash and cash equivalents	13	575	573
Bank balances other than cash and cash equivalents mentioned above	14	3,113	2,800
Other financial assets	8	542	829
Other current assets	15	352	560
Assets held for sale	16	4	16
TOTAL ASSETS		**17,865**	**17,149**

BALANCE SHEET (CONTD.)
as at 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	216	216
Other equity	18A	7,443	6,859
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	173	115
Provisions	20	1,049	772
Non-current tax liabilities (net)	9D	444	384
Other non-current liabilities	21	187	167
Current liabilities			
Financial liabilities			
Trade payables			
total outstanding dues of micro enterprises and small enterprises	22	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	22	7,070	7,013
Other financial liabilities	19	276	203
Other current liabilities	23	506	769
Provisions	20	501	651
TOTAL EQUITY AND LIABILITIES		**17,865**	17,149
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities and commitments	24		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
INCOME			
Revenue from operations	25	38,224	35,218
Other income	26	664	569
TOTAL INCOME		**38,888**	**35,787**
EXPENSES			
Cost of materials consumed	27	13,240	12,491
Purchases of stock-in-trade	28	4,708	3,812
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	29	12	(71)
Excise duty	30	-	693
Employee benefits expenses	31	1,747	1,745
Finance costs	32	28	20
Depreciation and amortisation expenses	33	524	478
Other expenses	34	9,880	9,272
TOTAL EXPENSES		**30,139**	**28,440**
Profit before exceptional items and tax		**8,749**	**7,347**
Exceptional items (net)	35	(227)	(62)
Profit before tax		**8,522**	**7,285**
Tax expenses			
Current tax	9A	(2,565)	(2,148)
Deferred tax credit/(charge)	9A	79	100
PROFIT FOR THE YEAR (A)		**6,036**	**5,237**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			

STATEMENT OF PROFIT AND LOSS (CONTD.)

for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Remeasurements of the net defined benefit plans	18C	(7)	(16)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	9A	3	5
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	18C	2	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	9A	(1)	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		**(3)**	**(12)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**6,033**	**5,225**
Earnings per equity share			
Basic (Face value of ₹ 1 each)	36	**₹ 27.89**	**₹ 24.20**
Diluted (Face value of ₹ 1 each)	36	**₹ 27.88**	**₹ 24.19**
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2017	17	**216**
Changes in equity share capital during the year		0
As at 31st March, 2018	17	**216**
Changes in equity share capital during the year		0
As at 31st March, 2019	17	**216**

B. OTHER EQUITY

	Reserves and Surplus							Items of Other Comprehensive Income (OCI)		
	Capital reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Total
As at 31st March, 2017	4	6	116	30	2,187	3,953	9	(32)	1	6,274
Profit for the year	-	-	-	-	-	5,237	-	-	-	5,237
Other comprehensive income for the year	-	-	-	-	-	-	-	(11)	(1)	(12)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**5,237**	**-**	**(11)**	**(1)**	**5,225**
Dividend on equity shares for the year (Note: 37)	-	-	-	-	-	(3,896)	-	-	-	(3,896)
Dividend distribution tax (Note: 37)	-	-	-	-	-	(755)	-	-	-	(755)
Issue of equity shares on exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	11	-	-	-	-	-	11
As at 31st March, 2018	**4**	**6**	**127**	**30**	**2,187**	**4,539**	**9**	**(43)**	**(0)**	**6,859**
Profit for the year	-	-	-	-	-	6,036	-	-	-	6,036
Other comprehensive income for the year	-	-	-	-	-	-	-	(4)	1	(3)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**6,036**	**-**	**(4)**	**1**	**6,033**
Dividend on equity shares for the year (Note: 37)	-	-	-	-	-	(4,546)	-	-	-	(4,546)
Dividend distribution tax (Note: 37)	-	-	-	-	-	(913)	-	-	-	(913)
Transfer to retained earnings (refer note b below)	-	-	-	-	(2,187)	2,187	-	-	-	-
Issue of equity shares on exercise of employee stock options	-	-	15	(15)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	10	-	-	-	-	-	10
As at 31st March, 2019	**4**	**6**	**142**	**25**	**-**	**7,303**	**9**	**(47)**	**1**	**7,443**

a) Refer note 18B for nature and purpose of reserves

b) The Shareholders of the Company, had, at the Court Convened Meeting held on 30th June, 2016, approved the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account. The Company had accordingly filed a petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai [jurisdiction later changed to National Company Law Tribunal (NCLT)]. The Hon'ble NCLT, Mumbai Bench, vide it's order dated 30th August, 2018, has sanctioned the aforesaid Scheme of Arrangement. The Company has received the said Order on 27th September, 2018 and filed the Order and the Scheme with Registrar of Companies (ROC) on 5th October, 2018 and has subsequently reclassified the amount standing to the credit of the General Reserves to the Retained Earnings

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

STATEMENT OF CASH FLOWS
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March 2019	Year ended 31st March 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	**8,522**	**7,285**
	Adjustments for:		
	Depreciation and amortisation expenses	524	478
	(Profit) / loss on sale of property, plant and equipment	38	26
	Government grant accrued (net)	(66)	(172)
	Contingent Consideration true up for business combination	57	48
	Finance Income	(323)	(266)
	Dividend income	(103)	(190)
	Fair value (gain)/loss on investments	(164)	(113)
	Profit on disposal of surplus properties	-	(10)
	Profit on disposal of joint venture	-	(46)
	Interest expense	28	20
	Provision for expenses on employee stock options	10	11
	Inventory written off net of Provision/write back for Inventory	132	165
	Bad debts/assets written off net of Provision/(write back)	5	5
	Mark-to-market (gain)/loss on derivative financial instruments	14	(4)
	Cash Generated from operations before working capital changes	**8,674**	**7,237**
	Adjustments for:		
	(Increase)/decrease in Non-Current assets	(64)	(44)
	(Increase)/decrease in Current Assets	31	(562)
	(Increase)/decrease in Inventories	(195)	(162)
	Increase/(decrease) in Non-Current Liabilities	274	218
	Increase/(decrease) in Current Liabilities	(307)	1,414
	Cash generated from operations	**8,413**	**8,101**
	Taxes paid (net of refunds)	(2,685)	(2,188)
	Net cash (used in) / generated from operating activities - [A]	**5,728**	**5,913**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	(662)	(847)
	Sale proceeds of property, plant and equipment	4	16
	Purchase of Intangible assets	(66)	(6)
	Contingent Consideration paid on business combination	(13)	-
	Sale proceeds of non-current investments	-	4
	Purchase of current investments	(70,434)	(47,755)
	Sale proceeds of current investments	70,761	48,530
	Loans given to subsidiaries	(248)	(183)

STATEMENT OF CASH FLOWS (CONTD.)

for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March 2019	Year ended 31st March 2018
	Loans repaid by subsidiaries	283	154
	Investment in term deposits (having original maturity of more than 3 months)	(4,297)	(2,811)
	Redemption/maturity of term deposits (having original maturity of more than 3 months)	3,997	1,135
	Investment in non-current deposits with banks	-	(0)
	Interest received	308	229
	Dividend received from subsidiaries	102	188
	Dividend received from others	1	2
	Consideration received on disposal of surplus properties	-	10
	Consideration received on disposal of joint venture	-	73
	Net cash (used in) / generated from investing activities [B]	**(264)**	**(1,261)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividends paid	(4,546)	(3,896)
	Dividend distribution tax paid	(913)	(755)
	Interest paid	(3)	(0)
	Proceeds from share allotment under employee stock options/ performance share schemes	0	0
	Net cash (used in) / generated financing activities - [C]	**(5,462)**	**(4,651)**
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**2**	**1**
	Add: Cash and cash equivalents at the beginning of the year	573	572
	Cash and cash equivalents at the end of the year	**575**	**573**

Note : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Note 1 :
COMPANY INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is in the FMCG business comprising primarily of Home Care, Beauty & Personal Care and Foods & Refreshment segments. The Company has manufacturing facilities across the country and sells primarily in India.

Note 2 :
BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND MEASUREMENT

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.

The financial statements of the Company for the year ended 31st March 2019 were approved for issue in accordance with the resolution of the Board of Directors on 3rd May 2019.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 40
(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 and 24
(c) Recognition of deferred tax assets - Note 9
(d) Key assumptions used in discounted cash flow projections - Note 42
(e) Impairment of Intangible assets - Note 4

2.3 RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain IND AS. The Standard / amendments are applicable to the Company with effect from 1st April 2019.

i. IND AS 116: Leases

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.

  The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete. This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the company obtains substantially all the economic benefits from the use of that asset; and
- whether the Company has the right to direct the use of that asset.

  From 1st April 2019 the Company will focus on ensuring that the revised process for identifying and accounting for leases is followed.

  The estimated impact of IND AS 116 on the Company's financial statements at 31st March 2019 is as follows:

Balance sheet:

The Company estimates that the adoption of IND AS 116 will result in an increase in total assets of approximately ₹ 675 crores. Liabilities are expected to increase by approximately ₹ 725 crores.

Statement of Profit and Loss:

The Company estimates that the adoption of IND AS 116 will result in increased depreciation of approximately ₹ 345 crores from the right-of-use assets. This will offset the reduction in operating lease expenses of around ₹ 400 crores per year, resulting in an overall increase in Earnings Before Interest and Tax (EBIT) of ₹ 55 crores. Finance costs are expected to increase by approximately ₹ 60 crores per year due to the interest recognised on lease liabilities.

Statement of Cash Flows:

The Company estimates that the adoption of IND AS 116 will increase cash flows from operating activities by approximately ₹ 400 crores with a related decrease in cash flows used in financing activities of ₹ 400 crores which relates to lease payments.

ii. Other Amendments

The MCA has notified below amendments which are effective 1st April 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial statements.

2.4 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Property, plant and equipment acquired in a business combination are recognised at fair value at the acquisition date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non Current Assets".

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Depreciation is provided on a pro-rata basis on the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.

- assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible Assets:

Intangible assets purchased are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their estimated useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Design	- 10 years
Know-how	- 10 years
Computer software	- 5 years
Trademarks	- 5 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations [refer note 2.4. (r)] and is tested for impairment annually.

(c) Investments in Subsidiaries, Associates and Joint Ventures:

Investments in Subsidiaries, Associates and Joint Ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

(d) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(e) Cash and Cash Equivalents:

Cash and cash equivalents are cash, balances with bank and short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(f) Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

(g) Financial Instruments:
Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

cost is recognised in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified and measured at
- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except during the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(i) Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(ii) Measured at fair value through other comprehensive income (FVOCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(iii) Measured at fair value through profit or loss (FVTPL):

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derivative Financial Instruments:

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value. Any changes therein are recognised in the statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

i. Trade receivables
ii. Financial assets measured at amortized cost (other than trade receivables)
iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL allowance recognised (or reversed) during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(h) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(i) Revenue Recognition:

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Interest income is recognized using the effective interest rate (EIR) method.

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

(j) Government Grant:

The Company is entitled to 'Scheme of budgetary support' under Goods and Service Tax Regime in respect of eligible manufacturing units located in specified regions. Such grants are measured at amount receivable from the government and are recognised as other operating revenue when there is a reasonable assurance that the Company will comply with all necessary conditions attached to that.

Income from such grants is recognised on a systematic basis over the periods to which they relate.

(k) Expenditure:

Expenses are accounted on accrual basis.

(l) Employee Benefits:
Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/ post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits (in respect of certain employees) including to the employees of group companies.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the expected interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities using a discount rate by reference to market yields on government bonds at the end of the reporting period.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-Based Payments

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered.Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 41 for details.

(m) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangible assets are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

(n) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Income, if any, related to Income tax is included in Other Income.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(o) Leases:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(p) Foreign Currencies:

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities are translated into functional currency at exchange rates in effect at the balance sheet date, the gain or loss arising from such translations are recognised in the statement of profit & loss.

(q) Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(r) Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

Refer Note 2.4 (a) for accounting policy on Property, Plant and Equipment

A Property, Plant and Equipment

	Land		Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
	- Freehold	- Leasehold					
Gross Block							
Balance as at 31st March, 2017	**58**	**27**	**1,145**	**2,981**	**49**	**59**	**4,319**
Additions	-	-	133	471	9	19	632
Disposals / Reclassifications	-	-	(5)	(70)	-	(8)	(83)
Balance as at 31st March, 2018	**58**	**27**	**1,273**	**3,382**	**58**	**70**	**4,868**
Additions	-	-	158	474	11	19	662
Disposals / Reclassifications*	1	-	3	(59)	-	-	(55)
Acquisitions through business combination (Refer note 42)	-	-	-	1	-	-	1
Balance as at 31st March, 2019	**59**	**27**	**1,434**	**3,798**	**69**	**89**	**5,476**
Accumulated Depreciation							
Balance as at March 31, 2017	**-**	**0**	**70**	**558**	**16**	**21**	**665**
Additions	-	0	48	397	8	15	468
Disposals	-	-	(1)	(33)	-	(7)	(41)
Balance as at March 31, 2018	**-**	**0**	**117**	**922**	**24**	**29**	**1,092**
Additions	-	-	50	434	9	17	510
Disposals	-	-	6	(39)	-	-	(33)
Balance as at March 31, 2019	**-**	**0**	**173**	**1,317**	**33**	**46**	**1,569**
Net Block							
Balance as at 31st March, 2018	58	27	1,156	2,460	34	41	3,776
Balance as at 31st March, 2019	59	27	1,261	2,481	36	43	3,907

* includes reclassification of land ₹ 1 crore (NBV: ₹1 crore), plant and equipment ₹ 11 crores (NBV: 9 crores) and building ₹2 crores (NBV: ₹2 crores) from asset held for sale.

NOTES :

(a) Buildings include ₹ 0 crore (March 31, 2018: ₹ 0 crore) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 0 crore (31st March, 2018: ₹0 crores), Leasehold Land, net block aggregating ₹ 1 crore, (31st March, 2018: ₹ 1 crore) are in the process of perfection of title.

(c) Additions in capital expenditure of ₹ 2 crores (2017-18: ₹ 5 crores) and ₹ 0 crores (2017-18: ₹ 0 crores) incurred at Company's inhouse R&D facilities at Mumbai and Bengaluru respectively are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961.

(d) The Property, Plant and Equipment in 3A includes assets given on lease given in the below table:

	Building	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block as at 31st March, 2017	0	53	0	0	**53**
Accumulated Depreciation as at 31st March, 2017	(0)	(3)	(0)	(0)	**(3)**
Net Block as at 31st March, 2017	**0**	**50**	**0**	**0**	**50**
Gross Block as at 31st March, 2018	0	59	0	0	**59**
Accumulated Depreciation as at 31st March, 2018	(0)	(11)	(0)	(0)	**(11)**
Net Block as at 31st March, 2018	**0**	**48**	**0**	**0**	**48**
Gross Block as at 31st March, 2019	0	54	0	0	**54**
Accumulated Depreciation as at 31st March, 2019	(0)	(12)	(0)	(0)	**(12)**
Net Block as at 31st March, 2019	**0**	**42**	**0**	**0**	**42**

B Capital work-in-progress

Capital work in progress as at 31st March, 2019 is ₹ 373 crores (31st March, 2018: ₹ 430 crores)
For contractual commitment with respect to property, plant and equipment refer Note 24.B(ii).

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 4 : INTANGIBLE ASSETS

Refer Note 2.4 (b) for accounting policy on Intangible Assets

	Goodwill	Other intangible assets				
		Brand / Trademarks	Knowhow and Design	Computer Software	Others	Total
Gross Block						
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**-**	**393**
Additions	-	-	-	6	-	6
Disposals	-	-	-	(0)	-	(0)
Balance as at 31st March, 2018	**0**	**315**	**59**	**25**	**-**	**399**
Additions	-	-	-	1	1	2
Disposals	-	-	-	(0)	-	(0)
Acquisitions through business combination (Refer note 42)	36	14	6	-	26	46
Balance as at 31st March, 2019	**36**	**329**	**65**	**26**	**27**	**447**
Accumulated Amortisation and Impairment						
Balance as at 31st March, 2017	**-**	**4**	**6**	**13**	**-**	**23**
Additions	-	-	6	4	-	10
Disposals	-	-	-	(0)	-	(0)
Balance as at 31st March, 2018	**-**	**4**	**12**	**17**	**-**	**33**
Additions	-	2	7	3	2	14
Disposals	-	-	-	(0)	-	(0)
Balance as at 31st March, 2019	**-**	**6**	**19**	**20**	**2**	**47**
Net Block						
Balance as at 31st March, 2018	0	311	47	8	-	366
Balance as at 31st March, 2019	36	323	46	6	25	400

Other Intangible include Customer Relationship, etc

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were recognised for FY 2018-19 (FY 2017-18: Nil).

SIGNIFICANT CASH GENERATING UNITS (CGUs)

The Company has identified its reportable segments, i.e. Home Care, Beauty & Personal Care, Foods & Refreshment and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been allocated to CGU 'Beauty & Personal Care' and "Foods & Refreshment" segment of the Company. The carrying amount of goodwill and brand (with indefinite life) as at March 31, 2019 is ₹ 36 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing

	Beauty & Personal Care	Foods & Refreshment
Annual Growth rate for 5 years	7.0%	7.0%
Terminal Growth Rate	2.0%	2.0%
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	11.8%	11.8%
Average segmental margins	26.8%	17.2%

The projections cover a period of five years, as the Company believes this to be the most appropriate time scale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the estimates from past performance. Segmental margins are based on FY 2018-19 performance. Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Company).

The Company has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 5 : INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Refer Note 2.4 (c) for accounting policy on Investment in Subsidiaries, Associates and Joint Ventures

	As at 31st March, 2019	As at 31st March, 2018
INVESTMENT IN SUBSIDIARIES		
Unquoted		
7,36,560 equity shares [31st March, 2018: 7,36,560] of Nepalese ₹ 100 each held in Unilever Nepal Limited	5	5
29,75,000 equity shares [31st March, 2018: 29,75,000] of ₹ 10 each held in Unilever India Exports Limited	73	73
3,59,07,547 equity shares [31st March, 2018: 3,59,07,547] of ₹ 10 each held in Lakme Lever Private Limited	172	172
1,79,10,132 equity shares [31st March, 2018: 1,79,10,132] of ₹ 1 each held in Pond's Exports Limited [net of impairment in value of ₹ 3 crores (31st March, 2018: 3 crores)]	-	-
50,00,000 equity shares [31st March, 2018: 50,00,000] of ₹ 10 each held in Jamnagar Properties Private Limited [net of impairment in value of ₹ 5 crores (31st March, 2018: 5 crores)]	-	-
2,21,700 equity shares [31st March, 2018: 2,21,700] of ₹ 10 each held in Daverashola Estates Private Limited	4	4
50,000 equity shares [31st March, 2018: 50,000] of ₹ 10 each held in Levindra Trust Limited	0	0
50,000 equity shares [31st March, 2018: 50,000] of ₹ 10 each held in Hindlever Trust Limited	0	0
50,000 equity shares [31st March, 2018: 50,000] of ₹ 10 each held in Levers Associated Trust Limited	0	0
7,600 equity shares [31st March, 2018: 7,600] of ₹ 10 each held in Hindustan Unilever Foundation	0	0
10,000 equity shares [31st March, 2018: 10,000] of ₹ 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0	0
TOTAL	**254**	**254**
Aggregate amount of quoted investments	-	-
Aggregate Market value of quoted investments	-	-
Aggregate amount of unquoted investments	254	254
Aggregate amount of impairment in value of investments	8	8

INVESTMENT IN ASSOCIATE

The Company holds 24% of equity in Comfund Consulting Limited and 26% equity and preference capital in Aquagel Chemicals (Bhavnagar) Private Limited. The Company does not exercise significant influence or control on decisions of the investee. Hence, they are not being construed as associate companies.

INFORMATION ABOUT SUBSIDIARIES

Name of the Company	Country of Incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2019	As at 31st March, 2018
Subsidiaries				
Unilever India Exports Limited	India	FMCG export business	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Exports Limited	India	Leather products business (primarily exports)	90	90

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Name of the Company	Country of Incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2019	As at 31st March, 2018
Jamnagar Properties Private Limited	India	Real estate Company	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100
Hindustan Unilever Foundation	India	Not-for-profit company in the field of community development initiatives.	76	76
Bhavishya Alliance Child Nutrition Initiatives	India	Not-for-profit company that works in the area of social development issues	100	100

NOTE 6 : INVESTMENTS

Refer Note 2.4 (g) for accounting policy on Investments.

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT INVESTMENTS		
A. Equity instruments		
Fair value through profit and loss		
Quoted	0	0
Unquoted	1	1
TOTAL (A)	**1**	**1**
B. Other instruments		
Amortised cost		
Unquoted		
Investment in debentures and bonds	0	0
Investment in National Savings Certificates	0	0
Fair value through profit and loss		
Unquoted		
Investment in preference shares	1	1
TOTAL (B)	**1**	**1**
TOTAL (A+B)	**2**	**2**
CURRENT INVESTMENTS		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	880	1,025
Fair value through profit and loss		
Quoted		
Investments in mutual funds	1,813	1,830
TOTAL (C)	**2,693**	**2,855**
TOTAL (A+B+C)	**2,695**	**2,857**
Aggregate amount of quoted investments	2,693	2,855
Aggregate Market value of quoted investments	2,693	2,855
Aggregate amount of unquoted investments	2	2
Aggregate amount of impairment in value of investments	0	0

Refer Note 38 for information about fair value measurement and Note 39 for credit risk and market risk of investments.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 7 : LOANS

Refer Note 2.4 (g) for accounting policy on Loans.

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Loans to related parties (Refer Note 43)	191	226
Security deposits	125	112
Others (including employee loans)	80	66
TOTAL	**396**	**404**
Sub-classification of Loans:		
Loan Receivables considered good- Secured	-	-
Loan Receivables considered good- Unsecured	396	404
Loan Receivables which have significant increase in Credit Risk	-	-
Loan Receivables - credit impaired	-	-

Refer Note 39 for information about credit risk and market risk for loans.

NOTE 8 : OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Investments in term deposits (with remaining maturity of more than twelve months)	1	1
Other assets (includes other receivables etc.)	10	5
TOTAL (A)	**11**	**6**
CURRENT		
Receivables from group companies	48	83
Derivatives - foreign exchange forward contracts	1	5
Other assets (includes government grants, other receivables, etc.)	493	741
TOTAL (B)	**542**	**829**
TOTAL (A+B)	**553**	**835**

Refer Note 39 for information about credit risk and market risk for other financial assets

NOTE 9 : INCOME TAXES

Refer Note 2.4 (n) for accounting policy on Income Taxes.

A. COMPONENTS OF INCOME TAX EXPENSE

	Year ended 31st March, 2019	Year ended 31st March, 2018
I. Tax expense recognised in the Statement of Profit and Loss		
Current tax		
Current year	2,686	2,290
Adjustments/(credits) related to previous years - (net)	(121)	(142)
TOTAL (A)	**2,565**	**2,148**
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(92)	(100)
Adjustments/(credits) related to previous years - (net)	13	-
TOTAL (B)	**(79)**	**(100)**
TOTAL (A+B)	**2,486**	**2,048**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2019	Year ended 31st March, 2018
II. Tax on Other Comprehensive Income		
Current tax		
(Gain)/loss on remeasurement of net defined benefit plans	3	(11)
(Gain)/loss on debt instruments through other comprehensive income	-	-
Deferred tax		
(Gain)/loss on remeasurement of net defined benefit plans	(6)	6
(Gain)/loss on debt instruments through other comprehensive income	1	(1)
	(2)	**(6)**

B. RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	Year ended 31st March, 2019	Year ended 31st March, 2018
Statutory income tax rate	34.9%	34.6%
Differences due to:		
Expenses not deductible for tax purposes	1.6%	1.6%
Income exempt from income tax	-0.3%	-0.7%
Income tax incentives	-5.7%	-4.5%
Others*	-1.3%	-2.9%
Effective tax rate	**29.2%**	**28.1%**

* Others include prior period adjustment tax refunds and tax on exceptional items

C. MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

Movement during the year ended 31st March, 2018	As at 31st March, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2018
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	136	(7)	(2)	127
Provision for doubtful debts and advances	20	2	-	22
Expenses allowable for tax purposes when paid	123	35	(1)	157
Depreciation	(329)	(17)	-	(346)
Fair value gain/(loss) on investments	(83)	29	2	(52)
Other temporary differences	293	58	(4)	347
	160	**100**	**(5)**	**255**

Movements during the year ended 31st March, 2019	As at 31st March, 2018	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2019
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	127	(22)	6	111
Provision for doubtful debts and advances	22	(1)	-	21
Expenses allowable for tax purposes when paid	157	68	-	225
Depreciation	(346)	(19)	-	(365)
Fair value gain/(loss) on investments	(52)	(21)	(1)	(74)
Other temporary differences	347	74	-	421
	255	**79**	**5**	**339**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

D. TAX ASSETS AND LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Non current tax assets (net)	619	439
Non current tax liabilities (net)	444	384

NOTE 10 : OTHER NON-CURRENT ASSETS

	As at 31st March, 2019	As at 31st March, 2018
Deposit with Government authorities (customs, excise, etc)	89	57
Capital advances	65	21
Other advances (includes advances for materials)	33	29
Less: Allowance for bad and doubtful advances	(33)	(29)
TOTAL	**154**	**78**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	29	30
Change in allowance for bad and doubtful assets during the year	5	(1)
Written off during the year	(1)	(0)
Balance as at the end of the year	**33**	**29**

NOTE 11 : INVENTORIES

Refer Note 2.4 (d) for accounting policy on inventories.

	As at 31st March, 2019	As at 31st March, 2018
Raw materials [includes in transit: ₹ 24 crores (31st March, 2018: ₹ 49 crores)]	859	763
Packing materials	36	65
Work-in-progress	252	249
Finished goods [includes in transit: ₹ 17 crores (31st March, 2018: ₹ 21 crores)] (Refer note (a) below)	1,206	1,221
Stores and spares	69	61
TOTAL	**2,422**	**2,359**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2018-19 an amount of ₹ 132 crores (31st March, 2018: ₹ 165 crores) was charged to the Statement of Profit and Loss on account of damaged and slow moving inventory. The reversal on account of above during the year amounted to Nil (31st March, 2018: Nil).

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 12 : TRADE RECEIVABLES

Refer Note 2.4 (g) for accounting policy on Trade Receivables.

	As at 31st March, 2019	As at 31st March, 2018
Trade Receivables considered good- Secured	-	-
Trade Receivables considered good- Unsecured	1,673	1,147
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	28	34
Less: Allowance for expected credit loss	(28)	(34)
	1,673	**1,147**
The movement in allowance for expected credit loss is as follows:		
Balance as at beginning of the year	34	31
Change in allowance for credit impairment during the year	0	6
Trade receivables written off during the year	(6)	(3)
Balance as at the end of the year	**28**	**34**

Refer note 39 for information about credit risk and market risk of trade receivables.

NOTE 13 : CASH AND CASH EQUIVALENTS

Refer Note 2.4 (e) for accounting policy on Cash and Cash Equivalents.

	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0	0
Balances with Banks		
In current accounts	23	44
Term deposits with original maturity of less than three months	552	529
	575	**573**

NOTE 14 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2019	As at 31st March, 2018
Earmarked balances with banks		
Unpaid dividend	134	138
Others (Escrow accounts,etc)	17	-
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,962	2,662
	3,113	**2,800**

NOTE 15 : OTHER CURRENT ASSETS

	As at 31st March, 2019	As at 31st March, 2018
Export benefits receivable	1	27
Input taxes (GST, etc)	174	335
Other advances (includes prepaid expenses etc.)	177	198
	352	**560**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 16 : ASSETS HELD FOR SALE

Refer Note 2.4 (f) for accounting policy on Assets Held for Sale.

	As at 31st March, 2019	As at 31st March, 2018
Groups of assets held for sale		
Freehold Land	1	2
Buildings	3	6
Plant and equipment	-	8
Furniture and fixtures	0	0
Vehicles	-	0
Office equipment	-	0
	4	**16**

Note: During the year the Company has reclassified certain land of ₹1 crore (NBV: ₹1 crore), plant and equipment of ₹11 crores (NBV: ₹9 crores) and building of ₹2 crores (NBV: ₹2 crores) to Property, Plant and Equipment.

NOTE 17 : EQUITY SHARE CAPITAL

	As at 31st March, 2019	As at 31st March, 2018
Authorised		
2,25,00,00,000 (31st March, 2018: 2,25,00,00,000) equity shares of ₹ 1 each	225	225
Issued, subscribed and fully paid up		
2,16,47,04,405 (31st March, 2018: 2,16,45,28,777) equity shares of ₹ 1 each	216	216
	216	**216**

a) Reconciliation of the number of shares

Equity Shares	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,45,28,777	216	2,16,43,49,639	216
Add: ESOP shares issued during the year (Refer note 41)	1,75,628	0	1,79,138	0
Balance as at the end of the year	**2,16,47,04,405**	**216**	**2,16,45,28,777**	**216**

b) Rights, preferences and restrictions attached to shares

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

c) Shares held by Holding Company and subsidiaries of Holding Company in aggregate

	As at 31st March, 2019	As at 31st March, 2018
Equity Shares of ₹ 1 each		
1,11,43,70,148 shares (31st March, 2018: 1,11,43,70,148) held by Unilever PLC, UK, the Holding Company	111	111
34,00,42,710 shares (31st March, 2018: 34,00,42,710) held by subsidiaries of the Holding Company	34	34

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

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

Unilever PLC, UK, the Holding Company	As at 31st March, 2019	As at 31st March, 2018
Number of shares	1,11,43,70,148	1,11,43,70,148
% of holding	51.48%	51.48%

e) Shares reserved for issue under options

	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹1 per share (refer note 41)	2,85,049	0	4,53,191	0
	2,85,049	**0**	**4,53,191**	**0**

For terms and other details Refer note 41.

NOTE 18 : OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Other Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2019	As at 31st March, 2018
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium	142	127
Employee Stock Options Outstanding Account	25	30
General Reserve	-	2,187
Retained Earnings	7,303	4,539
Other Reserves	9	9
Items of Other Comprehensive Income		
- Remeasurements of defined benefit plans	(47)	(43)
- Fair value of Debt instruments through OCI	1	(0)
Total Other Equity	**7,443**	**6,859**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets acquired, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on buyback of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

(c) **Securities Premium :** The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. During the year the Company has reclassified the amount standing to the credit

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

of the General Reserves to the Retained Earnings subsequent to approval by Hon'ble National Company Law Tribunal on Scheme of arrangement.

(f) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

(h) **Items of Other Comprehensive Income**

i) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

ii) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of defined benefit plans	Debt instruments through Other Comprehensive Income	Total
As at 31st March, 2017	**(32)**	**1**	**(31)**
Remeasurement gain/(loss) on net defined benefit plans	(16)	-	(16)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	(2)	(2)
Tax on above	5	1	6
As at 31st March 2018	**(43)**	**(0)**	**(43)**
Remeasurement gain/(loss) on net defined benefit plans	(7)	-	(7)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	2	2
Tax on above	3	(1)	2
As at 31st March, 2019	**(47)**	**1**	**(46)**

D Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 19 : OTHER FINANCIAL LIABILITIES

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Security deposits	28	24
Contingent consideration payable on business combination	145	91
TOTAL (A)	**173**	**115**
CURRENT		
Unpaid dividends [Refer (a) below]	134	138
Derivative financial liabilities - forward contracts	15	1
Contingent consideration payable on business combination	31	13
Other payables (retention money for purchase of PPE, etc.)	96	51
TOTAL (B)	**276**	**203**
TOTAL (A+B)	**449**	**318**

Refer note 39 for information about liquidity risk of other financial liability.

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as 31st March,2019 (31st March, 2018: Nil).

NOTE 20 : PROVISIONS

Refer Note 2.4 (h) for accounting policy on Provisions.

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Provision for employee benefits (pension, post medical retirement benefits, compensated absences,etc)[Refer Note 40]	116	100
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	933	672
TOTAL (A)	**1,049**	**772**
CURRENT		
Provision for employee benefits (gratuity,etc) [Refer Note 40]	47	92
Other provisions (including restructuring, etc.) [Refer (a) below]	454	559
TOTAL (B)	**501**	**651**
TOTAL (A+B)	**1,550**	**1,423**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax matters	Legal and Other Matters	Total
Balance as at 31st March, 2017	280	446	726
Add: Provision/reclassified during the year *	69	515	584
Less: Amount utilised/reversed during the year	(13)	(66)	(79)
Balance as at 31st March, 2018	**336**	**895**	**1,231**
Add: Provision/reclassified during the year *	159	373	532
Less: Amount utilised/reversed during the year	(10)	(366)	(376)
Balance as at 31st March, 2019	**485**	**902**	**1,387**

* includes impact of discounting.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 21 : OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Employee and ex-employee related liabilities	187	167
	187	**167**

NOTE 22 : TRADE PAYABLES

Refer Note 2.4 (g) for accounting policy on Trade Payables.

	As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises(as per the intimation received from vendors)		
a. Principal and interest amount remaining unpaid	-	-
b. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
c. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
d. Interest accrued and remaining unpaid	-	-
e. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	46	141
Trade payables	7,024	6,872
	7,070	**7,013**

Refer note 39 for information about liquidity risk and market risk related to trade payables.

NOTE 23 : OTHER CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Salaries, wages, bonus and other employee benefits	180	215
Statutory dues (including provident fund, tax deducted at source and others)	287	338
Advance from customers	39	55
Other payables	-	161
	506	**769**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 24 : CONTINGENT LIABILITIES AND COMMITMENTS

Refer Note 2.4 (h) for accounting policy on Contingent Liabilities.

		As at 31st March, 2019	As at 31st March, 2018
A	**CONTINGENT LIABILITIES**		
	Claims against the Company not acknowledged as debts		
	Income tax matters	771	685
	Indirect tax matters	664	727
	Legal and Other Matters	283	119
	Corporate Guarantee given	8	8

(i) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/ authorities.

(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(iii) The Company's pending litigations comprise of claims against the Company by employees and pertaining to proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(iv) The Company has given Bank Guarantees in respect of certain contingent liabilities included above.

(v) There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

B COMMITMENTS

i) Operating lease commitments

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Company has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 13 crores (2017-18: ₹ 13 crores) on such lease is included in Other expenses.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st March, 2019	As at 31st March, 2018
Not later than one year	14	13
Later than one year and not later than five years	52	58
Later than five years	-	8

		As at 31st March, 2019	As at 31st March, 2018
ii)	**Capital commitments**		
	Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	217	160
		217	**160**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 25 : REVENUE FROM OPERATIONS

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of products (including excise duty*)	37,660	34,619
Other operating revenue		
Income from services rendered	300	360
Others (including government grant, scrap sales, etc.)	264	239
	38,224	**35,218**

Total government grant recognized ₹ 173 crores (31st March, 2018: ₹ 172 crores) (Refer note 2.4 (j) for accounting policy on government grant)

* Upto 30th June, 2017

Reconciliation of Revenue from sale of products with the contracted price

	Year ended 31st March, 2019	Year ended 31st March, 2018
Contracted Price	42,903	39,536
Less: Trade discounts, volume rebates, etc.	5,243	4,917
Sale of products	**37,660**	**34,619**

NOTE 26 : OTHER INCOME

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest income on		
Bank deposits	232	130
Current investments	70	122
Others (including interest on Income tax refunds)	95	14
Dividend income from		
Subsidiaries	102	188
Non-current investments	1	2
Fair value gain/(loss)		
Investments measured at fair value through profit or loss*	164	113
	664	**569**

* Includes realised gain on sale of investment of ₹ 84 crores

NOTE 27 : COST OF MATERIALS CONSUMED

	Year ended 31st March, 2019	Year ended 31st March, 2018
Raw materials consumed	10,722	10,047
Packing materials consumed	2,518	2,444
	13,240	**12,491**

NOTE 28 : PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2019	Year ended 31st March, 2018
Purchases of stock-in-trade	4,708	3,812
	4,708	**3,812**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 29 : CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening inventories		
Finished goods	1,221	1,214
Work-in-progress	249	205
Closing inventories		
Finished goods	(1,206)	(1,221)
Work-in-progress	(252)	(249)
Excise duty on increase/(decrease) of finished goods	-	(20)
	12	**(71)**

NOTE 30 : EXCISE DUTY

	Year ended 31st March, 2019	Year ended 31st March, 2018
Excise duty*	-	693
	-	**693**

*Upto 30th June, 2017

NOTE 31 : EMPLOYEE BENEFITS EXPENSES

Refer Note 2.4 (l) for accounting policy on Employee Benefits.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and wages, bonus etc.	1,442	1,425
Contribution to provident fund and other funds	105	88
Defined benefit plan expense (Refer Note 40)	28	65
Share based payments to employees (Refer note 41)	93	79
Workmen and staff welfare expenses	79	88
	1,747	**1,745**

NOTE 32 : FINANCE COSTS

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest expense on bank overdraft and others	0	0
Net interest on the net defined benefit liability (Refer Note 40)	11	8
Unwinding of discount on provisions and liabilities	9	8
Unwinding of discount on employee and ex-employee related liabilities	5	4
Others (including interest on taxes)	3	-
	28	**20**

NOTE 33 : DEPRECIATION AND AMORTISATION EXPENSES

Refer Note 2.4 (a) and (b) for accounting policy on Property, Plant and Equipment and Intangible assets.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation on property, plant and equipment	510	468
Amortisation on intangible assets	14	10
	524	**478**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 34 : OTHER EXPENSES

	Year ended 31st March, 2019		Year ended 31st March, 2018	
Advertising and promotion		4,552		4,105
Carriage and freight		1,547		1,492
Royalty				
- Technology	524		487	
- Brand	159	683	158	645
Fees for central services from Parent Company		374		348
Processing charges		372		405
Power, fuel, light and water		269		259
Rent		292		260
Travelling and motor car expenses		158		157
Repairs		128		109
Rates & taxes (excluding income tax)		35		94
Corporate social responsibility expense [Refer note (c) below]		126		116
Miscellaneous expenses [Refer note (a) below]		1,344		1,282
		9,880		**9,272**

	Year ended 31st March, 2019	Year ended 31st March, 2018
(a) Miscellaneous expenses include:		
Auditor's remuneration and expenses		
Statutory audit fees	1	1
Tax audit fees	1	1
Others		
Fees for other audit related services	1	1
Fees for certification	1	1
Reimbursement of out-of-pocket expenses	0	0
TOTAL	**4**	**4**

(b) Total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to ₹ 20 crores (2017-18: ₹ 23 crores). The details are as below:

	Year ended 31st March, 2019		Year ended 31st March, 2018	
Location of the R&D facility	**Bengaluru**	**Mumbai**	**Bengaluru**	**Mumbai**
Revenue expenditure eligible u/s 35(2AB)				
Salaries and wages	9	6	11	6
Materials, consumables and spares	1	2	1	2
Utilities	0	0	-	0
Other expenditure directly related to R&D	1	1	1	2
	11	**9**	**13**	**10**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(c) The Company has spent ₹ 126 crores (2017-18: ₹ 116 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Company during the year: ₹ 124 crores (2017-18: ₹ 112 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2019		Year ended 31st March, 2018	
	In cash	Yet to be paid in Cash	In cash	Yet to be paid in Cash
i) Construction/acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	126	-	116	-
TOTAL	**126**	**-**	**116**	**-**

III. Above includes a contribution of ₹ 8 crores (2017-18: ₹ 32 crores) to Hindustan Unilever Foundation, a subsidiary registered under Section 8 of the Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as water harvesting, health and hygiene awareness, women empowerment and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

IV. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

NOTE 35 : EXCEPTIONAL ITEMS (Net)

	Year ended 31st March, 2019	Year ended 31st March, 2018
i) Profit on disposal of surplus properties	-	10
ii) Profit on disposal of joint venture	-	46
Total exceptional income (A)	**-**	**56**
i) Fair valuation of contingent consideration payable on business combination (refer note 42)	(57)	(48)
ii) Acquisition and disposal related cost	(30)	-
iii) Restructuring and other costs	(140)	(70)
Total exceptional expenditure (B)	**(227)**	**(118)**
Exceptional items (net) (A+B)	**(227)**	**(62)**

NOTE 36 : EARNINGS PER EQUITY SHARE

Refer Note 2.4 (q) for accounting policy on Earnings Per Share.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Earnings Per Share has been computed as under:		
Profit for the year	6,036	5,237
Weighted average number of equity shares outstanding	2,16,46,29,982	2,16,44,57,493
Earnings Per Share (₹) - Basic (Face value of ₹1 per share)	₹ 27.89	₹ 24.20
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	3,59,472	4,66,552
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,89,454	2,16,49,24,045
Earnings Per Share (₹) - Diluted (Face value of ₹1 per share)	₹ 27.88	₹ 24.19

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 : DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2019	Year ended 31st March, 2018
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 12.00 per share for FY 2017-18 (2016-17: ₹ 10.00 per share)	2,598	2,164
Dividend distribution tax on final dividend*	534	441
Interim dividend of ₹ 9.00 per share for FY 2018-19 (2017-18: ₹ 8.00 per share)	1,948	1,732
Dividend distribution tax on interim dividend*	379	314
	5,459	**4,651**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹ 13 per share for FY 2018-19 (2017-18: ₹12.00 per share)	2,814	2,597
Dividend distribution tax on final dividend	578	534
	3,392	**3,131**
Payout ratio for FY 2018-19	**95%**	

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises credit in respect of tax paid under section 115 O of the Income-tax Act, 1961 by the Company on dividend received from its subsidiaries.

NOTE 38 : FINANCIAL INSTRUMENTS

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

A ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value /Fair value	
		As at 31st March , 2019	As at 31st March, 2018
FINANCIAL ASSETS			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	6	880	1,025
ii. Fair value through profit and loss	6	1,815	1,832
Derivatives - foreign exchange forward contracts	8	1	5
Financial assets measured at amortised cost			
Investments	6	0	0
Loans	7	396	404
Investments in term deposits	8,14	2,963	2,663
Other assets	8	503	746
		6,558	**6,675**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Carrying value /Fair value	
		As at 31st March , 2019	As at 31st March, 2018
FINANCIAL LIABILITIES			
Financial liabilities measured at fair value			
Derivatives - foreign exchange forward contracts	19	15	1
Contingent consideration	19	176	104
Financial liabilities measured at amortised cost			
Security deposits	19	28	24
Other payables	19	96	51
		315	**180**

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, receivables from group companies, trade payables and unpaid dividends at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B INCOME, EXPENSES, GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Financial assets measured at amortised cost			
Interest income	26	253	144
Allowance for doubtful debts	12	0	5
Financial assets measured at fair value through other comprehensive income			
Investment in debt instruments			
Interest income	26	70	122
Fair value gain/(loss) recognised in other comprehensive income	18C	2	(2)
Financial assets measured at fair value through profit or loss			
Fair value gain/(loss) on investment in debt instruments	26	164	113
Dividend income on non current investment	26	1	2
Financial liabilities measured at amortised cost			
Interest expense	32	0	0
Derivatives - foreign exchange forward contracts			
Fair value gain/(loss)	34	(18)	(14)

C FAIR VALUE HIERARCHY

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

• Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2019				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	880	-	-	880
ii. Fair Value through Profit or Loss	1,813	-	2	1,815
Derivatives - foreign exchange forward contracts	-	1	-	1
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	15	-	15
Contingent consideration	-	-	176	176
As at 31st March, 2018				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,025	-	-	1,025
ii. Fair Value through Profit or Loss	1,830	-	2	1,832
Derivatives - foreign exchange forward contracts	-	5	-	5
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	1	-	1
Contingent consideration	-	-	104	104

CALCULATION OF FAIR VALUES

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2018.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.

- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUES

As at 31st March, 2019	Significant unobservable inputs	Sensitivity of input to fair value measurement
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue per year will have additional liability of ₹ 21 crores and 10% decrease will have reduction in liability of ₹19 crores.
	Discount rate: 8.4%	1% increase in Discount rate will have reduction in liability of ₹ 3 crores 1% decrease will have increase in liability of ₹ 3 crores.
As at 31st March, 2018	**Significant unobservable inputs**	**Sensitivity of input to fair value measurement**
Contingent consideration	Forecast revenue	10% increase in forecasted revenue will have additional liability of ₹ 10 crores and 10% decrease will have reduction in liability of ₹ 10 crores.
	Discount rate: 14.0%	1% increase in Discount rate will decrease in liability of ₹ 2 crores 1% decrease will have increase in liability of ₹ 2 crores.

NOTE 39 : FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated , over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Carrying amount	Undiscounted Amount		
			Payable within 1 year	More than 1 years	Total
As at 31st March, 2019					
Non-derivative liabilities					
Trade payables (including acceptances)	22	7,070	7,070	-	7,070
Security deposits	19	28	-	28	28
Unpaid dividend	19	134	134	-	134
Other Payables	19	96	96	-	96
Contingent consideration	19	176	31	176	207
Derivative liabilities					
Forward exchange contracts	19	15	15	-	15
As at 31st March, 2018					
Non-derivative liabilities					
Trade payables (including acceptances)	22	7,013	7,013	-	7,013
Security deposits	19	24	-	24	24
Unpaid dividend	19	138	138	-	138
Other Payables	19	51	51	-	51
Contingent consideration	19	104	13	127	140
Derivative liabilities					
Foreign exchange forward contracts	19	1	1	-	1

B MANAGEMENT OF MARKET RISK

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. CURRENCY RISK		
The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2019, the net unhedged exposure to the Company on holding financial assets (trade receivables and capital advances), liabilities (trade payables and capital creditors) and commitments other than in their functional currency amounted to net ₹ 11 crores payable (31st March, 2018: ₹ 1 crores).	The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Company is exposed (net of hedge) would have led to approximately an additional ₹ 1 crores gain in the Statement of Profit and Loss (2017-18: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
2. PRICE RISK		
The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2019, the investments in debt mutual funds amounts to ₹ 1,813 crores (31st March, 2018: ₹ 1,830 crores). These are exposed to price risk "	The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 18 crores gain in the Statement of Profit and Loss (2017-18: ₹ 18 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. INTEREST RATE RISK		
The Company is mainly exposed to the interest rate risk due to its investment in treasury bills. The interest rate risk arises due to uncertainties about the future market interest rate on these investments. In addition to treasury bills, the Company invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2019, the investments in treasury bill amounts to ₹ 880 crores (31st March, 2018: ₹ 1,025 crores). These are exposed to interest rate risk.	The Company has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 1 crore gain in the Statement of Profit and Loss (2017-18: ₹ 0 crore gain). A 0.25% increase in interest rates would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables indicate a low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

Refer note 2.4(g) for accounting policy on Financial Instruments.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, government securities, money market liquid mutual funds and derivative instrument with financial institutions. The Company has set counter-party limits based on multiple factors including financial position, credit rating, etc. The Company has given inter-corporate deposits (ICD) only to its subsidiaries amounting ₹ 191 crores (31st March, 2018: ₹ 226 crores).

The Company's maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 is the carrying value of each class of financial assets.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 40 : DEFINED BENEFIT PLANS

Refer note 2.4(l) for accounting policy on Employee Benefits.

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other post-employment benefit plans includes post retirement medical benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Company managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Company managed trust.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Present value of obligation	2,664	2,582	157	158
Fair value of plan assets	(2,613)	(2,483)	(81)	(88)
(Asset)/Liability recognised in the Balance Sheet	51	99	76	70
Of which in respect of:				
Funded plans in surplus:				
Present value of obligation	11	14	-	-
Fair value of plan assets	(33)	(39)	-	-
(Asset)/Liability recognised in the Balance Sheet*	-*	-*	-	-
*The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.				
Funded plans in deficit:				
Present value of obligation	2,653	2,569	157	158
Fair value of plan assets	(2,602)	(2,470)	(81)	(88)
(Asset)/Liability recognised in the Balance Sheet	51	99	76	70

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Movement in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2017	2,407	2,424	17	93	162	69
Current service cost	-	81	81	-	0	0
Past service cost	-	45	45	-	-	-
Employee contributions	-	145	145	-	-	-
Interest cost	-	163	163	-	11	11
Interest income	163	-	(163)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	30	30	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	39	3	(36)	(1)	(18)	(17)
Actuarial (gain)/loss arising from experience adjustments	-	39	39	-	13	13
Employer contributions	102	-	(102)	-	-	-
Employee contributions	145	-	(145)	-	-	-
Assets acquired/ (settled)	(20)	(20)	-	-	-	-
Benefit payments	(328)	(328)	-	(10)	(10)	-
As at 31st March, 2018	**2,508**	**2,582**	**74**	**88**	**158**	**70**
As at 31st March, 2018	2,508	2,582	74	88	158	70
Current service cost	-	121	121	-	0	0
Past service cost	-	-	-	-	-	-
Employee contributions	-	168	168	-	-	-
Interest cost	-	201	201	-	12	12
Interest income	198	-	(198)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(5)	(5)	-	(3)	(3)
Actuarial (gain)/loss arising from changes in financial assumptions	(0)	9	9	(1)	6	7
Actuarial (gain)/loss arising from experience adjustments	-	3	3	-	(4)	(4)
Employer contributions	175	-	(175)	-	-	-
Employee contributions	168	-	(168)	-	-	-
Assets acquired/ (settled)	(60)	(60)	(0)	-	-	-
Benefit payments	(354)	(354)	-	(12)	(12)	-
As at 31st March, 2019	**2,635**	**2,665**	**30**	**81**	**157**	**76**

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Employee Benefit Expenses *:				
Current service cost	28	20	0	0
Past service cost	-	45	-	-
Finance costs * :				
Interest cost	53	42	12	11
Interest income	(48)	(39)	(6)	(6)
Net impact on profit (before tax)	**33**	**68**	**6**	**5**
Remeasurement of the net defined benefit plans:				
Actuarial gains/(losses) arising from changes in demographic assumptions	(4)	28	(3)	-
Actuarial gains/(losses) arising from changes in financial assumptions	9	1	6	(17)
Actuarial gains/(losses) arising from experience adjustments	3	1	(4)	13
Net impact on other comprehensive income (before tax)	**8**	**30**	**(1)**	**(4)**

*: Service cost and Finance cost has not been recognised in the statement of profit and loss for Officer's Pension and Provident Fund

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Quoted				
Government debt instruments	1,073	907	-	-
Other debt instruments	858	967	81	88
TOTAL (A)	**1,931**	**1,874**	**81**	**88**
Unquoted				
Others	704	634	-	-
TOTAL (B)	**704**	**634**	**-**	**-**
TOTAL (A+B)	**2,635**	**2,508**	**81**	**88**

Note: Assets to the extent of ₹ 33 crores is not recognised in Balance Sheet pertaining to Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust fund

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Financial Assumptions	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Discount rate (per annum)	7.7%	8.0%	7.7%	8.0%
Salary escalation rate (per annum)				
Management employees- for first 5years	8.0%	8.0%		
Management employees- after 5 years	8.0%	8.0%		
Non-management employees	8.0%	8.0%		
Pension increase rate (per annum)*	2.5%	2.5%		
Annual increase in healthcare costs (per annum)			9.0%	9.0%

*For management pension only

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2012-14) Ultimate table
Mortality in Retirement: LIC Buy-out Annuity Rates & UK published S1PA mortality table adjusted for Indian lives.

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	Change in plan obligation (%)	Change in assumption (%)	Change in plan obligation (%)
Discount rate (per annum)	Increase	0.50%	-2.1%	0.50%	-4.7%
	Decrease	0.50%	2.2%	0.50%	5.1%
Salary escalation rate (per annum)	Increase	0.25%	1.4%	-	-
	Decrease	0.25%	-1.3%	-	-
Pension rate	Increase	0.25%	3.0%	-	-
	Decrease	0.25%	-2.8%	-	-
Life expectancy	Increase	1 year	2.6%	1 year	4.9%
	Decrease	1 year	-2.4%	1 year	-4.8%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	10.4%
	Decrease	-	-	1.00%	-9.0%

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

G. Weighted average duration and expected employers contribution for FY 2018-19 for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2019	Year ended 31st March, 2018	
Gratuity	6.9	6.8	47
Management Pension	6.2	6.5	1
Officer's Pension	3.5	3.7	-
Provident Fund	8.0	7.7	100
Post-retirement medical benefits	9.8	10.7	-

NOTE 41 : SHARE BASED PAYMENTS

Refer note 2.4(l) for accounting policy on Share Based Payments.

EQUITY SETTLED SHARE BASED PAYMENTS

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹ 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent company.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (₹) per share	Weighted Average Exercise Price (₹) per share
2001 HLL Stock Option Plan	2005	27-May-05	1,547,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	420,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	262,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	142,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	157,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	123,887			1.00	1.00
	Interim 2017	21-Jul-17	6,846			1.00	1.00
	2018	16-Feb-18	63,421			1.00	1.00
	Interim 2018	27-Jul-18	4,650			1.00	1.00

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

		Number of Share Options					
Scheme	Year	Outstanding at the beginning of the year	Granted during the year*	Forfeited/Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2012 HUL Performance Share Scheme	2014	-	-	-	-	-	-
		(114,890)	-	-	(114,890)	-	-
	Interim 2014	-	-	-	-	-	-
		(15,103)	-	(1,061)	(14,042)	-	-
	2015	105,029	-	-	105,029	-	-
		(127,151)	(28,084)	-	(50,206)	(105,029)	(105,029)
	Interim 2015	11,058	4,079	-	15,137	-	-
		(11,690)	-	(632)	-	-	(11,058)
	2016	137,033	18,350	6,913	55,462	-	93,008
		(147,859)	-	(10,826)	-	-	(137,033)
	Interim 2016	10,999	-	557	-	-	10,442
		(11,834)	-	(835)	-	-	(10,999)
	2017	119,220	-	7,340	-	-	111,880
		(123,887)	-	(4,667)	-	-	(119,220)
	Interim 2017	6,431	-	415	-	-	6,016
		-	(6,846)	(415)	-	-	(6,431)
	2018	63,421	-	4,368	-	-	59,053
		-	(63,421)	-	-	-	(63,421)
	Interim 2018	-	4,650	-	-	-	4,650
		-	-	-	-	-	-

* Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to 2017-18)

Weighted average equity share price at the date of exercise of options during the year was ₹ 1,626 (2017-18: ₹ 1,154)

Weighted average remaining contractual life of options as at 31st March, 2019 was 0.8 years (31st March, 2018: 1.2 years)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used forcalculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2019	Year ended 31st March, 2018
Risk-free interest rate (%)	7.6%	7.0%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	19.3%	21.4%
Dividend yield	1.2%	1.3%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

CASH SETTLED SHARE BASED PAYMENTS

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the holding company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 150% of grant level, depending on the acheivement of the performance metrics. The performance metrics of GPSP are underlying sales growth, operating cash flow and core operating margin improvement. The performance metrics of MCIP are underlying sales growth, underlying EPS growth and sustainability progress index. Under the SHARES Plan, eligible employees can invest upto ₹ 16,897 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

employees at the end of the 3/4 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2019	As at 31st March, 2018
Other non-current liabilities	95	94
Other current liabilities	74	94
Total carrying amount of liabilities	**169**	**188**

Effect of share based payment transactions on the Statement of Profit and Loss:

	As at 31st March, 2019	As at 31st March, 2018
Equity settled share based payments	10	11
Cash settled share based payments	83	68
Total expense on share based payments	**93**	**79**

NOTE 42 : BUSINESS COMBINATION

Refer note 2.4(r) for accounting policy on Business Combination.

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19.

Basis the projection of the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2018, the fair value of the contingent consideration was ₹ 104 crores which was classified as other financial liability.

Deferred contingent consideration

Based on actual performance in financial year 2018-19 and current view of future projections for the brand, the Company has reviewed and fair valued the deferred contingent consideration so payable. As at 31st March 2019, the fair value of the contingent consideration is ₹157 crores which is classified as other financial liability.

The determination of the fair value as at Balance Sheet date is based on discounted cash flow method. The key inputs used in determining the fair value of deferred contingent consideration were domestic turnover projections of the brand and weighted average cost of capital.

Acquistion of Adityaa Milk Brand

On September 26, 2018, the Company completed the acquisition of the brand ' Adityaa Milk' and its front-end distribution network from Vijaykant Dairy and Food Products Limited [VDFPL]. The deal comprised the acquisiton of the brand ' Adityaa Milk', customer relationship, technical know-how, Property, Plant and Equipment, working capital and other intangible assets for a total consideration of ₹ 65 crores and a deferred consideration of ₹ 18 crores. The transaction is accounted as business combination under Ind AS 103

The acquisition is in line with the Company's strategic intent to strengthen its leadership position in the rapidly growing Ice Cream and Frozen Dessert market in India. 'Adityaa Milk' brings to the Company, a premium brand with strong credentials around dairy and dairy-based product that will complement its existing portfolio.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Purchase consideration transferred:

	Amount
Upfront cash consideration	65
Deferred contingent consideration	18
	83

Deferred contingent consideration

The Contingent consideration is payable after 3 year from acquisition date and accrodignly recognised at fair value of ₹ 18 crores. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non financial performance targets

Assets acquired and liabilities assumed:

The fair values of identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	1
Specified Intangibles Assets	
Adityaa Milk Brand	14
Technical know how	6
Others (including Customer Relationships)	26
Total identifiable assets	**47**
Add: Net Working Capital	(0)
Total identifiable net assets	**47**
Goodwill	36
Total Net Assets	**83**

Acquisition-related costs

In addition to cash consideration mentioned above, acquisition- related costs of ₹ 0 crore paid towards transfer of assets are included in 'Exceptional items' in the Statement of Profit and Loss.

Impact of acquisition on the results

The acquired business contributed revenue of ₹ 31 crores and loss (before tax) of ₹12 crores for the year ended 31st March, 2019 including one time integration costs.

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Note 43 : DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

		Year ended 31st March, 2019	Year ended 31st March, 2018
(a)	**Loans to Indian subsidiaries**		
(i)	Loan to subsidiary: Pond's Exports Limited.		
	Balance as at the year end	-	-
	Maximum amount outstanding at any time during the year	-	4
	[Pond's Exports Limited has utilised the loan for meeting working capital requirements. (average rate of interest for FY 2017-18: 7.04%)]		
(ii)	Loan to subsidiary: Lakme Lever Private Limited.		
	Balance as at the year end	166	146
	Maximum amount outstanding at any time during the year	171	194
	[Lakme Lever Private Limited has utilised the loan for working capital requirements and capital expenditure. It is repayable over a period of 7 years and carries an average rate of interest at 8.07% (2017-18: 7.09%)]		
(iii)	Loan to subsidiary: Unilever India Export Limited		
	Balance as at the year end	25	80
	Maximum amount outstanding at any time during the year	155	80
	(Unilever India Export Limited has utilised the loan for working capital requirements. It is repayable over a period of 7 years and carries an average rate of interest at 8.10% (2017-18: 7.23%)		

(b) Investment by the loanees in the shares of the Company

The loanees have not made any investments in the shares of the Company

NOTE 44 : RELATED PARTY DISCLOSURES

A. Enterprises exercising control

(i) Holding Company : Unilever Plc

B. Enterprises where control exists

(i) Subsidiaries (Extent of holding) :

Unilever India Exports Limited (100%)
Lakme Lever Private Limited (100%)
Unilever Nepal Limited (80%)
Pond's Exports Limited (90%)
Daverashola Estates Private Limited (100%)
Jamnagar Properties Private Limited (100%)
Bhavishya Alliance Child Nutrition Initiatives (100%) (Section 8 Company)
Hindustan Unilever Foundation (76%) (Section 8 Company)
Hindlever Trust Limited (100%)
Levers Associated Trust Limited (100%)
Levindra Trust Limited (100%)

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(ii)	Trust	:	Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control)
(iii)	Joint Ventures	:	Kimberly Clark Lever Private Limited (50% control, ceases to be Joint venture after 29th September, 2017)
(iv)	Key Management Personnel		
	(a) Executive directors	:	Sanjiv Mehta
			PB Balaji (up to 13th November 2017)
			Srinivas Phatak (with effect from 1st December 2017)
			Pradeep Banerjee / Pradeep Banerjee Associates LLP.
			Dev Bajpai
			Geetu Verma (up to 30th June 2018)
			BP Biddappa
			Priya Nair
			Sandeep Kohli
			Sudhir Sitapati
			Srinandan Sundaram
	(b) Non-executive directors		Harish Manwani (up to 29th June 2018)
			Aditya Narayan
			S. Ramadorai
			O. P. Bhatt
			Sanjiv Misra
			Kalpana Morparia
			Leo Puri (with effect from 12th October 2018)
(v)	Employees' Benefit Plans where there is significant influence	:	Hind Lever Gratuity Fund
			The Hind Lever Pension Fund
			The Union Provident Fund
			Hindlever Limited Superannuation Fund

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as at 31st March, 2019

			Year ended 31st March, 2019	Year ended 31st March, 2018
Holding Company	**:**	Dividend paid	2,340	2,006
		Royalty expense	664	628
		Fees for central services	374	348
		Income from services rendered	284	350
		Expenses for services received	254	237
		Outstanding as at the year end :		
		- Trade and other receivables	11	-
		- Trade payables	180	372
Subsidiaries/ Trust	:	Sale of finished goods / raw materials etc	309	355
		Processing charges	109	111

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2019	Year ended 31st March, 2018
	Purchase of Property, Plant & Equipment	4	-
	Purchase of finished goods / raw materials etc	16	21
	Royalty income	10	8
	Rent income	1	1
	Commission paid	1	1
	Expenses shared by subsidiary companies	13	14
	Dividend income	102	188
	Interest income	20	12
	Reimbursement received/ receivable towards pension and medical benefits	41	34
	Purchase of export licences	-	30
	Sale of Property, Plant & Equipment	1	-
	Income from services rendered	4	-
	Management fees paid	5	-
	Rent expense	0	0
	Donation paid	8	32
	Reimbursements paid	3	27
	Reimbursements received	38	26
	Inter corporate loans given during the year	248	183
	Inter corporate loans repaid during the year	283	154
	Outstanding as at the year end:		
	- Trade and other receivables	53	44
	- Trade payables	21	12
	- Loans & advances to subsidiaries	191	226
Fellow Subsidiaries :	Purchase of Property, Plant & Equipment	20	68
	Rent income	6	2
	Sale of Property, Plant & Equipment	1	27
	Income from services rendered	18	8
	Expenses for services received	10	16
	Management fees paid	8	29
	Purchase of finished goods / raw materials etc.	770	799
	Dividend paid	714	612
	Royalty expense	19	17
	Expenses shared by fellow subsidiary companies	8	8
	Maintenance and support costs for licences and software	13	7
	Reimbursements paid	140	102
	Reimbursements received	83	57
	Outstanding as at the year end with fellow subsidiaries		
	- Trade and other receivables	25	39
	- Trade payables	114	353

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2019	Year ended 31st March, 2018
Joint Venture	: Purchase of finished goods / raw materials etc.	-	122
	Reimbursements received	-	28
	Outstanding as at the year end with joint ventures		
	- Trade and other receivables	-	-
	- Trade payables	-	-
Key Management Personnel (Executive directors)	: Remuneration :		
	- Short-term employee benefits	49	50
	- Post-employment benefits*	1	2
	- Other long-term benefits*	0	0
	- Share-based payments	19	17
	- Consultancy fees	1	-
	Dividend paid	0	0
	Commission paid	0	0
Key Management Personnel (Non-executive directors)	: Dividend paid	0	0
	Commission paid	2	2
Employees' Benefit Plans where there is significant influence	: Contributions during the year (Employer's contribution only)	133	100
	Outstanding as at the year end :		
	- Advances and receivables	12	18
	- Payables	-	-

*Note: As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

For the year ended 31st March, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017-18: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Disclosure of transactions with Related Parties during the year which are more than 1% of Revenue.

		Year ended 31st March, 2019	Year ended 31st March, 2018
Holding Company	: Royalty expense		
	Unilever Plc.	664	628
	: Dividend Paid		
	Unilever Plc.	2,340	2,006
Fellow Subsidiaries	: Purchase of finished goods / raw materials etc.		
	PT Unilever Oleochemical Indonesia	545	639

NOTES

to the financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 45 :

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts.

NOTE 46 :

The Company has disclosed segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Hindustan Unilever Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of a subsidiary as was audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition
See note 26 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Rebates and discounts are material and have arrangements with varying terms which are based on annual contracts or shorter term arrangements. In addition, the value and timing of promotions for	Our audit procedures included: • We assessed the appropriateness of the revenue recognition accounting policies, including those relating to rebates and discounts by comparing with applicable accounting standards. • We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Group's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system. • We tested the design, implementation and operating effectiveness of controls over the calculation of discounts and rebates. • We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes and shipping documents. • We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Group's revenue recognition policies with reference to the requirements of the applicable accounting standards. • We performed substantive testing by selecting samples of rebate and discount transactions recorded during the year and comparing the parameters used in the calculation of the rebate and discounts with the relevant source documents (including invoices, schemes and contracts) to assess whether the methodology

The key audit matter	How the matter was addressed in our audit
products varies from period to period, and the activity can span over a year end. There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.	adopted in the calculation of the rebates and discounts was in accordance with the terms and conditions defined in the schemes and corresponding customer contract. • We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period. • We assessed manual journals posted to revenue to identify unusual items.

Provisions for taxation, litigation and other significant provisions
See note 8 and 20 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Accrual for tax and other contingencies requires the Management to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax, indirect tax, transfer pricing arrangements, claims, general legal proceedings, environmental issues and other eventualities arising in the regular course of business. The key judgement lies in the estimation of provisions where they may differ from the future obligations. By nature, provision is difficult to estimate and includes many variables. Additionally, depending on timing, there is a risk that costs could be provided inappropriately that are not yet committed.	Our audit procedures included: • We tested the effectiveness of controls around the recognition of provisions. • We used our subject matter experts to assess the value of material provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities. • We challenged the assumptions and critical judgements made by management which impacted their estimate of the provisions required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Group's advisors and assessing whether there was an indication of management bias. • We discussed the status in respect of significant provisions with the Group's internal tax and legal team. • We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

Assessment of contingent liabilities relating to litigations and claims
See note 25 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group is periodically subject to challenges/scrutiny on range of matters relating to direct tax, indirect tax and transfer pricing arrangements. Further, potential exposures may also arise from general legal proceedings, environmental issues etc. in the normal course of business. Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.	Our audit procedures included: • We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities. • We used our subject matter experts to assess the value of material contingent liabilities in light of the nature of exposures, applicable regulations and related correspondence with the authorities. • We discussed the status and potential exposures in respect of significant litigation and claims with the Group's internal legal team including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Group's advisors. • We assessed the adequacy of disclosures made. • We discussed the status in respect of significant provisions with the Group's internal tax and legal team. • We performed retrospective review of management judgements relating to accounting estimate included in the financial statement of prior year and compared with the outcome.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 389 crores as at 31 March 2019, total revenues of Rs. 393 crores and net cash outflows amounting to Rs. 5 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of such subsidiary as was audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

    c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 25 to the consolidated financial statements;

ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 47 to the consolidated financial statements.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2019;

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

3. With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, where applicable, to its directors is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under section 197 of the Act, except in case of a subsidiary where requisite approvals are taken in the general meeting. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai, 03 May 2019

Annexure A

to the Independent Auditor's report on the consolidated financial statements of Hindustan Unilever Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under section 143(3)(i) of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Hindustan Unilever Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

Mumbai, 03 May 2019

CONSOLIDATED BALANCE SHEET
as at 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3A	4,192	4,080
Capital work-in-progress	3B	406	461
Goodwill	4A	36	0
Other intangible assets	4A	406	367
Goodwill on consolidation	4B	81	81
Financial assets			
Investments	5	2	2
Loans	6	215	184
Other financial assets	7	11	6
Non-current tax assets (net)	8E	835	635
Deferred tax assets (net)	8C	373	302
Other non-current assets	9	158	84
Current assets			
Inventories	10	2,574	2,513
Financial assets			
Investments	5	2,714	2,871
Loans	6	4	4
Trade receivables	11	1,816	1,310
Cash and cash equivalents	12	621	649
Bank balances other than cash and cash equivalents mentioned above	13	3,136	2,836
Other financial assets	7	577	805
Other current assets	14	468	656
Assets held for sale	15	4	16
TOTAL ASSETS		**18,629**	**17,862**

CONSOLIDATED BALANCE SHEET (CONTD.)

as at 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2019	As at 31st March, 2018
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	216	216
Other equity	17A	7,651	7,065
Non-controlling interests	18	18	20
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	177	119
Provisions	20	1,082	800
Non-current tax liabilities (net)	8E	601	558
Other non-current liabilities	21	217	197
Current liabilities			
Financial liabilities			
Borrowings	22	99	-
Trade payables			
total outstanding dues of micro enterprises and small enterprises	23	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	23	7,206	7,170
Other financial liabilities	19	286	214
Other current liabilities	24	553	815
Provisions	20	523	688
TOTAL EQUITY AND LIABILITIES		**18,629**	17,862
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities and commitments	25		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
INCOME			
Revenue from operations	26	39,310	36,238
Other income	27	550	384
TOTAL INCOME		**39,860**	**36,622**
EXPENSES			
Cost of materials consumed	28	13,707	12,927
Purchases of stock-in-trade	29	4,755	3,875
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	30	12	(72)
Excise duty	31	-	693
Employee benefits expenses	32	1,875	1,860
Finance costs	33	33	26
Depreciation and amortisation expense	34	565	520
Other expenses	35	10,081	9,456
TOTAL EXPENSES		**31,028**	**29,285**
Profit before exceptional items and tax		**8,832**	**7,337**
Exceptional items (net)	36	(228)	(33)
Profit before tax from Continuing Operations		**8,604**	**7,304**
Tax expenses			
Current tax	8A	(2,610)	(2,216)
Deferred tax credit/(charge)	8A	66	137
Profit after tax from Continuing Operations (A)		**6,060**	**5,225**
Profit/(Loss) from Discontinued Operations before tax	37A	0	2
Tax expenses of Discontinued Operations	37A	-	-
Profit/(loss) from Discontinued Operations after tax (B)		**0**	**2**
PROFIT FOR THE YEAR (A+B)		**6,060**	**5,227**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	17C	(8)	(15)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	8A	3	5
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	17C	2	(2)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of Debt instruments through other comprehensive income	8A	(1)	1
OTHER COMPREHENSIVE INCOME FOR THE YEAR (C)		**(4)**	**(11)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		**6,056**	**5,216**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit attributable to:			
Owners of the Company		**6,054**	**5,214**
Non-controlling interests		**6**	**13**
Other Comprehensive income attributable to:			
Owners of the company		**(4)**	**(11)**
Non-controlling interests		**(0)**	**-**
Total Comprehensive income attributable to:			
Owners of the company		**6,050**	**5,203**
Non-controlling interests	18	**6**	**13**
Earnings per equity share from Continuing Operations			
Basic (Face value of ₹ 1 each)	38A	₹ 27.97	₹ 24.08
Diluted (Face value of ₹ 1 each)	38A	₹ 27.96	₹ 24.07
Earnings per equity share from Discontinued Operations			
Basic (Face value of ₹ 1 each)	38B	₹ 0.00	₹ 0.01
Diluted (Face value of ₹ 1 each)	38B	₹ 0.00	₹ 0.01
Earnings per equity share from continuing and discontinued operations			
Basic (Face value of ₹ 1 each)		₹ 27.97	₹ 24.09
Diluted (Face value of ₹ 1 each)		₹ 27.96	₹ 24.08
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2017		**216**
Changes in equity share capital during the year		0
As at 31st March, 2018		**216**
Changes in equity share capital during the year		0
As at 31st March, 2019	16	**216**

B. OTHER EQUITY

	Reserves and Surplus									Items of Other Comprehensive Income (OCI)		Grand Total		
	Capital reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees' Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Total Attributable to owners of the company	Attributable to Non-controlling Interest	Total
As at 31st March, 2017	**4**	**6**	**116**	**29**	**2,301**	**4,046**	**9**	**48**	**0**	**(33)**	**2**	**6,528**	**22**	**6,550**
Profit for the year	-	-	-	-	-	5,214	-	-	-	-	-	5,214	13	5,227
Transfer to Employees' Housing Reserve	-	-	-	-	-	(2)	-	2	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(10)	(1)	(11)	-	(11)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**5,212**	**-**	**2**	**-**	**(10)**	**(1)**	**5,203**	**13**	**5,216**
Dividend on equity shares for the year (refer note 39)	-	-	-	-	-	(3,896)	-	-	-	-	-	(3,896)	(15)	(3,911)
Dividend distribution tax	-	-	-	-	-	(781)	-	-	-	-	-	(781)	-	(781)
Exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-	-	-	-	-
Share based payment credit	-	-	-	11	-	-	-	-	-	-	-	11	-	11
As at 31st March, 2018	**4**	**6**	**127**	**29**	**2,301**	**4,581**	**9**	**50**	**0**	**(43)**	**1**	**7,065**	**20**	**7,085**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

	Reserves and Surplus									Items of Other Comprehensive Income (OCI)		Grand Total		
	Capital reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees' Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Total Attributable to owners of the company	Attributable to Non-controlling Interest	Total
Profit for the year	-	-	-	-	-	6,054	-	-	-	-	-	6,054	6	6,060
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(5)	1	(4)	-	(4)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**6,054**	**-**	**-**	**-**	**(5)**	**1**	**6,050**	**6**	**6,056**
Dividend on equity shares for the year (refer note 39)	-	-	-	-	-	(4,546)	-	-	-	-	-	(4,546)	(8)	(4,554)
Dividend distribution tax	-	-	-	-	-	(928)	-	-	-	-	-	(928)	-	(928)
Transfer to retained earnings (refer note b below)	-	-	-	-	(2,187)	2,187	-	-	-	-	-	-	-	-
Exercise of employee stock options	-	-	15	(15)	-	-	-	-	-	-	-	-	-	-
Share based payment credit	-	-	-	10	-	-	-	-	-	-	-	10	-	10
As at 31st March, 2019	**4**	**6**	**142**	**24**	**114**	**7,348**	**9**	**50**	**0**	**(48)**	**2**	**7,651**	**18**	**7,669**

a) Refer note 17B for nature and purpose of reserves.

b) The Shareholders of the Company, had, at the Court Convened Meeting held on 30th June, 2016, approved the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account. The Company had accordingly filed a petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai [jurisdiction later changed to National Company Law Tribunal (NCLT)]. The Hon'ble NCLT, Mumbai Bench, vide it's order dated 30th August, 2018, has sanctioned the aforesaid Scheme of Arrangement. The Company has received the said Order on 27th September, 2018 and filed the Order and the Scheme with Registrar of Companies (ROC) on 5th October, 2018 and has subsequently reclassified the amount standing to the credit of the General Reserves to the Retained Earnings.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March 2019	Year ended 31st March 2018
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	**8,604**	**7,304**
	Adjustments for:		
	Depreciation and amortisation expenses	565	520
	(Profit) / loss on sale of property, plant and equipment	39	30
	Government grant accrued (net)	(66)	(172)
	Contingent Consideration true up for business combination	57	48
	Finance Income	(307)	(260)
	Dividend income	(1)	0
	Fair value (gain)/loss on investments	(168)	(122)
	Interest expense	33	26
	Profit on disposal of surplus properties	-	(13)
	Profit on disposal of joint venture	-	(72)
	Provision for expenses on employee stock options	10	11
	Impairment of non-current investments	-	0
	Inventory written off net of Provision/write back for Inventory	134	173
	Bad debts/assets written off net of Provision/(write back)	(2)	13
	Mark-to-market (gain)/loss on derivative financial instruments	11	(1)
	Cash Generated from operations before working capital changes	**8,909**	**7,485**
	Adjustments for:		
	(Increase)/decrease in Non-Current assets	(66)	(39)
	(Increase)/decrease in Current Assets	(13)	(657)
	(Increase)/decrease in inventories	(195)	(146)
	(Increase)/decrease in Non-Current Liabilities	278	250
	Increase/(decrease) in Current Liabilities	(346)	1,428
	Cash generated from operations	**8,567**	**8,321**
	Taxes paid (net of refunds)	(2,767)	(2,264)
	Profit from discounted operations	0	2
	Net cash (used in) / generated from operating activities - [A]	**5,800**	**6,059**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	(695)	(888)
	Sale proceeds of property, plant and equipment	13	17
	Purchase of Intangible assets	(72)	(7)
	Contingent Consideration paid on business combination	(13)	-
	Sale proceeds of non-current investments	-	4
	Purchase of current investments	(74,365)	(51,855)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

for the year ended 31st March, 2019

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March 2019	Year ended 31st March 2018
	Sale of current investments	74,691	52,893
	Investment in bank deposits (having original maturity of more than 3 months)	(4,343)	(2,812)
	Redemption/maturity of bank deposits (having original maturity of more than 3 months)	4,056	1,200
	Investment in non-current deposits with banks	-	(0)
	Interest received	289	297
	Consideration received on disosal of surplus properties	-	15
	Consideration received on disposal of joint venture	-	73
	Dividend received from others	1	0
	Net cash (used in) / generated from investing activities - [B]	**(438)**	**(1,063)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividends paid	(4,554)	(3,911)
	Dividend distribution tax paid	(928)	(781)
	Amount (repaid) / taken for short term purpose	99	(277)
	Interest paid	(7)	(6)
	Proceeds from share allotment under employee stock options/ performance share schemes	0	0
	Net cash (used in) / generated financing activities - [C]	**(5,390)**	**(4,975)**
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**(28)**	**21**
	Add: Cash and cash equivalents at the beginning of the year (refer Note 12)	649	628
	Cash and cash equivalents at the end of the year (refer Note 12)	**621**	**649**

Note : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 1: GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is in the FMCG business comprising primarily of Home Care, Beauty & Personal Care and Foods & Refreshment segments. The Company has manufacturing facilities across the country and sells primarily in India.

The Company and its subsidiaries (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

a) Subsidiaries

Name of the company	Country of incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2019	As at 31st March, 2018
Unilever India Exports Limited	India	FMCG export business	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Exports Limited	India	Leather products business (primarily exports)	100	100
Jamnagar Properties Private Limited	India	Real estate Company	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100
Hindustan Unilever Foundation*	India	Not-for-profit company in the field of community development initiatives.	100	100
Bhavishya Alliance Child Nutrition Initiatives*	India	Not-for-profit company in the area of social development issues	100	100

*These companies are private companies limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 4 Crores (31st March, 2018: ₹ 20 Crore) and ₹ 0 Crore (31st March, 2018: ₹ 0 Crores) respectively.

b) Associates

Section 129(3) of the Companies Act, 2013, requires preparation of consolidated financial statement of the company and of all the subsidiaries including associate company and joint venture businesses in the same form and manner as that of its own. Indian Accounting Standard (Ind AS) 28 on Investments in Associates and Joint Ventures defines Associate Group as an entity over which the investor has significant influence. It mentions that if an entity holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The Group holds investments in the below entities which by share ownership are deemed to be an associate company:

i) Comfund Consulting Limited where the Group has 24% equity holding. This Company is currently dormant.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

ii) Aquagel Chemicals (Bhavnagar) Private Limited where the Group has 26% in equity and preference capital holding. This is a company engaged in Silica business.

However, the Group does not exercise significant influence in any of the above entities, as demonstrated below :

i) The Group does not have any representation on the board of directors or corresponding governing body of the investee.

ii) The Group does not participate in policy making process.

iii) The Group does not have any material transactions with the investee.

iv) The Group does not interchange any managerial personnel.

v) The Group does not provide any essential technical information to the investee.

vi) As these are not investments strategic to the core business of HUL, these are intended to be divested/liquidated in the near future.

Since the Group does not exercise significant influence or control on decisions of the investees, these are not being construed as associate companies and therefore these have not been consolidated in the financial statement of the Group.

c) Share of Entities in Group

Name of the Entity	As at 31st March, 2019		For the year ended 31st March, 2019							
	Net Assets (Total Assets - Total Liabilities)		Share in Sales of Products and Services		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated net Sales	Amount	As % of Consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
Parent										
Hindustan Unilever Limited	97.1%	7,660	97.4%	37,660	99.5%	6,036	94.7%	(3)	99.6%	6,033
Subsidiaries										
Indian										
Unilever India Exports Limited	2.3%	180	2.2%	840	0.9%	52	3.1%	(1)	0.9%	52
Lakme Lever Private Limited	2.7%	210	0.7%	262	0.2%	10	0.0%	-	0.2%	10
Pond's Exports Limited	0.0%	(3)	0.0%	-	0.0%	0	0.0%	-	0.0%	0
Daverashola Estates Private Limited	0.1%	4	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Levers Associated Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Levindra Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Hindlever Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Jamnagar Properties Private Limited	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Hindustan Unilever Foundation	0.1%	4	0.0%	-	-0.3%	(16)	0.0%	-	-0.3%	(16)
Bhavishya Alliance Child Nutrition Initiatives	0.0%	0	0.0%	-	0.0%	0	0.0%	-	0.0%	-
Foreign										
Unilever Nepal Limited	1.5%	119	0.9%	360	1.2%	74	1.8%	(0)	1.2%	74
Non-controlling interests	0.2%	18	0.0%	-	0.1%	6	0.4%	(0)	0.1%	6
Inter-company eliminations	-4.0%	(307)	-1.2%	(438)	-1.6%	(102)	0.0%	-	-1.7%	(103)
TOTAL	**100%**	**7,885**	**100%**	**38,684**	**100%**	**6,060**	**100%**	**(4)**	**100%**	**6,056**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Note 2 : BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

(a) Basis of preparation and consolidation

These Consolidated Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Subsidiaries are entities where the group exercise control or hold more than one-half of its total share capital. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The consolidated financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits/losses, unless cost/revenue cannot be recovered.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Consolidated Statement of Changes in Equity.

The Consolidated financial statements are presented in INR, the functional currency of the Group. Items included in the consolidated financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these consolidated financial statements.

The Consolidated Financial statements of the Company for the year ended 31st March, 2019 were approved for issue in accordance with the resolution of the Board of Directors on 3rd May, 2019.

(b) Basis of measurement

These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Consolidated Financial statements requires management to make judgements, estimates

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 42

(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 and 25

(c) Recognition of deferred tax assets - Note 8

(d) Key assumptions used in discounted cash flow projections - Note 44

(e) Impairment of Intangible assets - Note 4

2.3 RECENT ACCOUNTING DEVELOPMENTS

(a) Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain IND AS. The Standard / amendments are applicable to the Group with effect from 1st April 2019.

i) IND AS 116: Leases

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.
- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Group. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.

The Group has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete. This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the Group obtains substantially all the economic benefits from the use of that asset; and
- whether the Group has the right to direct the use of that asset.

From 1st April 2019 the Group will focus on ensuring that the revised process for identifying and accounting for leases is followed.

The estimated impact of IND AS 116 on the Group's financial statements at 31st March 2019 is as follows:

Balance sheet:

The Group estimates that the adoption of IND AS 116 will result in an increase in total assets of approximately ₹ 715 crores. Financial liabilities are expected to increase by approximately ₹ 772 crores.

Statement of Profit and Loss:

The Group estimates that the adoption of IND AS 116 will result in increased depreciation of approximately ₹ 362 crores from the right-of-use assets. This will offset the reduction in operating lease expenses of around ₹ 421 crores per year, resulting in an overall increase in Earnings before interest and taxes(EBIT) of ₹ 59 crores. Finance costs are expected to increase by approximately ₹ 64 crores per year due to the interest recognised on lease liabilities.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Statement of Cash Flows:

The Group estimates that the adoption of IND AS 116 will increase cash flows from operating activities by approximately ₹ 421 crores with a related decrease in cash flows used in financing activities of ₹ 421 crores which relates to lease payments.

ii) Other Amendments

The MCA has notified below amendments which are effective 1st April 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on Preliminary assessment, the Group does not expect these amendments to have any significant impact on its Financial statements.

2.4 SIGNIFICANT ACCOUNTING POLICIES

(a) These are set out under "Significant Accounting Policies" as given in the Company's standalone financial statements.

(b) Other Accounting Policies applicable to Group

i) Operating segments:

The Operating Segment is the level at which discrete financial information is available. Business segments are 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.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Exceptional items and other expenses which are not attributable or allocable to segments are seperately. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

ii) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

iii) Grant (UIEL):

The Company is entitled to the scheme of "Interest Equalisation on Pre and Post Shipment rupee export credit loan" under which it receives interest subsidy. Grant in the nature of interest is initially recognised and measured at fair value and the grant is measured as the difference between the initial carrying value of the loan and the proceeds received. Such grants are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and reduced from corresponding cost. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

A Property, Plant and Equipment

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block							
Balance as at 31 March, 2017	**60**	**29**	**1,210**	**3,270**	**66**	**62**	**4,697**
Additions	-	1	139	500	10	20	670
Disposals/ Reclassification	-	(3)	(6)	(79)	-	(8)	(96)
Balance as at 31 March, 2018	**60**	**27**	**1,343**	**3,691**	**76**	**74**	**5,271**
Additions	-	-	169	499	12	21	701
Disposals/ Reclassification*	(1)	-	15	(99)	(0)	(0)	(85)
Acquisitions through Business combinations (Refer note 44)	-	-	-	1	-	-	1
Balance as at 31 March, 2019	**59**	**27**	**1,527**	**4,092**	**88**	**95**	**5,888**
Accumulated Depreciation							
Balance as at 31 March, 2017	**-**	**4**	**75**	**614**	**16**	**20**	**729**
Additions	-	2	51	433	8	16	510
Disposals/ Reclassification	-	(1)	(1)	(39)	-	(7)	(48)
Balance as at 31 March, 2018	**-**	**5**	**125**	**1,008**	**24**	**29**	**1,191**
Additions	-	-	55	467	10	18	550
Disposals/ Reclassification*	-	-	9	(54)	(0)	(0)	(45)
Balance as at 31 March, 2019	**-**	**5**	**189**	**1,421**	**34**	**47**	**1,696**
Net Block							
Balance as at 31st March, 2018	**60**	**22**	**1,218**	**2,683**	**52**	**45**	**4,080**
Balance as at 31st March, 2019	**59**	**22**	**1,338**	**2,671**	**54**	**48**	**4,192**

* includes reclassification of land of ₹ 1 crore (NBV: ₹ 1 crore), plant and equipment ₹ 11 crores (NBV: ₹ 9 crores) and building ₹ 2 crores (NBV: ₹ 2 crores) to Property, Plant and Equipment from asset held for sale.

NOTES:

(a) Buildings include ₹ 0 crores (31st March, 2018: ₹ 0 crores) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 0 crores (31st March, 2018: ₹ 0 crores), Leasehold Land, net block aggregating ₹ 1 crores, (31st March, 2018: ₹ 1 crores) are in the process of perfection of title.

(c) The Property, Plant and Equipment in 3A includes assets given on lease mentioned in the below table:

	Building	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block as at 31st March, 2017	0	55	0	0	55
Accumulated Depreciation as at 31st March, 2017	(0)	(4)	(0)	(0)	(4)
Net Block as at 31st March, 2017	**0**	**51**	**0**	**0**	**51**
Gross Block as at 31st March, 2018	0	70	0	0	70
Accumulated Depreciation as at 31st March, 2018	(0)	(12)	(0)	(0)	(12)
Net Block as at 31st March, 2018	**0**	**58**	**0**	**0**	**58**
Gross Block as at 31st March, 2019	0	68	0	0	68
Accumulated Depreciation as at 31st March, 2019	(0)	(17)	(0)	(0)	(17)
Net Block as at 31st March, 2019	**0**	**51**	**(0)**	**(0)**	**51**

B Capital work-in-progress

Capital work in progress as at 31st March, 2019 is ₹ 406 crores (31st March, 2018: ₹ 461 crores)

For contractual commitment with respect to property, plant and equipment refer Note 25.B(ii).

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 4 : A-INTANGIBLE ASSETS

	Goodwill	Other intangible assets				
		Brand / Trademarks	Knowhow and Design	Computer Software	Others	Total
Gross Block						
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**-**	**393**
Additions	-	-	-	7	-	7
Disposals	-	-	-	-	-	-
Balance as at 31st March, 2018	**0**	**315**	**59**	**26**	**-**	**400**
Additions	-	-	-	7	1	8
Disposals	-	-	-	(0)	-	(0)
Acquisitions through Business combinations (Refer note 44)	36	14	6	-	26	46
Balance as at 31st March, 2019	**36**	**329**	**65**	**33**	**27**	**454**
Accumulated Amortisation and Impairment						
Balance as at 31st March, 2017	**-**	**4**	**6**	**13**	**-**	**23**
Additions	-	-	6	4	-	10
Disposals	-	-	-	-	-	-
Balance as at 31st March, 2018	**-**	**4**	**12**	**17**	**-**	**33**
Additions	-	2	7	4	2	15
Disposals	-	-	-	-	-	-
Balance as at 31st March, 2019	**-**	**6**	**19**	**21**	**2**	**48**
Net Block						
Balance as at 31st March, 2018	0	311	47	9	-	367
Balance as at 31st March, 2019	36	323	46	12	25	406

Other Intangible assets include Customer Relationship, etc

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were recognised for FY 2018-19 (FY 2017-18: NIL)

SIGNIFICANT CASH GENERATING UNITS (CGUs)

The Group has identified its reportable segments Home care, Beauty & Personal Care, Foods & Refreshment and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been allocated to CGU 'Beauty & Personal Care' and 'Foods & Refreshment' segment of the Group. The carrying amount of goodwill and brand (with indefinite life) as at 31st March, 2019 is ₹ 36 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing

	Beauty & Personal Care	Foods & Refreshment
Annual Growth rate for 5 years	7.0%	7.0%
Terminal Growth Rate	2.0%	2.0%
Weighted Average Cost of Capital % (WACC) before tax	11.8%	11.8%
Average segmental margins	26.8%	17.2%

The projections cover a period of five years, as the Group believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the estimates from past performance. Segmental margins are based on FY 2018-19 performance.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Company)

The Group has performed sensitivity analysis around the base assumptions and has concluded that no reasonable change in key assumptions would result in the recoverable amount of the CGU to be less than the carrying value.

B Goodwill on consolidation

Pursuant to the merger of Aquagel Chemicals Private Limited (ACPL) with Lakme Lever Private Limited in the FY 2014-15, the excess of cost to the Group of its investment in ACPL over the Group's portion of equity in ACPL, amounting to ₹ 81 crores has been treated as 'Goodwill on consolidation'. The goodwill on consolidation is tested for impairment and accordingly no impairment charges were recognised for FY 2018-19 (FY 2017-18: NIL)

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 5 : INVESTMENTS

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT INVESTMENTS		
A. Equity instruments		
Fair value through profit or loss		
Quoted	0	0
Unquoted	1	1
TOTAL (A)	**1**	**1**
B. Other instruments		
Amortised cost		
Unquoted		
Investments in debentures and bonds	0	0
Investments in National Savings Certificates	0	0
Fair value through profit or loss		
Unquoted		
Investments in preference shares	1	1
TOTAL (B)	**1**	**1**
TOTAL (A+B)	**2**	**2**
CURRENT INVESTMENTS		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	880	1,025
Fair value through profit or loss		
Quoted		
Investments in mutual funds	1,834	1,846
TOTAL (C)	**2,714**	**2,871**
TOTAL (A+B+C)	**2,716**	**2,873**
Aggregate amount of quoted investments	2,714	2,871
Aggregate Market value of quoted investments	2,714	2,871
Aggregate amount of unquoted investments	2	2
Aggregate amount of impairment in value of investments	0	0

Refer Note 40 for information about fair value measurement and Note 41 for credit risk and market risk of investments.

NOTE 6 : LOANS

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Security deposits	131	118
Others (including employee loans)	84	66
TOTAL (A)	**215**	**184**
CURRENT		
Security deposits	4	4
TOTAL (B)	**4**	**4**
TOTAL (A+B)	**219**	**188**
Sub-classification of Loans:		
Loan Receivables considered good- Secured	-	-
Loan Receivables considered good- Unsecured	219	188
Loan Receivables which have significant increase in Credit Risk	-	-
Loan Receivables - credit impaired	-	-

Refer Note 41 for information about credit risk and market risk for loans.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 7 : OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Investments in term deposits (with remaining maturity of more than twelve months)	1	1
Other assets (includes other receivables etc.)	10	5
TOTAL (A)	**11**	**6**
CURRENT		
Receivable from group companies	26	40
Derivatives - foreign exchange forward contracts	6	5
Duty drawback receivable	9	6
Other assets (includes government grants, other receivables etc.)	536	754
TOTAL (B)	**577**	**805**
TOTAL (A+B)	**588**	**811**

Refer Note 41 for information about credit risk and market risk for other financial assets.

NOTE 8 : INCOME TAXES

A. COMPONENTS OF INCOME TAX EXPENSE

	From Continuing Operation		Discontinued Operations	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
I. Tax expense recognised in the Statement of Profit and Loss				
Current tax				
Current year	2,731	2,360	-	-
Adjustments/(credits) related to previous years - (net)	(121)	(144)	-	-
TOTAL (A)	**2,610**	**2,216**	**-**	**-**
Deferred tax charge/(credit)				
Origination and reversal of temporary differences	(79)	(137)	-	-
Adjustments/(credits) related to previous years - (net)	13	-	-	-
TOTAL (B)	**(66)**	**(137)**	**-**	**-**
TOTAL (A+B)	**2,544**	**2,079**	**-**	**-**
II. Tax on Other Comprehensive Income				
Current tax				
(Gain)/loss on remeasurement of net defined benefit plans	3	(11)	-	-
(Gain)/loss on debt instruments through other comprehensive income	-	-	-	-
Deferred tax charge/(credit)				
(Gain)/loss on remeasurement of net defined benefit plans	(6)	6	-	-
(Gain)/loss on debt instruments through other comprehensive income	1	(1)	-	-
	(2)	**(6)**	**-**	**-**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. RECONCILIATION OF EFFECTIVE TAX RATE

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	Year ended 31st March, 2019	Year ended 31st March, 2018
Statutory income tax rate	34.9%	34.6%
Differences due to:		
Expenses not deductible for tax purposes	1.6%	1.7%
Income exempt from income tax	-0.1%	-0.7%
Income tax incentives	-5.6%	-4.4%
Others	-1.2%	-2.7%
Effective tax rate	**29.6%**	**28.5%**

* Others include prior period adjustment tax refunds and tax on exceptional items

C. DEFERRED TAX ASSETS AND LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Deferred tax assets (net)	373	302

D. MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES

Movement during the year ended 31st March, 2018	As at 31st March, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2018
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	137	9	(3)	143
Provision for doubtful debts and advances	22	7	-	29
Expenses allowable for tax purposes when paid	129	37	(1)	165
Depreciation	(334)	(26)	-	(360)
Fair value (gains)/losses	(84)	29	2	(53)
Other temporary differences	300	81	(3)	378
	170	**137**	**(5)**	**302**

Movements during the year ended 31st March, 2019	As at 31st March, 2018	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2019
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	143	(26)	6	123
Provision for doubtful debts and advances	29	(4)	-	25
Expenses allowable for tax purposes when paid	165	66	-	231
Depreciation	(360)	(17)	-	(377)
Fair value gain/(loss) on investments	(53)	(21)	(1)	(75)
Other temporary differences	378	67	-	445
MAT credit	-	1	-	1
	302	**66**	**5**	**373**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

E. TAX ASSETS AND LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Non Current tax assets (net)	835	635
Non Current tax liabilities (net)	601	558

F. UNRECOGNISED DEFERRED TAX ASSETS

	As at 31st March, 2019		As at 31st March, 2018	
	Gross Amount	Unrecognised Tax effect	Gross Amount	Unrecognised Tax effect
Deductible temporary difference	12	3	14	5
Tax losses	9	2	5	2
TOTAL	**21**	**5**	**19**	**7**

G. TAX LOSSES CARRIED FORWARD

	As at 31 March, 2019	Expiry Date	As at 31 March, 2018	Expiry Date
Brought forward losses (allowed to be carried forward for specified period)	8	2023-26	5	2023-25
Brought forward losses (allowed to be carried forward for infinite period)	0	-	0	-

Note: The above is arrived basis the balances as on date. The tax losses expires in 2023-2026. The deductible temporary difference do not expire under the current tax legislation.

NOTE 9 : OTHER NON-CURRENT ASSETS

	As at 31st March, 2019	As at 31st March, 2018
Deferred lease rent	1	1
Deposit with Government authorities (customs, excise, etc)	92	62
Capital advances	65	21
Other advances (includes advances for materials)	33	29
Less: Allowance for bad and doubtful advances	(33)	(29)
	158	**84**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	29	30
Change in allowance for bad and doubtful assets during the year	5	(1)
Written off during the year	(1)	(0)
Balance as at the end of the year	**33**	**29**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 10 : INVENTORIES

	As at 31st March, 2019	As at 31st March, 2018
Raw materials [includes in transit: ₹ 29 crores (31st March, 2018: ₹ 52 crores)]	908	813
Packing materials	53	83
Work-in-progress	266	263
Finished goods [includes in transit: ₹ 35 crores (31st March, 2018: ₹ 34 crores)] (Refer note (a) below)	1,270	1,285
Stores and spares	77	69
TOTAL	**2,574**	**2,513**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2018-19 an amount of ₹ 134 crores (31st March, 2018: ₹ 174 crores) was charged to the Statement of Profit and Loss on account of damaged and slow moving inventory. The reversal on account of above during the year amounted to ₹ 6 crores (31st March, 2018: ₹ 1 crore).

NOTE 11 : TRADE RECEIVABLES

	As at 31st March, 2019	As at 31st March, 2018
Trade Receivables considered good- Secured	-	-
Trade Receivables considered good- Unsecured	1,816	1,310
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	32	49
Less: Allowance for expected credit loss	(32)	(49)
	1,816	**1,310**
The movement in allowance for expected credit loss is as follows:		
Balance as at beginning of the year	49	39
Change in allowance for credit impairment during the year	(7)	14
Trade receivables written off during the year	(10)	(4)
Balance as at the end of the year	**32**	**49**

Refer Note 41 for information about credit risk and market risk of trade receivables.

NOTE 12 : CASH AND CASH EQUIVALENTS

	As at 31st March, 2019	As at 31st March, 2018
Cash on hand	0	0
Balances with banks		
In current accounts	64	109
Term deposits with original maturity of less than three months	557	540
	621	**649**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 13 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2019	As at 31st March, 2018
Earmarked balances with banks		
Unpaid dividend account	136	140
Others (escrow account, etc)	17	-
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,983	2,696
	3,136	**2,836**

NOTE 14 : OTHER CURRENT ASSETS

	As at 31st March, 2019	As at 31st March, 2018
Export benefits receivable	28	49
Input Taxes (GST, etc)	255	400
Balances with government authorities	1	1
Other advances (includes prepaid expenses etc.)	184	206
	468	**656**

NOTE 15 : ASSETS HELD FOR SALE

	As at 31st March, 2019	As at 31st March, 2018
Group of assets held for sale		
Freehold Land	1	2
Buildings	3	6
Plant and equipment	-	8
Furniture and fixtures	0	0
Vehicles	-	0
Office equipment	-	0
	4	**16**

Note: During the year the group has reclassified certain land of ₹1 crore (NBV: ₹1 crore), plant and equipment ₹11 crores (NBV: ₹ 9 crores) and building ₹ 2 crores (NBV: ₹ 2 crores) to Property, Plant and Equipment.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 16 : EQUITY SHARE CAPITAL

	As at 31st March, 2019	As at 31st March, 2018
Authorised		
2,25,00,00,000 (31st March, 2018: 2,2,500,00,000) equity shares of ₹ 1 each	225	225
Issued, subscribed and fully paid up		
2,16,47,04,405 (31st March, 2018: 2,16,45,28,777) equity shares of ₹ 1 each	216	216
	216	**216**

a) Reconciliation of the number of shares

Equity Shares	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,45,28,777	216	2,16,43,49,639	216
Add: ESOP shares issued during the year (Refer note 43)	1,75,628	0	1,79,138	0
Balance as at the end of the year	**2,16,47,04,405**	**216**	**2,16,45,28,777**	**216**

b) Rights, preferences and restrictions attached to shares

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

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

	As at 31st March, 2019	As at 31st March, 2018
Equity Shares of ₹ 1 each		
1,11,43,70,148 shares (31st March, 2018: 1,11,43,70,148) held by Unilever PLC, UK, the holding company	111	111
34,00,42,710 shares (31st March, 2018: 34,00,42,710) held by subsidiaries of the holding company	34	34

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

Unilever PLC, UK, the holding company	As at 31st March, 2019	As at 31st March, 2018
Number of shares	1,11,43,70,148	1,11,43,70,148
% of holding	51.48%	51.48%

e) Shares reserved for issue under options

	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹1 per share (refer note 43)	2,85,049	0	4,53,191	0
	2,85,049	**0**	**4,53,191**	**0**

For terms and other details Refer Note 43.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 17 : OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Other Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2019	As at 31st March, 2018
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium	142	127
Employee Stock Options Outstanding Account	24	29
General Reserve	114	2,301
Retained Earnings	7,348	4,581
Other Reserves	9	9
Employee's Housing Reserve	50	50
Export profit reserves	0	0
Items of Other Comprehensive Income		
- Remeasurements of net defined benefit plans	(48)	(43)
- Fair value of Debt instruments through OCI	2	1
Total Attributable to owners of the Company	7,651	7,065
Attributable to Non-controlling Interest (Refer Note 18)	18	20
Total Equity	**7,669**	**7,085**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets acquired, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on the buyback of equity shares from its retained earnings. The amount in the Capital Redemption Reserve is equal to the nominal amount of the equity shares bought back.

(c) **Securities Premium :** The amount received in excess of face value of the equity shares is recognised in Securities Premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. During the year the Company has reclassified the amount standing to the credit of the General Reserves to the Retained Earnings subsequent to approval by Hon'ble National Company Law Tribunal on Scheme of arrangement.

(f) **Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

(h) **Employee's Housing Reserve :** As required by the local labour act of Nepal, on a yearly basis a portion of gross profit earned by the company is transferred to housing fund reserve which will be used to provide housing facilities to the employees.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Mandatory transfer to employee's housing reserve is not required with the new labour law enacted on 4th september, 2017.

(i) **Export profit reserves :** Export Profit Reserve has been created to protect, from any losses due to volatility in business.

(j) **Items of Other Comprehensive Income**

i) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

ii) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of defined benefit plans	Debt instruments through Other Comprehensive Income	Total
As at 31st March, 2017	**(33)**	**2**	**(31)**
Re-measurement gain/(loss) on net defined benefit plans	(15)	-	(15)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	(2)	(2)
Tax on above	5	1	6
As at 31st March, 2018	**(43)**	**1**	**(42)**
Re-measurement gain/(loss) on net defined benefit plans	(8)	-	(8)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	2	2
Tax on above	3	(1)	2
As at 31st March, 2019	**(48)**	**2**	**(46)**

D Capital Management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 18 : NON-CONTROLLING INTERESTS

The following table summarises the financial information relating to Unilever Nepal Limited that has non-controlling interests (20%).

	As at 31st March, 2019	As at 31st March, 2018
Non-current assets	212	184
Current assets	177	141
Non-current liabilities	(153)	(144)
Current liabilities	(98)	(82)
Net assets	**138**	**99**
Carrying amount of non-controlling interests	**18**	**20**

	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from operations	389	327
Profit for the year	80	62
Other comprehensive income for the year	(0)	-
Total comprehensive income for the year	**80**	**62**
Attributable to non-controlling interests (20%):		
Profit for the year	6	13
Other comprehensive income for the year	(0)	-
Note : NCI pertaining to Employee housing reserve of ₹10 crores in Unilever Nepal Limited derecognised during the year in line with terms of utilisation of such reserve.		
Cash flows from:		
Operating activities	42	70
Investing activities	(6)	8
Financing activities	(40)	(73)
Net increase/(decrease) in cash and cash equivalents	**(4)**	**5**
Dividend paid to non-controlling interests	8	15

NOTE 19 : OTHER FINANCIAL LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Security deposits	32	28
Contingent consideration payable on Business Combination	145	91
TOTAL (A)	**177**	**119**
CURRENT		
Unpaid dividends [Refer (a) below]	136	140
Derivatives - foreign exchange forward contracts	17	4
Contingent consideration payable on Business Combination	31	13
Other payables (retention money for purchase of property, plant and equipment etc.)	102	57
TOTAL (B)	**286**	**214**
TOTAL (A+B)	**463**	**333**

Refer note 41 for information about liquidity risk of other financial liability

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at 31st March, 2019 (31st March, 2018: Nil)

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 20 : PROVISIONS

	As at 31st March, 2019	As at 31st March, 2018
NON-CURRENT		
Provision for employee benefits (pension, post retirement medical benefits, compensated absences, etc)[Refer Note 42]	118	101
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	964	699
TOTAL (A)	**1,082**	**800**
CURRENT		
Provision for employee benefits (gratuity, etc)[Refer Note 42]	47	93
Other provisions (including restructuring etc.) [Refer (a) below]	476	595
TOTAL (B)	**523**	**688**
TOTAL (A+B)	**1,605**	**1,488**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax matters	Legal and Other Matters	Total
Balance as at 31st March, 2017	**295**	**464**	**759**
Add: Provision/reclassified during the year *	70	548	618
Less: Amount utilised/reversed during the year	(15)	(68)	(83)
Balance as at 31st March, 2018	**350**	**944**	**1,294**
Add: Provision/reclassified during the year *	164	387	551
Less: Amount utilised/reversed during the year	(17)	(388)	(405)
Balance as at 31st March, 2019	**497**	**943**	**1,440**

* includes impact of discounting.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Group to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

NOTE 21 : OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Employee and ex-employee related liabilities	217	197
	217	**197**

NOTE 22 : BORROWINGS

	As at 31st March, 2019	As at 31st March, 2018
Unsecured loan from banks	99	-
	99	**-**

Refer note 41 for information about liquidity risk and market risk of short term borrowings.

Unsecured loan taken from banks for export packing credit requirement amounting to ₹ 99 crores (31st March, 2018: ₹ Nil)

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 23 : TRADE PAYABLES

		As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises (as per the intimation received from vendors)			
a.	Principal and interest amount remaining unpaid	-	-
b.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
c.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
d.	Interest accrued and remaining unpaid	-	-
e.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises			
Acceptances		46	141
Trade payables		7,160	7,029
		7,206	**7,170**

Refer note 41 for information about liquidity risk and market risk related to trade payables.

NOTE 24 : OTHER CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018
Salaries, wages, bonus and other employee benefits	206	239
Statutory dues (including provident fund, tax deducted at source and others)	304	353
Advance from customers	43	62
Other payables	-	161
	553	**815**

NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS

		As at 31st March, 2019	As at 31st March, 2018
A	**CONTINGENT LIABILITIES**		
	Claims against the Group not acknowledged as debts		
	Income tax matters	996	895
	Indirect tax matters	673	737
	Legal and Other matters	283	121
	Corporate Guarantee given	8	8

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(i) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/ authorities.

(ii) The Group does not expect any reimbursements in respect of the above contingent liabilities.

(iii) The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(iv) The Group has given Bank Guarantees in respect of certain matters of above contingent liabilities.

(v) There has been a Supreme Court (SC) judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

B. COMMITMENTS

i) Operating lease commitments

The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Group has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 13 crores (2017-18: ₹ 13 crores) on such lease is included in Other expenses.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st March, 2019	As at 31st March, 2018
Not later than one year	18	14
Later than one year and not later than five years	61	61
Later than five years	7	10

	As at 31st March, 2019	As at 31st March, 2018
ii) Capital commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	224	164
iii) Other commitments		
Unexpired Letter of credit and acceptances	12	11
	236	**175**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 26 : REVENUE FROM OPERATIONS

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of products (including excise duty*)	38,579	35,474
Sale of services	105	97
Other operating revenue		
Income from services rendered	297	360
Others (including government grant, scrap sales, export incentives, etc.)	329	307
	39,310	**36,238**

Total government grant recognized ₹ 173 crores (FY 2017-18 ₹ 172 crores)

* Upto 30th June, 2017

Reconciliation of Revenue from sale of products & services with the contracted price

	Year ended 31st March, 2019	Year ended 31st March, 2018
Contracted Price	43,971	40,547
Less: Trade discounts, volume rebates, etc	5,287	4,976
Sale of products and Services	**38,684**	**35,571**

NOTE 27 : OTHER INCOME

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest income on		
Bank deposits	236	136
Current investments	70	122
Others (including interest on Income tax refunds)	75	2
Dividend income from		
Non-current investments	1	2
Fair value gain/(loss)		
Investments measured at fair value through profit or loss*	164	113
Net gain on sale of investments	4	9
	550	**384**

* Includes realised gain on sale of investments of ₹ 84 crores

NOTE 28 : COST OF MATERIALS CONSUMED

	Year ended 31st March, 2019	Year ended 31st March, 2018
Raw materials consumed	11,090	10,358
Packing materials consumed	2,617	2,569
	13,707	**12,927**

NOTE 29 : PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2019	Year ended 31st March, 2018
Purchases of stock-in-trade	4,755	3,875
	4,755	**3,875**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 30 : CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2019	Year ended 31st March, 2018
Opening inventories		
Finished goods	1,285	1,268
Work-in-progress	263	229
Closing inventories		
Finished goods	(1,270)	(1,285)
Work-in-progress	(266)	(263)
Excise duty on increase/(decrease) of finished goods	-	(21)
	12	**(72)**

NOTE 31 : EXCISE DUTY

	Year ended 31st March, 2019	Year ended 31st March, 2018
Excise duty*	-	693
	-	**693**

*Upto 30th June, 2017

NOTE 32 : EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and wages, bonus etc.	1,558	1,526
Contribution to provident fund and other funds	110	94
Defined benefit plan expenses (Refer Note 42)	28	65
Share based payments to employees (Refer Note 43)	93	79
Workmen and staff welfare expenses	86	96
	1,875	**1,860**

NOTE 33 : FINANCE COSTS

	Year ended 31st March, 2019	Year ended 31st March, 2018
Interest on borrowings (including bank overdraft, etc)	4	5
Net interest on the net defined benefit liability (Refer Note 42)	11	8
Unwinding of discount on provisions and liabilities	10	9
Unwinding of discount on employee and ex-employee related liabilities	5	4
Others (including interest on taxes)	3	-
	33	**26**

NOTE 34 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31st March, 2019	Year ended 31st March, 2018
Depreciation on property, plant and equipment	550	510
Amortisation on intangible assets	15	10
	565	**520**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 35 : OTHER EXPENSES

	Year ended 31st March, 2019		Year ended 31st March, 2018	
Advertising and promotion		4,607		4,153
Carriage and freight		1,599		1,547
Royalty				
- Technology	529		493	
- Brand	161	690	158	651
Fees for central services from Parent Company		383		358
Power, fuel, light and water		308		295
Rent		315		285
Processing charges		281		309
Travelling and motor car expenses		166		162
Repairs		143		120
Rates & taxes (excluding income tax)		36		96
Corporate social responsibility expense [Refer note (a) below]		129		119
Miscellaneous expenses		1,424		1,361
		10,081		**9,456**

(a) The Group has spent ₹ 129 crores (2017-18: ₹ 119 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Group during the year: ₹ 127 crores (2017-18: ₹ 115 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2019		Year ended 31st March, 2018	
	In cash	Yet to be paid in Cash	In cash	Yet to be paid in Cash
i) Construction/acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	129	-	119	-
	129	**-**	**119**	**-**

III. The Group does not carry any provisions for Corporate social responsibility expenses for the current year and previous year.

NOTE 36 : EXCEPTIONAL ITEMS (Net)

	Year ended 31st March, 2019	Year ended 31st March, 2018
i) Profit on disposal of surplus properties	-	13
ii) Profit on disposal of joint venture	-	72
Total exceptional income (A)	**-**	**85**
i) Fair valuation of contingent consideration payable on contingent consideration (refer Note 44)	(57)	(48)
ii) Acquisition and disposal related cost	(30)	-
iii) Restructuring and other costs	(141)	(70)
Total exceptional expenditure (B)	**(228)**	**(118)**
Exceptional items (net) (A+B)	**(228)**	**(33)**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 : DISCONTINUED OPERATIONS

Pond's Exports Limited (PEL) has closed down its existing operation in line with the Group's strategy of exiting non core business.

A Results of discontinued operation

	Year ended 31st March, 2019	Year ended 31st March, 2018
Income	1	5
Expenses	(1)	(3)
Results from discontinued operations before tax	**0**	**2**
Less: Inter-company Elimination	-	0
Tax Expense		
Current tax	-	-
Deferred tax credit/(charge)	-	-
Results from discontinued operations after tax	**0**	**2**

The profit from discontinued operations of ₹ 0 crores (2017-18 profit ₹ 2 crores) is attributable entirely to the owners of the Company.

B Net Cash (used in)/generated from discontinued operations

	Year ended 31st March, 2019	Year ended 31st March, 2018
Net cash (used in) / generated from operating activities	(2)	4
Net cash (used in)/generated from investing activities	0	(0)
Net cash used in financing activities	-	(4)
Net cash flows for the year	**(2)**	**(0)**

NOTE 38 : EARNINGS PER EQUITY SHARE

A. From Continuing operations

	Year ended 31st March, 2019	Year ended 31st March, 2018
Earnings Per Share has been computed as under:		
Profit for the year attributable to the owners of the Company	6,054	5,212
Weighted average number of equity shares outstanding	2,16,46,29,982	2,16,44,57,493
Earnings Per Share (₹) - Basic (Face value of ₹1 per share)	₹ 27.97	₹ 24.08
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	3,59,472	4,66,552
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,89,454	2,16,49,24,045
Earnings Per Share (₹) - Diluted (Face value of ₹1 per share)	₹ 27.96	₹ 24.07

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. From Discountinued operations

	Year ended 31st March, 2019	Year ended 31st March, 2018
Earnings Per Share has been computed as under:		
Profit/(Loss) for the year attributable to the owners of the Company	0	2
Weighted average number of equity shares outstanding	2,16,46,29,982	2,16,44,57,493
Earnings Per Share (₹) - Basic (Face value of ₹1 per share)	₹ 0.00	₹ 0.01
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	3,59,472	4,66,552
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,89,454	2,16,49,24,045
Earnings Per Share (₹) - Diluted (Face value of ₹1 per share)	₹ 0.00	₹ 0.01

NOTE 39 : DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2019	Year ended 31st March, 2018
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 12.00 per share for FY 2017-18 (2016-17: ₹10.00 per share)	2,598	2,164
Dividend distribution tax on final dividend*	534	441
Interim dividend of ₹ 9.00 per share for FY 2018-19 (2017-18: ₹ 8.00 per share)	1,948	1,732
Dividend distribution tax on interim dividend*	379	314
	5,459	**4,651**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹ 13 per share for FY 2018-19 (2017-18: ₹12.00 per share)	2,814	2,597
Dividend distribution tax on final dividend	578	534
	3,392	**3,131**
Payout ratio for FY 2018-19	**94%**	

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises credit in respect of tax paid under section 115 O of the Income-tax Act, 1961 by the Company on dividend received from its subsidiaries.

NOTE 40 : FINANCIAL INSTRUMENTS

A ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value /Fair value As at 31st March , 2019	Carrying value /Fair value As at 31st March, 2018
FINANCIAL ASSETS			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	**5**	880	1,025
ii. Fair value through profit or loss	**5**	1,836	1,848
Derivatives - foreign exchange forward contracts	**7**	6	5

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Note	Carrying value /Fair value	
		As at 31st March , 2019	As at 31st March, 2018
Financial assets measured at amortised cost			
Investments	5	0	0
Loans	6	219	188
Investments in term deposits	7,13	2,984	2,697
Other assets	7	546	759
		6,471	**6,522**
FINANCIAL LIABILITIES			
Financial liabilities measured at fair value			
Derivatives - foreign exchange forward contracts	19	17	4
Contingent consideration	19	176	104
Borrowings	22	99	-
Financial liabilities measured at amortised cost			
Security deposits	19	32	28
Other payables	19	102	57
		426	**193**

The Group has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, receivable from group companies, trade payables, unpaid dividends and deferred borrowings at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B INCOME, EXPENSES, GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Note	Year ended 31st March, 2019	Year ended 31st March, 2018
Financial assets measured at amortised cost			
Interest income	27	237	138
Allowance for doubtful debts	11	(7)	14
Financial assets measured at fair value through other comprehensive income			
Investment in debt instruments			
Interest income	27	70	122
Fair value gain/(loss) recognised in other comprehensive income	17C	2	(2)
Financial assets measured at fair value through profit or loss			
Fair value gain/(loss) on investment in debt instruments	27	164	113
Dividend income on non current investments	27	1	2
Net gain on sale of investments	27	4	9
Financial liabilities measured at amortised cost			
Interest expense	33	4	5
Derivatives - foreign exchange forward contracts			
Fair value gain/(loss)	35	12	(2)

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C FAIR VALUE HIERARCHY

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

• Level 1: Quoted prices for identical instruments in an active market;

• Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and

• Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2019				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	880	-	-	880
ii. Fair Value through Profit or Loss	1,834	-	2	1,836
Derivatives - foreign exchange forward contracts	-	6	-	6
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	17	-	17
Contingent consideration	-	-	176	176
Borrowings	-	99	-	99
As at 31st March, 2018				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,025	-	-	1,025
ii. Fair Value through Profit or Loss	1,846	-	2	1,848
Derivatives - foreign exchange forward contracts	-	5	-	5
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	4	-	4
Contingent consideration	-	-	104	104
Borrowings	-	-	-	-

CALCULATION OF FAIR VALUES

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2018.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.

- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUES

As at 31st March, 2019	Significant unobservable inputs	Sensitivity of input to fair value measurement
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue per year will have additional Liability of ₹ 21 crores and 10% decrease will have opposite impact of ₹ 19 crores.
	Discount rate: 8.4%	1% increase in Discount rate will have reduction in liability of ₹ 3 crores 1% decrease will have increase in liability of ₹ 3 crores.
As at 31st March, 2018	**Significant unobservable inputs**	**Sensitivity of input to fair value measurement**
Contingent consideration	Forecast revenue	10% increase in forecasted revenue per year will have additional Liability of ₹ 10 crores and 10% decrease will have reduction in liability of ₹ 10 crores.
	Discount rate: 14.0%	1% increase in Discount rate will have reduction in liability of ₹ 2 crores 1% decrease will have increase in liability of ₹ 2 crores.

NOTE 41 : FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's senior management has the overall responsibility for establishing and governing the Group risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group risk management policies. The Group risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the company.

A MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service and finance the financial liabilities on a day-to-day basis.

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated , over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

	Note	Carrying amount	Undiscounted Amount		
			Payable within 1 year	More than 1 years	Total
As at 31st March, 2019					
Non-derivative liabilities					
Borrowings	**22**	99	99	-	99
Trade payables (including acceptances)	**23**	7,206	7,206	-	7,206
Security deposits	**19**	32	-	32	32
Unpaid dividend	**19**	136	136	-	136
Other Payables	**19**	102	102	-	102
Contingent consideration	**19**	176	30	177	207
Derivative liabilities					
Forward exchange contracts	**19**	17	17	-	17
As at 31st March, 2018					
Non-derivative liabilities					
Borrowings	**22**	-	-	-	-
Trade payables (including acceptances)	**23**	7,170	7,170	-	7,170
Security deposits	**19**	28	-	28	28
Unpaid dividend	**19**	140	140	-	140
Other Payables	**19**	57	57	-	57
Contingent consideration	**19**	104	13	127	140
Derivative liabilities					
Foreign exchange forward contracts	**19**	4	4	-	4

B MANAGEMENT OF MARKET RISK

The Group size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group exposure to and management of these risks are explained below.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. CURRENCY RISK		
The Group is subject to the risk that changes in foreign currency values impact the Group exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2019, the net unhedged exposure to the Group on holding financial assets (trade receivables and Capital advances), liabilities (trade payables and capital creditors) and commitments other than in their functional currency amounted to ₹ 12 crores payable (31st March, 2018: ₹ 4 crores).	The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Group's approach to management of currency risk is to leave the Group with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Group is exposed (net of hedge) would have led to approximately an additional ₹ 1 crores gain in the Statement of Profit and Loss (2017-18: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
2. PRICE RISK		
The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2019, the investments in debt mutual funds amounts to ₹ 1,834 crores (31st March, 2018: ₹ 1,846 crores). These are exposed to price risk	The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 18 crores gain in the Statement of Profit and Loss (2017-18: ₹ 18 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. INTEREST RATE RISK		
The Group is mainly exposed to the interest rate risk due to its investment in treasury bills. The interest rate risk arises due to uncertainties about the future market interest rate of these investments. The Group majorly invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2019, the investments in treasury bill and borrowings amounts to ₹ 880 crores (31st March, 2018: ₹ 1,025 crores). These are exposed to interest rate risk.	The Group has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 1 crores gain in the Statement of Profit and Loss (2017-18: ₹ 0 crores gain). A 0.25% decrease in interest rates would have led to an equal but opposite effect.

C MANAGEMENT OF CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables indicate low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, money market liquid mutual funds with financial institutions and derivative financial instruments. The Group has set counter-party limits based on multiple factors including financial position, credit rating, etc.

The Group's maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 is the carrying value of each class of financial assets.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 42 : DEFINED BENEFIT PLANS

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other post-employment benefit plans includes post retirement medical benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Company managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Company managed trust.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Group's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Group to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Group has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Group of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Present value of obligation	2,664	2,582	157	158
Fair value of plan assets	(2,613)	(2,483)	(81)	(88)
(Asset)/Liability recognised in the Balance Sheet	51	99	76	70
Of which in respect of:				
Funded plans in surplus:				
Present value of obligation	11	14	-	-
Fair value of plan assets	(33)	(39)	-	-
(Asset)/Liability recognised in the Balance Sheet*	-*	-*	-	-
*The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.				
Funded plans in deficit:				
Present value of obligation	2,653	2,569	157	158
Fair value of plan assets	(2,602)	(2,470)	(81)	(88)
(Asset)/Liability recognised in the Balance Sheet	51	99	76	70

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2017	2,407	2,424	17	93	162	69
Current service cost	-	81	81	-	0	0
Past service cost	-	45	45	-	-	-
Employee contributions	-	145	145		-	-
Interest cost	-	163	163	-	11	11
Interest income	163	-	(163)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	30	30	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	39	3	(36)	(1)	(18)	(17)
Actuarial (gain)/loss arising from experience adjustments	-	39	39	-	13	13
Employer contributions	102	-	(102)	-	-	-
Employee contributions	145	-	(145)	-		-
Assets acquired/ (settled)	(20)	(20)	-	-	-	-
Benefit payments	(328)	(328)	-	(10)	(10)	-
As at 31st March, 2018	**2,508**	**2,582**	**74**	**88**	**158**	**70**
As at 31st March, 2018	2,508	2,582	74	88	158	70
Current service cost	-	121	121	-	0	0
Past service cost	-	-	-	-	-	-
Employee contributions	-	168	168		-	-
Interest cost	-	201	201	-	12	12
Interest income	198	-	(198)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(5)	(5)		(3)	(3)
Actuarial (gain)/loss arising from changes in financial assumptions	(0)	9	9	(1)	6	7
Actuarial (gain)/loss arising from experience adjustments	-	3	3	-	(4)	(4)
Employer contributions	175	-	(175)	-	-	-
Employee contributions	168		(168)	-		-
Assets acquired/ (settled)	(60)	(60)	(0)	-	-	-
Benefit payments	(354)	(354)	-	(12)	(12)	-
As at 31st March, 2019	**2,635**	**2,665**	**30**	**81**	**157**	**76**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Employee Benefit Expenses *:				
Current service cost	28	20	0	0
Past service cost	-	45	-	-
Finance costs * :				
Interest cost	53	42	12	11
Interest income	(48)	(39)	(6)	(6)
Net impact on profit (before tax)	**33**	**68**	**6**	**5**
Remeasurement of the net defined benefit plans:				
Actuarial gains/(losses) arising from changes in demographic assumptions	(4)	28	(3)	-
Actuarial gains/(losses) arising from changes in financial assumptions	9	1	6	(17)
Actuarial gains/(losses) arising from experience adjustments	3	1	(4)	13
Net impact on other comprehensive income (before tax)	**8**	**30**	**(1)**	**(4)**

*: Service cost and Finance cost has not been recognised in the statement of profit and loss for Officer's Pension and Provident Fund

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Quoted				
Government debt instruments	1,073	907	-	-
Other debt instruments	858	967	81	88
TOTAL (A)	**1,931**	**1,874**	**81**	**88**
Unquoted				
Others	704	634	-	-
TOTAL (B)	**704**	**634**	**-**	**-**
TOTAL (A+B)	**2,635**	**2,508**	**81**	**88**

Note: Assets to the extent of ₹ 33 crores is not recognised in Balance Sheet pertaining to Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust fund

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Financial Assumptions	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Discount rate (per annum)	7.7%	8.0%	7.7%	8.0%
Salary escalation rate (per annum)				
Management employees- for first 5years	8.0%	8.0%		
Management employees- after 5 years	8.0%	8.0%		
Non-management employees	8.0%	8.0%		
Pension increase rate (per annum)*	2.5%	2.5%		
Annual increase in healthcare costs (per annum)			9.0%	9.0%

*For management pension only

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2012-14) Ultimate table

Mortality in Retirement : LIC Buy-out Annuity Rates & UK published S1PA mortality table adjusted for Indian lives

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

Financial Assumptions		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	Change in plan obligation (%)	Change in assumption (%)	Change in plan obligation (%)
Discount rate (per annum)	Increase	0.50%	-2.1%	0.50%	-4.7%
	Decrease	0.50%	2.2%	0.50%	5.1%
Salary escalation rate (per annum)	Increase	0.25%	1.4%	-	-
	Decrease	0.25%	-1.3%	-	-
Pension rate	Increase	0.25%	3.0%	-	-
	Decrease	0.25%	-2.8%	-	-
Life expectancy	Increase	1 year	2.6%	1 year	4.9%
	Decrease	1 year	-2.4%	1 year	-4.8%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	10.4%
	Decrease	-	-	1.00%	-9.0%

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

G. Weighted average duration and expected employers contribution for FY 2018-19 for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2019	Year ended 31st March, 2018	
Gratuity	6.9	6.8	47
Management Pension	6.2	6.5	1
Officer's Pension	3.5	3.7	-
Provident Fund	8.0	7.7	100
Post-retirement medical benefits	9.8	10.7	-

NOTE 43 : SHARE BASED PAYMENTS

EQUITY SETTLED SHARE BASED PAYMENTS

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent company.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (₹) per share	Weighted Average Exercise Price (₹) per share
2001 HLL Stock Option Plan	2005	27-May-05	1,547,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	420,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	1,23,887			1.00	1.00
	Interim 2017	21-Jul-17	6,846			1.00	1.00
	2018	16-Feb-18	63,421			1.00	1.00
	Interim 2018	27-Jul-18	4,650			1.00	1.00

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Number of Share Options							
Scheme	Year	Outstanding at the beginning of the year	Granted during the year*	Forfeited/Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2012 HUL Performance Share Scheme	2014	-	-	-	-	-	-
		(1,14,890)	-	-	(1,14,890)	-	-
	Interim 2014	-	-	-	-	-	-
		(15,103)	-	(1,061)	(14,042)	-	-
	2015	1,05,029		-	1,05,029	-	-
		(1,27,151)	(28,084)	-	(50,206)	(1,05,029)	(1,05,029)
	Interim 2015	11,058	4,079	-	15,137	-	-
		(11,690)	-	(632)	-	-	(11,058)
	2016	1,37,033	18,350	6,913	55,462	-	93,008
		(1,47,859)	-	(10,826)	-	-	(1,37,033)
	Interim 2016	10,999	-	557	-	-	10,442
		(11,834)	-	(835)	-	-	(10,999)
	2017	1,19,220	-	7,340	-	-	1,11,880
		(1,23,887)	-	(4,667)	-	-	(1,19,220)
	Interim 2017	6,431	-	415	-	-	6,016
		-	(6,846)	(415)	-	-	(6,431)
	2018	63,421	-	4,368	-	-	59,053
		-	(63,421)	-	-	-	(63,421)
	Interim 2018	-	4,650	-	-	-	4,650
		-	-	-	-	-	-

* Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to 2017-18)

Weighted average equity share price at the date of exercise of options during the year was ₹ 1,626 (2017-18: ₹ 1,154)

Weighted average remaining contractual life of options as at 31st March, 2019 was 0.8 years (31st March, 2018: 1.2 years)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2019	Year ended 31st March, 2018
Risk-free interest rate (%)	7.6%	7.0%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	19.3%	21.4%
Dividend yield	1.2%	1.3%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

CASH SETTLED SHARE BASED PAYMENTS

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the holding company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 150% of grant level, depending on the acheivement of the performance metrics. The performance metrics of GPSP are underlying sales growth, operating cash flow and core operating margin improvement. The performance metrics of MCIP are underlying sales growth, underlying EPS growth and sustainability progress index. Under the SHARES Plan, eligible employees can invest upto ₹ 16897 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's employees at the end of the 3/4 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2019	As at 31st March, 2018
Other non-current liabilities	95	94
Other current liabilities	74	94
Total carrying amount of liabilities	**169**	**188**

Effect of share based payment transactions on the Statement of Profit and Loss:

	As at 31st March, 2019	As at 31st March, 2018
Equity settled share based payments	10	11
Cash settled share based payments	83	68
Total expense on share based payments	**93**	**79**

NOTE 44 : BUSINESS COMBINATION

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19.

Basis the projection of the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2018, the fair value of the contingent consideration was ₹ 104 crores which was classified as other financial liability.

Deferred contingent consideration

Based on actual performance in financial year 2018-19 and current view of future projections for the brand, the Company has reviewed and fair valued the deferred contingent consideration so payable. As at 31st March 2019, the fair value of the contingent consideration is ₹157 crores which is classified as other financial liability.

The determination of the fair value as at Balance Sheet date is based on discounted cash flow method. The key inputs used in determining the fair value of deferred contingent consideration were domestic turnover projections of the brand and weighted average cost of capital.

Acquistion of Adityaa Milk Brand

On September 26, 2018, the Company completed the acquisition of the brand ' Adityaa Milk' and its front-end distribution network from Vijaykant Dairy and Food Products Limited [VDFPL] . The deal comprised the acquisiton of the brand ' Adityaa Milk', customer relationship, technical know-how, Property, Plant and Equipment, working capital and other intangible assets for a total consideration of ₹ 65 crores and a deferred consideration of ₹ 18 crores. The transaction is accounted as business combination under Ind AS 103

The acquisition is in line with the Company's strategic intent to strengthen its leadership position in the Rapidly growing Ice Cream and Frozen Dessert market in India. 'Adityaa Milk' brings to the Company, a premium brand with strong credentials around dairy and dairy-based product that will complement its existing portfolio.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Purchase consideration transferred:

	Amount
Upfront cash consideration	65
Deferred contingent consideration	18
	83

Deferred contingent consideration

The Contingent consideration is payable after 3 year from acquisition date and accrodignly recognised at fair value of ₹ 18 crores. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non financial performance targets

Assets acquired and liabilities assumed:

The fair values of identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	1
Specified Intangibles Assets	
Adityaa Milk Brand	14
Technical know how	6
Others (including Customer Relationships)	26
Total identifiable assets	**47**
Add: Net Working Capital	(0)
Total identifiable net assets	**47**
Goodwill	36
Total Net Assets	**83**

Acquisition-related costs

In addition to cash consideration mentioned above, acquisition- related costs of ₹ 0 crore paid towards transfer of assets are included in 'Exceptional items' in the Statement of Profit and Loss.

Impact of acquisition on the results

The acquired business contributed revenue of ₹ 31 crores and loss (before tax) of ₹12 crores for the year ended 31st March, 2019 including one time integration costs.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 45 : RELATED PARTY DISCLOSURES

A. Enterprises exercising control

(i) Holding Company : Unilever Plc

B. Other Related Parties with whom the Company had transactions during the year

(i) Joint Ventures : Kimberly Clark Lever Private Limited (50% control, ceases to be Joint venture after 29th September, 2017)

(ii) Key Management Personnel

(a) Executive directors : Sanjiv Mehta
PB Balaji (up to 13th November 2017)
Srinivas Phatak (with effect from 1st December 2017)
Pradeep Banerjee / Pradeep Banerjee Associates LLP.
Dev Bajpai
Geetu Verma (up to 30th June 2018)
BP Biddappa
Priya Nair
Sandeep Kohli
Sudhir Sitapati
Srinandan Sundaram

(b) Non-executive directors Harish Manwani (up to 29th June 2018)
Aditya Narayan
S. Ramadorai
O. P. Bhatt
Sanjiv Misra
Kalpana Morparia
Leo Puri (with effect from 12th October 2018)

(iii) Employees' Benefit Plans where there is significant influence : The Union Provident Fund
Hindustan Lever Gratuity Fund
The Hindlever Pension Fund
Hindlever Limited Superannuation Fund

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as at 31st March, 2019

		Year ended 31st March, 2019	Year ended 31st March, 2018
Holding Company :	Dividend paid	2,340	2,006
	Royalty expense	671	634
	Fees for central services	383	358
	Income from services rendered	284	350
	Expenses for services received	254	237
	Outstanding as at the year end :		
	- Trade and other receivables	183	378
	- Trade payables	11	-

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

			Year ended 31st March, 2019	Year ended 31st March, 2018
Fellow Subsidiaries	:	Sale of finished goods / raw materials etc	669	673
		Purchased of Property, Plant & Equipment	20	69
		Purchase of finished goods / raw materials etc	785	807
		Rent income	6	2
		Sale of Property, Plant & Equipment	10	27
		Income from services rendered	18	8
		Expenses for services received	11	16
		Management fees paid	8	29
		Dividend paid	714	612
		Royalty expense	19	17
		Expenses shared by fellow subsidiaries	8	8
		Maintenance and support costs for licences and software	13	7
		Contribution to foundation	3	2
		Reimbursements paid	141	102
		Reimbursements received	83	134
		Outstanding as at the year end:		
		- Trade and other receivables	122	149
		- Trade payables	122	357
Joint Venture (to the extent not consolidated)	:	Purchase of finished goods / raw materials etc.		61
		Reimbursements received	-	14
Key Management Personnel (Executive directors)	:	Remuneration :		
		- Short-term employee benefits	49	50
		- Post-employment benefits*	1	2
		- Other long-term benefits*	0	0
		- Share-based payments	19	17
		- Consultancy fees	1	-
		Dividend paid	0	0
		Consideration received on exercise of options	0	0
Other (Non Executive Directors)	:	Dividend paid	0	0
		Commission paid	2	2
Employees' Benefit Plans where there is significant influence	:	Contributions during the year (Employer's contribution only)	134	101
		Outstanding as at the year end :		
		- Advances recoverable in cash or kind or for value to be received	12	18

*Note: As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and on arm's length basis.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017-18: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Disclosure of transactions with Related Parties during the year which are more than 1% of Revenue.

			Year ended 31st March, 2019	Year ended 31st March, 2018
Holding Company	:	Royalty expense		
		Unilever Plc.	680	634
	:	Dividend Paid		
		Unilever Plc.	2,340	2,006
Fellow Subsidiaries	:	Purchase of finished goods / raw materials etc.		
		PT Unilever Oleochemical Indonesia	549	641

NOTE 45 : SEGMENT INFORMATION

Business Segments

The Group has determined following reporting segments based on the information reviewed by the Group's Chief Operating Decision Maker ('CODM').

a) Home Care include detergent bars, detergent powders, detergent liquids, scourers, water business etc.

b) Beauty & Personal Care include products in the categories of oral care, skin care (including soaps), hair care, deodorants, talcum powder, colour cosmetics, salon services etc.

c) Foods & Refreshment include branded staples (atta, salt, bread, etc.), culinary products (tomato based products, fruit based products, soups, etc.), tea, coffee and frozen desserts.

d) Others include exports, infant care products etc.

The above business segments have been identified considering :

a) the nature of products and services

b) the differing risks and returns

c) the internal organisation and management structure, and

d) the internal financial reporting systems.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee as explained in the Director's Report section.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided to group companies, where applicable.

	Year ended 31st March, 2019			Year ended 31st March, 2018		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Home care	12,874	-	12,874	11,626	-	11,626
Beauty & Personal care	17,800	-	17,800	16,588	-	16,588
Foods & Refreshment	7,131	-	7,131	6,476	-	6,476
Others	1,505	-	1,505	1,533	-	1,533
TOTAL REVENUE	**39,310**	**-**	**39,310**	**36,223**	**-**	**36,223**
RESULT						
Home care			2,156			1,702
Beauty & Personal care			4,751			4,205
Foods & Refreshment			1,230			988
Others			178			153
TOTAL SEGMENT			**8,315**			**7,048**
Un-allocated corporate expenses net of un-allocated income			-			(69)
Profit from continuing operations before other income, finance costs, exceptional items and tax			8,315			6,979
Finance costs			(33)			(26)
Other Income			550			384
Profit from continuing operations before exceptional items and tax			**8,832**			**7,337**
Exceptional items - income/(expenditure)			(228)			(33)
Profit before tax from continuing operations			8,604			7,304
Tax expense						
Current tax			(2,610)			(2,216)
Deferred tax charge/(credit)			66			137
Profit for the year from Continuing Operations (A)			**6,060**			**5,225**
Profit for the year from Discontinued Operations (B)			0			2
Profit For the Year (A+B)			**6,060**			**5,227**
Less: Non Controlling Interest			(6)			(13)
Profit for the Year			**6,054**			**5,214**

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

OTHER INFORMATION

	Segment Assets		Segment Liabilities	
	As at 31st March , 2019	As at 31st March, 2018	As at 31st March , 2019	As at 31st March, 2018
Home care	2,270	2,100	2,752	2,865
Beauty & Personal care	5,152	5,185	5,102	4,925
Foods & Refreshment	2,179	1,936	1,311	1,330
Others	697	646	296	330
TOTAL	**10,298**	**9,867**	**9,461**	**9,450**
Unallocated Corporate Assets / (Liabilities)	8,331	7,995	1,283	1,111
Total Assets / (Liabilities)	**18,629**	**17,862**	**10,744**	**10,561**

	Year ended 31st March, 2019			Year ended 31st March, 2018		
	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation
Home care	160	100	52	237	95	60
Beauty & Personal care	365	330	128	470	298	85
Foods & Refreshment	184	77	29	97	72	34
Others	33	21	3	29	22	3
Unallocated/Corporate	25	37	-	54	33	-

ADDITIONAL INFORMATION BY GEOGRAPHIES

Although the Group's operations are managed by product area, we provide additional information based on geographies.

	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue by Geographical Market		
India	37,733	34,641
Outside India	1,577	1,582
	39,310	**36,223**
Carrying Amount of Segment Assets		
India	9,981	9,579
Outside India	317	288
	10,298	**9,867**

Revenue from major customers

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTES

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Notes

(a) Revenue comprises :

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sale of products (including excise duty)	38,579	35,474
Sale of services	105	97
Income from services rendered	297	360
Government grants, export incentives, scrap sales included in other operating income	329	292
TOTAL	**39,310**	**36,223**

NOTE : 47

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date attached

For B S R & Co. LLP
Firm's Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 3rd May, 2019

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

FORM AOC-1

to the consolidated financial statements for the year ended 31st March, 2019 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Statement containing salient features of the consolidated financial statement of Subsidiaries / Joint Venture

• Part "A": Subsidiaries

Sr no	Name of the subsidiary	Unilever India Exports Limited	Pond's Exports Limited	Unilever Nepal Limited - Indian ₹ (note I, ii and iii)	Unilever Nepal Limited - NPR	Lakme Lever Private Limited	Jamnagar Properties Private Limited	Daverashola Estates Private Limited	Hindustan Unilever Foundation	Bhavishya Alliance Child Nutrition Initiatives	Hindlever Trust Limited	Levindra Trust Limited	Levers Associated Trust Limited
1	The date since when subsidiary was acquired	26-06-1963	15-10-1998	22-06-1992		19-12-2008	16-10-2006	16-03-2005	19-12-2012	12-03-2015	01-04-1958	11-12-1946	11-12-1946
2	Reporting period	31-03-2019	31-03-2019	16/07/2018 (Ashaad, 31, 2075)		31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019	31-03-2019
3	Share capital	3	2	6	9	36	5	0	0	0	0	0	0
4	Reserves & surplus	177	-5	132	211	174	-5	4	4	0	-0	-0	-0
5	Total assets	486	5	389	622	449	-	4	4	0	0	0	0
6	Total Liabilities	306	8	252	402	239	-	0	4	-	-	-	-
7	Investments	21	-	-	-	-	-	-	-	-	-	-	-
8	Turnover	881	0	389	622	268	-	-	14	-	-	-	-
9	Profit / (loss) before taxation	87	0	102	164	11	-	-	-16	0	-0	-0	-0
10	Provision for taxation	35	-	22	36	-1	-	-	-	0	-	-	-
11	Profit /(loss) after taxation	52	0	80	128	10	-	-	-16	0	-0	-0	-0
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	90%	80%		100%	100%	100%	76%	100%	100%	100%	100%

Notes: i) Converted into indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

ii) The financial statements have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

iii) The financial statements are as on 31st March, 2019.

• Part "B": Joint Venture – Nil

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 3rd May, 2019

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN : 00050516]

AWARDS AND RECOGNITION

WINNING WITH BRANDS AND INNOVATION

- HUL was adjudged the Most Innovative Company in India, in Forbes' list of The World's Most Innovative Companies 2018. We were ranked 8th globally
- HUL was awarded Client of the Year at EFFIE India Awards. Our purpose-driven brands won 15 awards under various categories. Surf excel won five metals in various categories portraying an excellence in brand communication and effective marketing
- Brooke Bond Red Label & Better India's web-series 'Breaking barriers' bagged a bronze at the Abby Awards 2018 in the 'Branded Content' category
- Brooke Bond Red Label won the 'Brand Campaign of the Year' at the CNBC-TV18 India Business Leader Awards
- Surf excel bagged the 'most valuable Home Care brand' award at the 5th edition of WPP and Kantar Millward Brown's BrandZ™ Top 75 Most Valuable Indian Brands 2018 Awards
- Two of our brands - Brooke Bond and Surf excel were declared winners of the sector awards in the FMCG-Beverages and Household Care categories respectively, at the Marquees 2018 organised by the Advertising Club
- Our brand Hamam won the global 'Purposeful Brand Communications' award for the #GoSafeOutside campaign in Tamil Nadu

WINNING IN THE MARKETPLACE

- HUL was recognised as the winner in the FMCG sector at the Dun & Bradstreet Corporate Awards 2018. We won this award for the fifth consecutive year
- HUL won the Open Republic Achiever's Award in the Business – Seasoned category

WINNING THROUGH CONTINUOUS IMPROVEMENT

- HUL's Puducherry HPC factory received the Silver Award at the 'Golden Bird Excellence Award 2018' for excellence in driving a safe environment and good health of its employees
- HUL's Amli Factory was felicitated with the Platinum Award in the large-scale manufacturing category, at the 6th FICCI Quality Systems Excellence Awards for Industry
- HUL's Rajpura Factory was recognised in the 2nd CII Energy Efficiency Circle Competition. Rajpura participated in two categories under the Best Energy Efficient Organisation & Best Energy Efficiency Case Study and ended up on the podium in both the categories
- HUL's Nashik Factory was awarded for its 'outstanding performance in food safety' in the 'Large Manufacturing Food Businesses – Milk & Milk Products' category, at the 13th CII Food Safety, Quality and Regulatory Summit & Awards Ceremony
- HUL's Sumerpur Factory won a Gold for Manufacturing Excellence from Frost & Sullivan, in the 'Process Industry' category
- HUL's Haridwar Factory won a Certificate of Appreciation for good practices in the Manufacturing (Large Category) sector during the 7th FICCI Safety Systems Excellence Awards for Industry
- HUL's Khamgaon Factory was recognised with a Certificate of Appreciation for its exceptional work in the field of Safety & Occupational health in the large-scale Manufacturing category, at the 7th FICCI Safety Systems Excellence Awards for Industry

WINNING WITH PEOPLE

- Sanjiv Mehta, our Chairman and Managing Director received the Best CEO – MNC award at the Forbes India Leadership Awards 2018
- Our Chairman & Managing Director Sanjiv Mehta was awarded the Honorary Fellowship of the All India Management Association (AIMA) at the 45th National Management Convention
- Business Today declared our Executive Director, Home Care - Priya Nair as one of the 30 'Most Powerful Businesswoman in Indian business' for 2018
- HUL was recognised as one of the Aon Best Employers for the year 2018
- Srinivas Phatak, CFO, HUL & VP-Finance South Asia was adjudged as the CFO of the year by Financial Express.
- HUL won the People Matters - Best in Employee Wellness Award 2019
- HUL received the Certificate of Recognition at the 18th ICSI National Awards for Excellence in Corporate Governance, for adopting and promoting exemplary corporate governance practices

SUSTAINABLE LIVING

- HUL won the coveted Economic Times Corporate Citizen of the Year 2018 award
- HUL won the Business Standard Company of the year award
- HUL won the Social And Business Enterprise Responsible Award
- HUL was honoured with the Special CSR Excellence Award – Hall of Fame at the 2nd edition of Indywood CSR Excellence Award
- HUL's Khamgaon factory was awarded with the 'Vasundhara' Award by the Maharashtra Pollution Control Board (MPCB)
- HUL's Rajpura factory was recognised with a Gold award at the Greentech Environment Awards 2018, in the FMCG sector, for outstanding achievements in 'Environment Management'
- HUL's Amli Factory was recognised in the 2nd CII Energy Efficiency Circle Competition. The factory participated in three categories - the 'Best Energy Efficient Organisation', 'Best Energy Efficiency Case Study' & 'Best Application of Renewable Energy Case Study' and ended up as the winner in all three categories
- HUL's Haridwar factory won the CII Northern region inter-industry competition on Environment, Health & Safety Management, 2018, organised by the Confederation of Indian Industry (CII) for all industries in the Northern Region
- HUL's Khamgaon Factory was recognised at the 12th State Level Award for Excellence in Energy Conservation and Management by the Maharashtra Energy Development Agency (MEDA) - a Maharashtra Government institute
- HUL's Puducherry HPC factory was honoured with the 'Swachhata Hi Seva' award by Kiran Bedi, the Puducherry Lieutenant Governor

CORPORATE INFORMATION

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

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

BANKERS

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

PLANT LOCATIONS

NORTHERN REGION

BAROTIWALA

- Khasra No. 94-96, 355-409, Village Balyana, Barotiwala 1A, Tehsil Kasauli District Solan - 174 103, Himachal Pradesh

BADDI

- Khasra No. 1350 – 1318, Bhatoli Kalan, Baddi, District Solan - 173 205, Himachal Pradesh

ETAH

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

HARIDWAR

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

NALAGARH

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

ORAI

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

RAJPURA

- A-5, Phase 2-B, Focal Point, Rajpura - 140 401, Punjab

SUMERPUR

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

SOUTHERN REGION

COCHIN

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

HOSUR

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

MANGALORE

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

MYSORE

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

PONDICHERRY

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

CENTRAL REGION

CHHINDWARA

- 5/6 K. M. Stone, Narsinghpur Road, Village- Lehgadua, Post Khajari, District - Chhindwara – 480 002, Madhya Pradesh

WESTERN REGION

CHIPLUN

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

GOA

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

KHAMGAON

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

MUMBAI

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

NASIK

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

SILVASSA

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

EASTERN REGION

HALDIA

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

KOLKATA

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

TINSUKIA

- Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, District Tinsukia - 786 151, Assam

Hindustan Unilever Limited

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

CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

NOTICE

of Annual General Meeting

Notice is hereby given that the 86th Annual General Meeting of Hindustan Unilever Limited will be held on Saturday, 29th June, 2019 at 2.30 p.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400099, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st March, 2019.

3. To appoint a Director in place of Mr. Pradeep Banerjee (DIN : 02985965), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Dev Bajpai (DIN : 00050516), who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr. Srinivas Phatak (DIN : 02743340), who retires by rotation and being eligible, offers himself for re-appointment.

6. To re-appoint Statutory Auditors of the Company:

   "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. B S R & Co. LLP, Chartered Accountants, Mumbai (Firm's Registration No. 101248W/W-100022) be and are hereby re-appointed as Statutory Auditors of the Company, for a further period of five (5) years, to hold office from the conclusion of this Annual General meeting until the conclusion of ninety-first Annual General Meeting on such remuneration, inclusive of applicable taxes and reimbursement of travelling and out of pocket expenses incurred in connection with the audit, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time."

SPECIAL BUSINESS

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

   "RESOLVED THAT in supersession of the resolution passed by the Members of the Company at the Annual General Meeting held on 30th June, 2017 and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act and Article 173 of the Articles of Association of the Company, the Company be and is hereby authorised to pay to its managerial personnel (including Managing Director and Whole-time Director(s)), such sum by way of remuneration comprising of salary, performance linked bonus, commission, perquisites and allowances as may be determined by the Board of Directors of the Company or a duly constituted Committee thereof including but not limited to Nomination and Remuneration Committee, within the maximum limits as mentioned in the Explanatory Statement annexed to this Notice and computed in the manner as provided under Section 198 of the Act.

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

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

   "RESOLVED THAT in accordance with the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Leo Puri (DIN : 01764813), who was appointed as an Additional Director of the Company with effect from 12th October, 2018, pursuant to Section 161 of the Act and Article 145 of the Articles of Association of the Company and who has submitted the declaration that he meets the criteria for Independence as provided under the Act and the Listing Regulations and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of upto 5 (five) consecutive years with effect from 12th October, 2018 to 11th October, 2023."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, (the Act) and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 147 of Articles of Association of the Company, Mr. Aditya Narayan (DIN : 00012084), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 1 (One) year, commencing from 30th June, 2019 to 29th June, 2020."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 147 of Articles of Association of the Company, Mr. O. P. Bhatt (DIN : 00548091), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years, commencing from 30th June, 2019 to 29th June, 2024."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 147 of Articles of Association of the Company, Dr. Sanjiv Misra (DIN : 03075797), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years, commencing from 30th June, 2019 to 29th June, 2024 including the period from 16th December, 2022 when he shall attain 75 years of age."

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

"RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, consent of members of the Company be and is hereby accorded to the continuation of Dr. Sanjiv Misra (DIN : 03075797), as an Independent Director of the Company, who shall attain the age of 75 years on 16th December, 2022 , during his second term as an Independent Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder, read with Schedule IV of the said Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force) and Article 147 of Articles of Association of the Company, Ms. Kalpana Morparia (DIN : 00046081), Independent Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom based on her evaluation of performance, the Nomination and Remuneration Committee has recommended her re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years, commencing from 9th October, 2019 to 8th October, 2024 including the period from 30th May, 2024 when she attains 75 years of age."

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

"RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, consent of members of the Company be and is hereby accorded to the continuation of Ms. Kalpana Morparia (DIN : 00046081), as an Independent Director of the Company, who shall attain the age of 75 years on 30th May, 2024 , during her second term as an Independent Director of the Company."

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

    "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, amounting to ₹ 12 lakh (Rupees Twelve Lakhs only) as also the payment of taxes, as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved."

NOTES :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 (forty eight) hours before the commencement of the meeting. In case, the Proxy fails to do so, the first fifty proxies received by the Company shall be considered as valid. The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company, duly completed and signed, not later than 48 (forty eight) 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 / letter of authority, as applicable.

3. Corporate Members intending to send their authorised representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd June, 2019 to Saturday, 29th June, 2019 (both days inclusive).

5. The Final Dividend for the financial year ended 31st March, 2019, as recommended by the Board, if approved at the AGM, will be paid on or after Thursday, 4th July, 2019 to those Members whose name appears in the Register of Members of the Company as on the book closure date.

6. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

7. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Karvy Fintech Private Limited (Karvy) / Investor Service Department of the Company immediately.

8. As per the provisions of Companies Act, 2013, Independent Director shall hold office for a term up to five (5) consecutive years on the Board of the Company but shall be eligible for re-appointment on passing special resolution. Accordingly, resolutions proposing re-appointment of Independent Directors are given at item nos. 9 to 14 of this Notice. Details as required in Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) in respect of the Directors seeking appointment / re-appointment at the AGM are provided at page nos. 212 to 215 of this Report. Requisite declarations have been received from the Directors seeking appointment / re-appointment.

    Mr. Sanjiv Mehta, Chairman and Managing Director had been appointed for a term of 5 years in accordance with the relevant provisions of Companies Act, 2013, and is not eligible to retire by rotation.

9. During the year, Mr. Pradeep Banerjee, Executive Director, Supply Chain attained age of superannuation. On the basis of the recommendation of the Nomination and Remuneration Committee, the Board of Directors, approved the proposal to enter into a contract of service with Mr. Pradeep Banerjee on the terms which were not materially different from the present terms under the employment contract.

10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' available on the website of the Company www.hul.co.in or to Karvy or Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository

Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.

11. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

12. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 21st June, 2019, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Wednesday, 26th June, 2019 and will end at 5.00 p.m. on Friday 28th June, 2019. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. S. N. Ananthasubramanian, Company Secretaries (FCS 4206 and CP No. 1774), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

PROCEDURE FOR REMOTE E-VOTING

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

(a) In case of Members receiving an e-mail from Karvy:

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

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

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

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

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

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

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

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

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

(x) Once Member(s) have confirmed their vote on the resolution, Member(s) cannot modify their vote.

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

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

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

USER ID	PASSWORD
-	-

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

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

III. The voting rights shall be as per the number of equity shares held by the Member(s) as on Friday, 21st June, 2019, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

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

However, if Member(s) are already registered with Karvy for remote e-voting, then Member(s) can use their existing user ID and password for casting the vote.

If Member(s) have forgotten their password, it can be reset by using 'Forgot Password' option available on https://evoting.karvy.com or contact Karvy at toll free no. 1-800-3454-001 or e-mail at evoting@karvy.com.

In case of any other queries / grievances connected with voting by electronic means, Member(s) may also contact Mr. V. Rajendra Prasad of Karvy, at telephone no. 040-67161510.

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

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

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

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

16. The Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 29th June, 2018 (date of last AGM) are available on the website of the Company https://www.hul.co.in/investor-relations/ and on Ministry of Corporate Affairs' website. The Member(s) whose dividend/ shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://www.iepf.gov.in/.

17. Members are requested to contact Karvy / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on 'Investor Relations' page on the website of the Company https://www.hul.co.in/investor-relations/.

18. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Karvy / Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

19. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.

20. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

21. All documents referred to in the Notice and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company during working hours on all working days except Saturdays, up to and including the date of the AGM of the Company.

Registered Office:	By Order of the Board
Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	**Dev Bajpai** Executive Director Legal & Corporate Affairs and Company Secretary FCS No: 3354 / DIN: 00050516
Mumbai, 3rd May, 2019	

EXPLANATORY STATEMENT

In terms of Regulation 36(5) of Listing Regulations, 2015

Members of the Company had approved the appointment of M/s. BSR & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as the Statutory Auditors at the Eighty First AGM of the Company which is valid till Eighty Sixth AGM i.e. the forthcoming AGM of the Company. B S R & Co. ('the firm ') was constituted on 27 March 1990 having Firm Registration No. as 101248W. It was converted into Limited Liability Partnership i.e. B S R & Co. LLP on 14 October 2013 thereby having a new Firm Registration No. 10I248W I W-100022. The Registered Office of the firm is at 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai, Maharashtra - 400 011. B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. The other entities which are part of the B S R & Affiliates include, B S R & Associates LLP, B S R & Company, B S R and Co., B S R and Associates, B S R and Company, B S S R & Co. and B B S R & Co. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. B S R & Co. LLP has over 2,900 staff and 100 Partners. B S R & Co. LLP audits various companies listed on stock exchanges in India including companies in the FMCG sector.

In accordance with the Companies Act, 2013 and on the recommendation of the Audit Committee and in the best interest of the Company, the Board of Directors have considered and recommended the proposed appointment of M/s. BSR & Co. LLP, Chartered Accountants as Statutory Auditors of the Company for an another term of five (5) years i.e. from the conclusion of this AGM till the conclusion of ninety first AGM. M/s. BSR & Co. LLP, Chartered Accountants have provided their consent and confirmed that their re-appointment, if made, would be within the limits specified under section 141(3)(g) of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time. The details of the proposed remuneration to be paid to M/s. B S R & Co. LLP, Chartered Accountants for the financial year is ₹ 370 lakhs (₹ Three Hundred and Seventy Lakhs).

EXPLANATORY STATEMENT

Item No. 7

The members of the Company at the Annual General Meeting held on 30th June, 2017 had approved the overall limits of the Managerial Remuneration for Managing Director / Whole-time Director(s) of the Company. Considering the changes in the remuneration of the Directors, it is now proposed to modify the maximum limits of remuneration of managerial personnel including Managing Director and Whole-time Director(s) of the Company as under:

(₹ lakhs)

Description	Existing Maximum limits (per annum) in terms of the Approval of Shareholders		Proposed Maximum limits (per annum)	
	Salary	Perquisites	Salary	Perquisites
In case of CEO/ Managing Director(s)	400	As per the Rules of the Company and within limits of Section 197 of the Companies Act, 2013	500	As per the Rules of the Company and within limits of Section 197 of the Companies Act, 2013
In case of other Whole-time Director(s)	250	As per the Rules of the Company and within limits of Section 197 of the Companies Act, 2013	300	As per the Rules of the Company and within limits of Section 197 of the Companies Act, 2013

It may be noted that the proposed revised limits are enabling in nature and shall remain valid till the same is revised in future.

Other terms and conditions:

a. Performance linked bonus / commission on profits

The Managing Director / Whole-time Director(s) shall be paid Performance Linked Bonus as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by Board of Directors or a Committee thereof from time to time provided that the total remuneration including salary and perquisites paid to all the Managing Director / Whole-time Director(s) shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.

b. Perquisites/ Benefits

The Managing Director / Whole-time Director(s) shall be entitled to perquisites like the benefit of rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, company car with chauffeur, telephone at residence/cellular phones, statutory contribution to retirement funds, club membership fees, medical coverage, overseas medical expenses, leave encashment and long service award and other benefits/ allowances in accordance with the scheme(s) and rule(s) of the Company from time to time, for the aforesaid benefits. The total remuneration and perquisites / benefits contemplated above, including contribution towards PF / superannuation fund, annuity fund, gratuity fund, etc. payable to all the Managing Director / Whole-time Director(s) of the Company shall not exceed 5% where there is only one Managing Director / Whole-time Director(s), and 10% where there are more than one Managing / Whole-time Director(s), of the profits of the Company calculated in accordance with Section 198 of the Companies Act, 2013.

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

This Explanatory Statement may be considered as the requisite abstract under Section 190 of the Companies Act, 2013, setting out the terms, conditions and limits of remuneration for managerial personnel and may also be regarded as a disclosure under Secretarial Standard on General Meetings (SS-2) of ICSI. For detailed information please refer to the Corporate Governance Report and Profile of Directors forming part of this Report.

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

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

Item No. 8

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Leo Puri (DIN : 01764813) as an Additional Director of the Company, with effect from 12th October, 2018 under Sections 149, 150 and 152 of the Companies Act, 2013 and Article 145 of the Articles of Association of the Company as an Independent Director of the Company. Mr. Leo Puri shall hold office upto the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director.

The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Leo Puri signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from Mr. Leo Puri. In the opinion of the Board, Mr. Leo Puri fulfils the conditions as set out in Section 149(6) and Schedule IV of the Companies Act, 2013 and Listing Regulations, of being eligible for appointment as Independent Director. Mr. Leo Puri is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. A copy of the draft Letter of Appointment for Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day.

A brief profile of Mr. Leo Puri, including nature of his expertise, is provided on page no. 215 of this Annual Report.

The remuneration to Mr. Leo Puri shall be governed by the Differential Remuneration Policy of the Company. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Leo Puri as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Puri as an Independent Director for period upto 5 (five) consecutive years with effect from 12th October, 2018 for the approval by the members of the Company.

Except Mr. Leo Puri, being an appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 8 for the approval of members.

Item No. 9 to 14

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto 5 (five) consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto 5 (five) consecutive years on the Board of a Company.

The Members of the Company had at the Annual General Meeting held on 30thJune, 2014 approved the appointment of following Independent Directors for a period of 5 years commencing from 30th June, 2014 till 29th June, 2019.

- Mr. Aditya Narayan (DIN : 00012084)
- Mr. S. Ramadorai (DIN : 00000002)
- Mr. O. P. Bhatt (DIN : 00548091)
- Dr. Sanjiv Misra (DIN : 03075797)

Ms. Kalpana Morparia (DIN : 00046081) was appointed as an Independent Director of the Company w.e.f. 9th October, 2014 for a consecutive period of five years till 8th October, 2019 and the appointment was approved by the Members at Annual General Meeting held on 29th June 2015.

Based on their performance evaluation and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and the Listing Regulations, and as per Article 147 of Articles of Association of the Company, Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia, are eligible for re-appointment as Independent Directors and had offered themselves for re-appointment. The Board of Directors recommends the proposal to re-appoint them as Independent Directors for a term as mentioned in the respective special resolutions.

The Company has received notice under Section 160 of the Companies Act, 2013 from Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia, signifying their candidature as an Independent Director of the Company. The Company has also received a declaration of independence from them.

In the opinion of the Board, Independent Directors fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for re-appointment as an Independent Director of the Company and are independent of the management. A copy of the draft Letter of Appointment for Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day. The Board considers that association of the Independent Directors would be of immense benefit to the Company considering their expertise and experience and it is desirable to avail services of these Independent Director.

A brief profile of Independent Directors is provided on pages no. 213 and 215 of this Annual Report.

The remuneration to the Independent Directors shall be governed by the Differential Remuneration Policy of the Company as specified in the Corporate Governance Report forming part of this Annual Report.

Further as per the Regulation 17(1A) of the Listing Regulations, appointment or continuation of a Non- Executive Director after attaining age of 75 years also requires approval of Members of the Company by way of Special Resolution. Dr. Sanjiv Misra and Ms. Kalpana Morparia shall attain age of 75 (seventy five) years during the proposed second term and in view of the same, Board of Directors, recommends passing of Special Resolutions under Item No. 12 and 14 for their continuation as Directors.

Mr. S. Ramadorai, Independent Director of the Company, did not offer his candidature for re-appointment by shareholders in the forthcoming Annual General Meeting. Consequently, he will resign from the position of an Independent Director with effect from 30th June, 2019 after serving of about 17 years in the Company.

None of the Independent Director hold by himself / herself or for any other person on a beneficial basis, any shares in the Company. None of the Directors who are proposed to be reappointed is related to any Director or Key Managerial Personnel of the Company or their relatives. Except for the appointee Director for the purpose of his/ her own resolution, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 9 to 14 of the Notice.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI. For detailed information please refer to the Corporate Governance Report and Profile of Directors forming part of this Report.

The Board recommends the Special Resolution set out at Item No. 9 to 14 for the approval of Members.

Item No. 15

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be approved by the Members of the Company. Accordingly, consent of the Members is sought for the remuneration payable to the Cost Auditors.

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

The Board recommends the Ordinary Resolution set out at Item No. 15 for the approval of Members.

Registered Office:

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

Mumbai: 3rd May, 2019

By Order of the Board

Dev Bajpai
Executive Director
Legal & Corporate Affairs
and Company Secretary
FCS No: 3354 / DIN: 00050516

ATTENTION MEMBERS

Online Query Module

The Company is pleased to provide the new **Online Query Module** to enable the Members to seek informations / clarifications pertaining to this report in advance.

Members can post their queries related to this Annual Report by using their secure login credentials on the e-voting website of Karvy at https://evoting.karvy.com/.

Web check-in

To facilitate smooth registration / entry at the AGM, the Company has also provided a web check-in facility, which would help the Members enter the AGM hall expeditiously.

The Procedure for web check-in for the AGM is as follows:

- Log in to https://karisma.karvy.com and click on the AGM Web Check-in link.
- Select the Company name, 'Hindustan Unilever Limited'.
- Enter the security credentials as directed and click on 'Submit'.
- After validating the credentials, click on 'Generate my Attendance Slip'.
- The Attendance Slip in PDF format shall appear on the screen. Select the print option for printing or download the Attendance Slip for future reference.

Webcast

Your Company is pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of Karvy at https://evoting.karvy.com/ using their secure login credentials.

Members are encouraged to use this facility of webcast.

PROFILE OF DIRECTORS

SANJIV MEHTA (DIN : 06699923)

Mr. Sanjiv Mehta (58) joined the Board of the Company in October 2013 as the Chief Executive Officer and Managing Director. He was appointed as a Chairman of the Company with effect from 30th June, 2018. He was been appointed as President of Unilever, South Asia and member of the Unilever Leadership Executive (ULE) effective from May, 2019.

Mr. Mehta joined Unilever in October 1992. He has led several Unilever businesses across South Asia, South East Asia and Middle East. He was appointed Chairman and Managing Director of Unilever Bangladesh in 2002. In 2007, he was appointed as Chairman and CEO of Unilever Philippines. In 2008, he took up his responsibilities as the Chairman of Unilever North Africa and Middle East (NAME), leading a multi-country organisation spanning 20 countries in the region.

During his tenure as the head of various Unilever Companies, the business achieved significant success accelerating both growth and profitability. Importantly, he has been instrumental in building leadership talent and substantially strengthening organisational capabilities.

Before joining Unilever, Mr. Mehta worked for Union Carbide India. He is a Commerce graduate and a Chartered Accountant. He has also completed his Advanced Management Program from Harvard Business School.

He is a member of the Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Chairman of Risk Management Committee of the Company.

In terms of external committees, Mr. Mehta is the Chairman of Federation of Indian Chambers of Commerce and Industry (FICCI) FMCG sub-committee and Chairman of Confederation of Indian Industry's (CII) MNC sub-committee.

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation *(Director)*
Breach Candy Hospital Trust *(Nominee Director)*
Bhavishya Alliance and Child Nutrition Initiatives *(Director)*
Bombay Chamber of Commerce & Industry *(Director)*
Indian School of Business *(Director)*

Mr. Mehta does not hold any Membership / Chairmanship of the Board Committees in other Companies.

SRINIVAS PHATAK (DIN : 02743340)

Mr. Srinivas Phatak (47), a qualified Chartered Accountant and Cost and Works Accountant, joined the Company in 1999 after a brief 3 year stint with an external organisation. He has worked in various roles in the Company including Commercial Manager Chiplun Factory, Head of Treasury, followed by leadership roles such as General Manager Finance for Foods & Refreshments and Head, Investor Relations for the Company. He was then seconded to Unilever as the Global Finance VP for Deodorants, followed by VP Finance Supply Chain Americas and most recently as VP Business Finance Services.

Mr. Phatak was appointed as Executive Director – Finance & Information Technology and Chief Financial Officer of the Company in with effect from 1st December, 2017.

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

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation *(Director)*
Bhavishya Alliance Child Nutrition Initiatives *(Director)*

Mr. Phatak does not hold any Membership / Chairmanship of the Board Committees in other Companies.

PRADEEP BANERJEE (DIN : 02985965)

Mr. Pradeep Banerjee (60) 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 and 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 is currently the Chairman of Unilever Nepal Limited.

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

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

Directorship in other Companies
Listed
Gabriel India Limited *(Independent Director)*
Unlisted
Unilever India Exports Limited *(Director)*

Membership / Chairmanship of Board Committees in other Companies
Listed
Gabriel India Limited *Corporate Social Responsibility Committee – Member* *Shareholders Relationship Committee – Member* *Audit Committee – Member*
Unlisted
Unilever India Exports Limited *Nomination and Remuneration Committee – Member* *Corporate Social Responsibility Committee - Member*

DEV BAJPAI (DIN: 00050516)

Mr. Dev Bajpai (53) was appointed as the Executive Director – Legal and Company Secretary and as a member of the Management Committee of the Company in 2010. Mr. Bajpai took additional responsibility of Corporate Affairs function in the year 2012. Mr. Bajpai was appointed as an Executive Director on the Board of the Company in with effect from 23rd January, 2017. He is also a Director of Unilever Nepal Limited and also member of Audit Committee of Unilever Nepal Limited.

He has 30 plus years of experience in the areas of Legal, Compliance, Tax and Corporate Affairs across diverse industries including Automobiles, FMCG, Hospitality and Private Equity. Prior to joining the Company, Mr. Bajpai has worked in Maruti Udyog Limited, Marico Limited, The Indian Hotels Company Limited and ICICI Venture Funds Management Company Limited.

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

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

He is a member of the Risk Management Committee of the Company and in his capacity as a Company Secretary is a Secretary to all Board Committee.

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation *(Director)*
Bhavishya Alliance Child Nutrition Initiatives *(Director)*
Indian Beauty and Hygiene Association *(Director)*

Mr. Bajpai does not hold any Membership / Chairmanship of the Board Committees in other Companies.

ADITYA NARAYAN (DIN: 00012084)

Mr. Aditya Narayan (67) began his career as a Management Trainee with ICI India Limited (now Akzo Nobel 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
Listed
Sanofi India Limited *(Independent Director)*

Mr. Narayan do not hold any Membership / Chairmanship of the Board Committees in other Companies.

S. RAMADORAI (DIN: 00000002)

Mr. S. Ramadorai (74) has been in public service since February 2011. Mr. S. Ramadorai is currently the Chairman of Tata Technologies Limited, Tata Institute of Social Sciences and Public Health Foundation of India (PHFI).

In recognition of Mr. Ramadorai's commitment and dedication to the IT Industry he was awarded the Padma Bhushan, India's third highest civilian honour, in January 2006. In April 2009, he 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.

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, Bengaluru 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
Listed
Piramal Enterprises Limited *(Director)*
Unlisted
Tata Technology Limited *(Director)*
DSP Investment Managers Private Limited *(Director)*
British Asian India Foundation *(Director)*
Institute for Policy Research Studies *(Director)*
Breach Candy Hospital Trust *(Director and Trustee)*

Membership / Chairmanship of Board Committees in other Companies
Listed
Piramal Enterprises Limited *Nomination and Remuneration Committee - Member*
Unlisted
Tata Technologies Limited *Nomination and Remuneration Committee - Member* DSP Investment Managers Private Limited *Nomination and Remuneration Committee - Member*

O. P. BHATT (DIN: 00548091)

Mr. O. P. Bhatt (68) is the former Chairman of SBI (State Bank of India). In the 37 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. As Chairman of SBI, he was heading the largest financial group in India, comprising, in addition to SBI, seven associate banks, five international banking subsidiaries and nine financial services Companies in India. 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 was Chairman of the Indian Banks' Association. He has also been a part of India's eco-diplomacy as member of the Indo - US, Indo - Russia and Indo-French CEO's Forum.

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

Directorship in other Companies

Listed

Tata Consultancy Services Limited *(Director)*
Tata Steel Limited *(Director)*
Tata Motors Limited *(Director)*

Membership / Chairmanship of Board Committees in other Companies

Listed

Tata Consultancy Services Limited
- Risk Management Committee *(Chairman)*
- Audit Committee *(Member)*
- Nomination and Remuneration Committee *(Member)*
- Corporate Social Responsibility Committee *(Member)*
- Ethics and Compliance Committee *(Member)*

Tata Steel Limited
- Audit Committee *(Chairman)*
- Nomination and Remuneration Committee *(Member)*
- Corporate Social Responsibility Committee *(Member)*
- Risk Committee *(Chairman)*

Tata Motors Limited
- Audit Committee *(Member)*
- Nomination and Remuneration Committee *(Chairman)*
- Corporate Social Responsibility Committee *(Chairman)*

SANJIV MISRA (DIN: 03075797)

Dr. Sanjiv Misra (71) 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

Listed

Axis Bank Limited *(Independent Director and Non-Executive Chairman)*

Membership / Chairmanship of Board Committees in other Companies

Listed

Axis Bank Limited
- *Risk Management Committee - Member*

Kalpana Morparia (DIN: 00046081)

Ms. Kalpana Morparia (69) is Chairman for J. P. Morgan, South and Southeast Asia.

Ms. Kalpana is a member of J. P. Morgan's Asia Pacific Management Committee.

Prior to joining J. P. Morgan India, Ms. Kalpana Morparia served as Vice Chair on the Boards of ICICI Group Companies. She was a Joint Managing Director of ICICI Group from 2001 to 2007. She had been with the ICICI Group since 1975.

A graduate in law from Bombay University, Ms. Kalpana Morparia has served on several committees constituted by the Government of India. She has also been recognised by several International and National media for her role as one of the leading women professionals.

Ms. Kalpana Morparia serves as an Independent Director on the Boards of Dr. Reddy's Laboratories Limited, Philip Morris International Inc. and Non-Independent Director of J.P. Morgan Services India Private Limited. She is also a Member of the Governing Board of Bharti Foundation.

Ms. Kalpana Morparia was appointed as an Independent Director on the Board of the Company with effect from 9th October, 2014. She is a member of the Corporate Social Responsibility of the Company.

Directorship in other Companies

Listed

Dr. Reddy's Laboratories Limited *(Independent Director)*

Unlisted

J. P. Morgan Services India Private Limited *(Director)*

Membership / Chairmanship of Board Committees in other Companies

Listed

Dr. Reddy's Laboratories Limited
Stakeholders Relationship Committee - Chairperson
Science, Techonology and Operations Committee - Member

Leo Puri (DIN: 01764813)

Mr. Leo Puri (58) was the Managing Director of UTI Asset Management Company Limited from August, 2013 to August, 2018.

In his career of more than 30 years, Mr. Puri has previously worked as Director with Mckinsey & Company and as Managing Director with Warburg Pincus. Mr. Puri has worked in UK, USA and Asia and since 1994, he has been based in India.

At Mckinsey, he has advised leading financial institutions, conglomerates, and investment institutions in strategy and operational issues. He has contributed to the development of knowledge and public policy through advice to regulators and government officials.

At Warburg Pincus, he was responsible for leading and managing investments across industries in India. He also contributed to the financial services investments in the international portfolio as a member of the global partnership.

Mr. Puri has a Masters degree in P.P.E. from University of Oxford and a Masters degree in Law from University of Cambridge.

Mr. Puri has held Non-Executive Board position at Infosys, Bennett Coleman & Co., Max New York Life and Max Bupa Health Insurance.

Mr. Puri was appointed as an Independent Director on the Board of the Company with effect from 12th October, 2018. He is also a Member of the Audit Committee and Nomination and Remuneration Committee of the Company.

Directorship in other Companies

Listed

Dr. Reddy's Laboratories Limited (Director)

Unlisted

Northern Arc Capital Limited (Director)
Indiaideas Com Limited (Director)

Membership / Chairmanship of Board Committees in other Companies

Listed

Dr. Reddy's Laboratories Limited
Nomination, Governance & Compensation Committee - (Member)
Science, Techonology and Operations Committee - Member

DIRECTORS' INTEREST

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

Name of the Directors	No. of Shares	% Holding
Sanjiv Mehta	10	0.0000
Srinivas Phatak	10,208	0.0005
Pradeep Banerjee	55,477	0.0026
Dev Bajpai	45,817	0.0021
S. Ramadorai	35	0.0000

Hindustan Unilever Limited

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

CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

Form No. MGT - 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Member(s): ______________________

Registered address : ______________________

____

Email Id: ______________________ Folio No. / DP ID and Client ID: ______________________

I / We, being the Member(s) of ____________ shares of the above named Company, hereby appoint

1. Name: ______________________ E-mail ID: ______________________

   Address: ______________________

   ______________________ Signature: ____________ , or failing him / her

2. Name: ______________________ E-mail ID: ______________________

   Address: ______________________

   ______________________ Signature: ____________ , or failing him / her

3. Name: ______________________ E-mail ID: ______________________

   Address: ______________________

   ______________________ Signature: ____________

as my / our Proxy to attend and vote, in case of a poll, for me / us and on my / our behalf at the 86th Annual General Meeting of the Company, to be held on Saturday, the 29th day of June, 2019 at 2.30 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Financial Statements together with the Reports of Board of Directors' and Auditors' thereon for the financial year ended 31st March, 2019.	☐	☐
2.	Confirmation of interim dividend and declaration of final dividend.	☐	☐
3.	Re-appointment of Mr. Pradeep Banerjee as Director.	☐	☐
4.	Re-appointment of Mr. Dev Bajpai as Director.	☐	☐
5.	Re-appointment of Mr. Srinivas Phatak as Director.	☐	☐
6.	Re-appointment of M/s. B S R & Co. LLP, as Statutory Auditors for a further period of five years.	☐	☐
7.	Increase in overall limits of Remuneration for Managing / Whole-time Director(s).	☐	☐
8.	Appointment of Mr. Leo Puri as an Independent Director for a term upto five years.	☐	☐
9.	Re-appointment of Mr. Aditya Narayan as an Independent Director for a second term.	☐	☐
10.	Re-appointment of Mr. O. P. Bhatt as an Independent Director for a second term.	☐	☐
11.	Re-appointment of Dr. Sanjiv Misra as an Independent Director for a second term.	☐	☐
12.	Continuation of term of Dr. Sanjiv Misra on attaining age of 75 years.	☐	☐
13.	Re-appointment of Ms. Kalpana Morparia as an Independent Director for a second term.	☐	☐
14.	Continuation of term of Ms. Kalpana Morparia on attaining age of 75 years.	☐	☐
15.	Ratification of the Remuneration of M/s. RA & Co., Cost Accountants for the financial year ending 31st March, 2020.	☐	☐

Signed this ______________________ day of ______________ 2019.

Affix Revenue Stamp

Signature of Member (s) ______________________

Notes:

*1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as Proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as Proxy for any other Member.

3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 not later than 48 (FORTY-EIGHT) hours before the commencement of the aforesaid meeting.

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

Did you know that the supply of water in India could be half its demand by 2030?

Through our Start a Little Good campaign, we created a thought-provoking film that highlighted the importance of saving water.

We believe that small actions can make a big difference.

Together, let's START A LITTLE GOOD.

FOR FURTHER INFORMATION ON OUR ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE, PLEASE VISIT OUR WEBSITE:
WWW.HUL.CO.IN

HINDUSTAN UNILEVER LIMITED
Registered Office:
Unilever House,
B. D. Sawant Marg, Chakala,
Andheri (East),
Mumbai - 400 099
CIN : L15140MH1933PLC002030

Printed at Print Plus Pvt. Ltd.