DIRECTORS' REPORT
and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 82nd Annual Report of the Company, along with Audited Accounts, for the Financial Year ended 31st March, 2015.

1. FINANCIAL PERFORMANCE (STANDALONE)

1.1. Results

(Rs. crores)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Revenue from operations, net of excise	30,805.62	28,019.13
Profit before exceptional items and tax	5,523.12	4,799.71
Profit for the year	4,315.26	3,867.49
Dividend (including tax on distributed profits)	(3,881.22)	(3,272.97)
Transfer to General Reserve	-	(386.75)
Profit & Loss Account balance carried forward	1,177.09	743.05

1.2. Category Wise Turnover

(Rs. crores)

	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	Sales	Others*	Sales	Others*
Soaps and Detergents	14,640.66	235.95	13,460.98	222.43
Personal Products	8,865.03	141.50	7,979.79	141.10
Beverages	3,581.31	50.18	3,275.12	36.74
Packaged Foods	1,863.42	28.38	1,620.75	27.55
Others (including Exports, Chemicals, Infant Care Products, Water, etc.)	1,220.29	92.61	1,071.63	84.67
TOTAL	**30,170.71**	**548.62**	**27,408.29**	**512.49**

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

1.3. Summarised Profit and Loss Account

(Rs. crores)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Sale of products less excise duty	30,170.50	27,408.29
Other operational income	635.12	610.84
Total Revenue	30,805.62	28,019.13
Operating Costs	(25,597.38)	(23,543.87)
Profit Before Depreciation, Interest, Tax (PBDIT)	5,208.24	4,475.26
Depreciation	(286.69)	(260.55)
Profit Before Interest & Tax (PBIT)	4,921.55	4,214.71
Other Income (net)	601.57	585.00
Profit before exceptional items	5,523.12	4,799.71
Exceptional items	664.30	228.68
Profit Before Tax (PBT)	6,187.42	5,028.39
Taxation	(1,872.16)	(1,160.90)
Profit for the year	4,315.26	3,867.49
Basic EPS (Rs.)	19.95	17.88

2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs. 9/- per equity share of face value of Re. 1/- each for the year ended 31st March, 2015. The Interim Dividend of Rs. 6/- per equity share was paid on14th November, 2014.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 29th June, 2015, will be paid on or after 3rd July, 2015 to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Tuesday, 23rd June, 2015 to Monday, 29th June, 2015 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to Rs. 15/- per equity share and will absorb Rs. 3,881 crores, including Dividend Distribution Tax of Rs. 636 crores.

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

4. ECONOMY AND MARKETS

The year witnessed a marked slowdown in global growth. Emerging markets were characterised by a sharp fall in growth rates, especially in China. Europe and Japan continued to be under pressure all through the year, while US showed tepid signs of improvement.

In the domestic market, better macroeconomic conditions, coupled with improved sentiment post the general elections, helped India to be among the better performing emerging market economies. There was a slight increase in the GDP growth, while inflation moderated and the Rupee remained relatively stable during the year.

Consumer spending remained muted and this was reflected in a moderate growth across FMCG categories. Given the backdrop of a market slowdown coupled with a volatile input cost environment and heightened competitive intensity, the operating environment for the year continued to be challenging.

Your Company's performance for the year 2014-15 has to be viewed in the context of aforesaid economic and market environment.

5. PERFORMANCE OF BUSINESSES AND CATEGORIES

In a year of slower economic recovery, reflected in consumer down trading, high competitive intensity, your Company delivered competitive growth, aided by strong marketing and trade investments, a robust innovation pipeline and sharper in-market execution. Your Company sustained a strong focus on innovation across the portfolio and continued to delight consumers with a range of exciting offerings launched during the year. The impact of the regulatory changes in the space of media availability was managed effectively through strategic tie ups with broadcasters and media houses, driving efficiencies in media buying and better deployment of non television led media. The investment in non television and digital media was significantly stepped up during the year. Your Company continued to leverage and benefit from the inputs received from Unilever across various aspects of the business, including technology, innovation and communication.

The commodity markets, especially vegetable oils continued to remain volatile, which coupled with uncertain currency markets posed a major challenge during the year. Given the challenging environment with the start of the fiscal impact during the second half of the year, your Company embarked on ambitious cost savings programmes which have started yielding results. These cost saving programmes along with judicious pricing, without compromising on the competitiveness of brand investments, both in terms of technology as well as advertising and promotion, helped deliver profitable growth for the year.

Rural and Modern Trade channels continued as a key focus area for your Company. Your Company continued its focus on innovation to deliver value to consumers. To build awareness and demonstrate the consumer benefits of its brands and product formats, your Company continued to invest in consumer connect programmes. The school contact programme run by your Company's brands, Lifebuoy and Pepsodent, continued to encourage and educate children on the importance and correct method of hand washing and brushing teeth. The rural consumer activation programme "Khushiyon ki Doli" covered ~5,500 villages during the year, to build awareness of emerging categories of the future. Your Company has set up an innovative mobile consumer reach initiative 'Kan Khajura Tesan' – a mobile entertainment radio channel in which the content is interspersed with HUL brand communication, to reach consumers in media dark rural areas. 'Kan Khajura Tesan' is now the largest mobile radio station in the State of Bihar, where it was piloted and has now been extended to North India. This initiative was recognised with three prestigious Lions Gold Awards at Cannes. Your Company continued to strengthen its digital deployment capability, including stepping up its capability and structure to harness the newly emerging e-commerce channel. Your Company further leveraged the sharp geographic focus outlined in the 'Winning In Many Indias' (WIMI) structure during the year. This will continue to be a key strategic thrust for the future.

The business of your Company falls under five segments. Soaps and Detergents segments comprises categories of Soaps, Detergents and Household Care, Personal Products segment includes categories of Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. Beverages segment covers Tea and Coffee. Packaged foods segment includes Culinary and Bakery Products, Frozen Desserts and Ice cream. The residual segment of 'Others' is primarily made up of Water business.

5.1 Soaps and Detergents

Against the backdrop of a volatile environment, the Soaps and Detergents segment delivered a healthy competitive performance with turnover growth of 9% during the year. The growth was profitable with segmental profit increasing by 14% while sustaining investments behind quality and brand marketing.

Soaps category grew competitively in a market, which witnessed volatile commodity prices coupled with subdued growth on volumes. Your Company managed the business dynamically during this period of volatility to deliver a healthy performance on both topline and bottomline. Dynamic and decisive pricing actions were taken across Dove, Lifebuoy, Lux and Liril. Lifebuoy continued to perform well by reaching its highest ever market share and has crossed the Rs. 2,000 crore mark, a fitting example of what a brand with a purpose and compelling proposition can achieve. In the premium segment, Dove continued to deliver volume led growth, driven by the consistency of its proposition. Lux was re-launched during the year with a superior fragrance proposition, which met with good consumer response. Your Company continued to invest in developing the market in the liquids format, viz. handwash and bodywash.

Detergents category delivered competitive growth, largely driven by mix improvement and price growth. The slow economic environment continued to adversely impact category growths. Your Company has been focusing on driving upgradation in this category by offering consumers a superior experience and value proposition. Surf and Comfort continued to lead category premiumisation with high double digit growth, buoyed by the continuing momentum on Surf Excel Easy Wash and good growth in rest of the Surf portfolio. The steady performance of Surf over the last few years has earned it the distinction of being the Company's largest brand now. The performance in Rin improved with the new thematic communication and the bars portfolio continued to lead upgradation, while powders witnessed moderate growth. Wheel powder witnessed muted growth for the year. The three laundry brands - Surf, Wheel and Rin - are now Rs. 2,000 crore brands, which is a source of pride for your Company. The nascent segments of Machine Wash (Surf Excel Matic) and Fabric Conditioners (Comfort) continued to perform well. The category witnessed significant media heat and competitive intensity during the year. Your Company was agile in passing the benefits of decline in commodity costs to consumers and thus remained competitive in the market. Your Company will continue to focus on driving innovations, exercising cost control across the value chain and delivering effective communication to win in the highly competitive Detergents category.

In Household Care, Vim delivered yet another year of double digit growth. The growth was driven by the tub and liquids portfolio. With the claim of de-greasing through the power of 100 lemons, Vim continued to delight consumers through superior product quality, focused advertising and a strong activation programme. The Vim tub segment continued to grow strongly with launch of 250 gm pack in the third quarter to complement the existing 500 gm pack. This is expected to consolidate the presence of the brand across dishwash bars and help reach new consumers. The brand also has a strong programme to build new consumers across the country especially in rural. The Domex Toilet Academy (DTA) programme is being progressively scaled up with the aim to eradicate open defecation by building toilets and to improve sanitation facilities.

5.2 Personal Products

Personal Products consist of Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. In a challenging market environment, where the growth of discretionary categories has continued to remain under pressure, the Personal Products segment delivered a healthy turnover growth of 11%. Segmental profit improved by 17%. Your Company continued to invest for competitive growth in its core categories and build the segments of the future.

Skin Care category registered competitive growth in a slow market. Face Care delivered growth ahead of market across skin lightening, facial cleansing, anti-ageing and men's formats. Fair & Lovely delivered good growth in the second year of the re-launch of the 'Best Ever' Fair & Lovely - a product that is tailor-made to deliver superior skin lightening results in India. The Face Wash segment registered significantly higher growth compared to market across brands. Pond's continued to deliver double digit growth led by the good performance particularly of the skin lightening and talcs portfolio. The activation around 'spot removal' buoyed Pond's White Beauty to high double digit growth. During the year, Pond's also forayed into the male grooming segment through the launch of Pond's Men that includes facewashes and moisturisers, which has performed well. Lakmé sustained its growth momentum during the year. A new hydration range Lakmé Absolute was introduced under Lakmé during the year. Your Company continued to lead market development with Vaseline through the 'healing power' activation on the brand.

Hair Care delivered another strong year of competitive volume led double digit growth. Your Company continued to deploy innovations and impactful campaigns on its core brands while leading market development in the emerging conditioners segment. The 'Go Play' campaign under the brand Dove was well received and the brand grew in high double digits during the year. TRESemmé performed well and the brand continued to drive exponential growth in its second year of launch. In line with its brand proposition of 'Salon like hair, at home everyday', your Company launched a new innovation 'Spa Rejuvenation' under the brand which has been well received. Clinic Plus consolidated its position as the largest shampoo franchise; growing in strong double digits during the year. As for Sunsilk brand, it leveraged festive occasions across the country, through a structured communication platform with a sharp geographical focus as also high profile Bollywood movie tie-ups. Toni&Guy, the premium brand from the Unilever hair portfolio was rolled out in key premium outlets during the year.

The year was challenging for the Oral Care business which saw high competitive and promotional intensity. Your Company continued to invest behind its brands, matching promotional intensity and landing exciting innovations during the year. Closeup continued to lead the freshness proposition by expanding mental and physical reach in focus markets. Closeup launched a new variant, Diamond Attraction, a first-of-its-kind premium whitening variant which works instantly to make teeth whiter and over time, it continues to work to give a whiter, brighter and more radiant smile. The re-launch of Pepsodent Gum Care has been successful. Your Company also continued to invest in building oral health and hygiene, and reached out to children across the country through a school contact programme.

Lakmé Colors business sustained double digit growth during the year despite slow markets and the sluggish rate of premiumisation for the year. Lakmé continues to drive premiumisation by upgrading users through long lasting 9 to 5 platform, and bringing the global make-up trends to India under the Absolute platform. Lakmé successfully launched the gloss look as the global trend in India this year at the Lakmé Fashion Week with a range of products under Absolute Gloss Addict. It also launched a first of its kind Makeup Pro App, which is a real-time virtual makeover mobile application with the complete palette of shades and looks across the Lakmé portfolio. The launch of creaseless lipsticks and the introduction of new Kajal trends with Eyeconic shades under the '9 to 5' range was received well.

In the Deodorant portfolio, through Axe, your Company continued to deploy impactful campaigns and activation including the 'Axe Boat Party', which was launched for the first time in India. During the year, your Company entered into the perfume spray segment with the launch of 'Axe Signature', which has seen an increase in consumer franchise within a short period of time. Unilever has commissioned a world-class deodorants manufacturing facility in Khamgaon, during the year. This facility will provide a regular supply of high quality deodorant products to cater to the markets across Asia, including India. This will support the indigenisation of production for a large portion of deodorants in the aerosol form, which is currently imported.

5.3 Beverages

The Beverages segment delivered 9% turnover growth in the year, ahead of the market, with broad based growth across both Tea and Coffee. The growth across key brands was driven by a strengthened mix and focused in-market activities. Price growth was impacted by softer commodity costs during the second half of the year.

Your Company drove its five leading brand positions across India, with both the premium and popular brands growing competitively. Taj Mahal and 3 Roses continued to drive premiumisation. Red Label offered unbranded tea users a good mix of superior, great tasting tea for value. Red Label and 3 Roses Natural Care Tea with its differentiated immunity benefit witnessed exponential growth. Your Company grew the Green Tea category exponentially during the year on the back of sustained market development. The Instant Coffee business delivered strong performance during the year with BRU Gold doing particularly well.

5.4 Packaged Foods

The Packaged Foods segment of your Company comprises culinary products such as jams, ketchups and squashes under Kissan; soups, soupy noodles and meal makers under Knorr; branded staples (atta and salt) under Annapurna; bakery products under Modern; and frozen desserts/ ice creams under Kwality Walls and Magnum. The segment delivered a strong 15% turnover growth with segmental profit growing by 36% during the year, as your Company continued to drive growth in topline and bottom line, while continuing to invest in building this business.

Kissan sustained its strong, consistent performance, delivering another year of double digit growth, driven by impactful activation around unlocking everyday relevance for consumers. The brand reinforced its 'real' credentials focusing on the fact that Kissan is made from 100% real fruits and vegetables through 'Kissanpur' and other powerful activations. The year also witnessed the re-launch of entire Kissan range with exciting new packaging. The consumer preference, along with a strong distribution increase in both Ketchup and Jam, resulted in the business growing faster than the market.

The performance of Knorr in the year was led by soups, with the convenient instant soups single serve format performing particularly well. Your Company expanded its instant soup offerings with exciting new flavors at incredible price points. This supported by widespread sampling ensured that the soap category has grown in relevance as a healthy option to tide over in between meal hunger pangs.

Knorr Noodles was restaged at the end of the year with exciting new Chinese flavours. The Knorr Meal Maker portfolio continued to be led by in-store sampling and activations.

During the year, your Company's desserts portfolio re-launched its 'Brown & Polson' and 'Rex' brands, with positive initial response.

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

Your Company also scaled up its experiential marketing initiatives. Given the relevance of market development categories, it is critical that consumers sample your Company's products and discover the great taste and convenience that the products offer. Foods Beverages reached over 12 million consumers last year through sampling.

Modern Foods, the division which deals with bakery products continued the good performance both in terms of top line and bottom line. Despite low growth in bread industry due to challenges posed by other breakfast options and low entry rate in the segment, Modern Foods managed to maintain leadership position in most of the markets. Ability to innovate fast with value added product range like oats bread, rusk, cakes, helped Modern Foods to stay ahead in the market. Superior distribution system and better play in emerging channels like Modern Trade were the highlights of the year's operational excellence of the business.

The Frozen Desserts and Ice Cream business which had a challenging previous year, delivered a strong performance with double digit growth and improved profitability this year. The business continued to unlock distribution growth, making the brands more accessible for consumers. Cornetto and Paddle Pop grew strongly during the year with Cola Blast and Jiggly Jelly receiving good response from kids. Cornetto is connecting with consumers through digital platform in addition to traditional media. Post the successful launch of Magnum, the premium indulgent ice-cream brand, in Chennai, Mumbai, Pune, Bangalore and Hyderabad, your Company expanded this brand to Delhi and Kolkata, during the year.

5.5 Water

Pureit is the world's largest selling range of water purifiers in non-pitcher and non-faucet mount segment. Pureit delivered a double digit growth in a tough consumer durable market while improving margins significantly. The brand continues to strengthen its position in a slow and weak consumer durables market. During the year, Pureit introduced a breakthrough innovation in the premium segment, Ultima (RO+UV purifier) with superior design, aesthetics and superior functionality. Within a year the product has been able to gain strong presence in the premium RO+UV segment, with a double digit market share in Modern Trade. The Pureit brand continued to dominate the self-fill non electric purifiers with the communication focusing on building relevance around safe drinking water. During the year, Pureit focused on driving Non Electric Storage Purifers Range through the Micro Finance Institutions and targeted the premium consumers with a model of leads and referrals. Pureit also pioneered an exchange programme in the Water Purifier Category, actively up trading consumers. Pureit has received 'Innovating for a Better Tomorrow' award by CNN IBN in partnership with Infosys, for an exemplary innovation in India that has brought about progressive change.

5.6 Hindustan Unilever Network

The year continued to be extremely challenging one for the entire direct selling industry, including your Company, due to ambiguity on acceptable norms for direct selling in India. As a responsible corporate citizen, your Company has always conducted its business within the framework of law.

Given the challenging operating context of the business, your Company conducted a strategic review of the business. As a result of this review, your Company has changed the servicing model from a physical servicing model to an online ordering and fulfilment model.

Your Company has also optimised its product portfolio to bring focus on a differentiated but limited product range and also changed its compensation plan.

5.7 Non-FMCG Exports

Rice exports showed a double digit growth, while continuing to expand geographies, looking for seeding opportunities and improving its mix.

5.8 Subsidiaries and Joint Venture

Pursuant to the Scheme of Amalgamation sanctioned by the Honorable High Court of Bombay, Aquagel Chemicals Private Limited, a subsidiary of the Company was amalgamated with Lakmé Lever Private Limited, another subsidiary of the Company, with effect from 1st April, 2014. Consequent to the said amalgamation, Aquagel Chemicals Private Limited ceased to be a subsidiary of the Company.

During the year, your Company has divested its entire shareholding in Brooke Bond Real Estates Private Limited (BBREPL), a subsidiary of the Company, in favour of M/s. Brigade Properties Private Limited, a subsidiary of M/s. Brigade Enterprises Limited. Consequently, BBREPL ceased to be a subsidiary of the Company with effect from 23rd March, 2015.

During the year, your Company increased its stake in Bhavishya Alliance Child Nutrition Initiatives, a not-for-profit company, by acquiring the balance 75% of the equity share capital, thereby making it a wholly-owned subsidiary. Bhavishya Alliance was incorporated on 3rd October, 2010 as a not-for-profit company to work in the areas of social, economical and environmental issues

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

Unilever India Exports Limited

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

The Home and Personal Care segment in the exports business has witnessed a stable year, driven primarily by Personal Wash. Brands like Pears and Lakmé have registered healthy performance in the focused markets through strong communication and activation support. In case of Unilever sourcing countries, categories like Home Care and Personal Wash have delivered healthy growth. The Foods & Beverages segment saw expansion into new geographies. Overall, the business delivered healthy profitability through focus on effective cost management.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), subsidiary of the Company, has 230 salons, of which 56 are Company owned / managed and 174 are franchisee salons. LLPL delivered double digit growth for the fifth consecutive year, although the market slowed down by consumers pulling back on discretionary spends. While net expansion during the financial year was 25 salons, the business also 'reinvented' half the network with backstage inspired interiors and a trendy Runway Secrets portfolio. Innovations like the Moroccan Liquid Gold Ritual and Nutristraight Quadratherapy have delighted consumers and driven growth. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

Pond's Exports Limited

The leather business, under the subsidiary Pond's Exports Limited, showed a stellar performance, with healthy operating profitability and double digit sales growth. This performance was achieved through new product designs, excellent customer service, world-class quality and cost innovations.

Unilever Nepal Limited

Unilever Nepal Limited (UNL), subsidiary of the Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products, soap noodles and laundry soaps in Nepal. UNL had yet another challenging year given the difficult political environment and low levels of GDP growth. Additionally, the emigration of skilled and unskilled labour continued to impact the consumption and growth of FMCG categories.

Despite strong challenges, UNL managed to deliver a robust double digit growth of 13% and PAT increase by 22%. Despite a slowdown of internal growth, our market presence continued to be strong reflecting the competitive growth of our brands and slowdown in the overall market. Unilever Nepal brands continue to be market leaders in all the categories they operate in.

The country was recently affected by a natural tragedy. All employees and assets of the company were accounted safe and there was no major damage.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development through its 'Water for Public Good' programme. All projects carried out under HUF complies with the requirements of the CSR Rules of the Companies Act, 2013.

HUF operates the 'Water for Public Good' programme in 90 districts across India in partnership with 20 NGOs. HUF also supports several knowledge initiatives in this area.

HUF has initiated projects in 6,000 villages and has created a collective and cumulative water potential of nearly 100 billion litres. The cumulative impacts of these projects initiated by HUF have been independently assured.

Bhavishya Alliance Child Nutrition Initiatives

Bhavishya Alliance Child Nutrition Initiatives (BACNI) is a not-for-profit subsidiary of the Company, and is working on the hand washing behaviour change programme in the State of Bihar. The programme aims to reduce diarrhoea and pneumonia in children under the age of five years across Bihar, by implementing the 'School of 5' hand washing project in rural schools to reach 9 million school children.

In addition, **Daverashola Estates Private Limited** and **Jamnagar Properties Private Limited** are subsidiaries of the Company, which have been exploring opportunities to enter into appropriate business activities. **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.

Kimberly Clark Lever Private Limited

Kimberly Clark Lever Private Limited (KCL) is a joint venture between your Company and Kimberly-Clark Corporation, USA, with infant care diapers as its primary product category. The business maintained its growth momentum during the year delivering healthy double digit growth. With the consumer preference shifting towards pants format, the category construct continued to move in favour of pants. Pants volume witnessed healthy growth and more than doubled over previous years. Huggies brand saw a healthy increase of share within the pants format. To meet the growing demand of pants format, investments have been made to increase the production capacity.

The low penetration and consumption levels in India offer significant growth potential for this category. The competitive intensity in the infant care category remains high and continues to attract both local and global competitors. KCL will continue to drive growth in business through innovations that positively impact consumers. As a joint venture partner, your Company remains committed to this business.

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

Your Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investments made in its subsidiaries and joint venture companies during the year.

6. CUSTOMER DEVELOPMENT

During the year, your Company has undertaken and delivered several ambitious initiatives to reaffirm its leadership position across the country and be the preferred channel partner for over 2,500 redistribution stockists and millions of retailers.

Your Company has always strived for everyday execution excellence in Customer Development, which was at the center of the ambitious Big "Q" – Harvest, Impact and Transform (HIT) agenda. During the year, your Company took on the challenge of increasing sales throughput of the outlets added under its coverage expansion programmes. Harvesting the growth potential of the new stores contributed significantly to the aim of winning in the market place and resulted in improving the reach and distribution of the products. Impact stores, the high contribution stores, were chosen to drive business through increased point of sale cisibility and cluster breakup execution in stores and these have contributed to your Company's growth. Your Company has put in place the plan of building brands in stores in the Modern Trade environment, and intend to scale up the initiative based on the learnings built.

Your Company also undertook the ambitious transformation agenda of 'Winning In Many Indias' (WIMI) to leverage the diversity of people, culture, habits, economics and demographics that exists across India. Your Company has structured itself to better serve the diverse opportunities and consumer needs across the country. As a key step in executing the WIMI strategy, your Company set up the fifth sales branch in Lucknow to unlock growth in Central India. This geography with over 500 million population holds immense potential for sustainable growth over the next many years. In line with the WIMI strategy, performance of the country will be driven through 14 consumer clusters, reporting into 5 sales branches, focusing the categories on the unique consumer needs in each cluster. Plans have been put in place to leverage the new WIMI structure through sharper, localised marketing and sales initiatives, to enable your Company to win with consumers and shoppers across all consumer clusters. Modern Trade continues to be a focus area for your Company. Renewed focus on joint business planning, ensuring best-in-class on shelf availability and delivering clutter breaking product launches have brought in fresh momentum in this channel and were appreciated by Modern Trade customers. Your Company was once again awarded the 'Best Supplier' by leading Modern Trade customers.

E-commerce is an emerging and fast growing channel in the country and your Company is well placed to lead category growth in this channel. Your Company has developed a comprehensive e-commerce strategy and execution roadmap, and has a team in place to drive disproportionate growth in this channel in the coming years.

Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. Using the 115 million transactions captured every month, your Company uses intelligent analytics at the back end, to deliver better on shelf availability in stores. We will continue to invest in the power of knowledge and big data, to stay at the forefront of execution, and enhance the impact and effectiveness of our execution.

Your Company continues to focus and drive 'Project Shakti', the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for small scale entrepreneurs in rural India.

Your Company runs dedicated call centres for distributors as well as retailers, which enable them to connect directly with the Company anytime, thereby achieving world class customer service. Mandatory customer immersion sessions for Customer Development team gives them the opportunity to spend more time with distributors and retailers, observing and interacting with them in their milieu to understand their needs better. These initiatives have helped to keep the needs of the customer as the guiding force for all your Company's activities.

7. SUPPLY CHAIN

Your Company's supply chain agenda remained focused on five key areas: customer service excellence, consumer and customer quality, end to end cash and cost savings program, leading with innovation & technology and sustainability.

Your Company made significant progress in its vision to deliver customer service excellence to enable sustainable growth.

The service delivery standards improved steadily with CCFOT (Customer Case Fill-On-Time) increasing to 94%. Sharper focus on identified portfolio, channel, and geography opportunities to drive end to end performance were the key highlights for the year. This resulted in fit for purpose strategies for priority elements of our Supply Chain. Your Company's supply chain continued to be recognised by its customers for the progress in this area. Your Company continued to strengthen the Sales and Operation Planning (S&OP) and Innovation Process Management (IPM) processes,which are the foundation of our performance.

Product Quality on shelf is one of the highest priorities for your Company. Your Company carried out an end-to-end quality review covering every point along the Supply Chain from supplier to shelf, which led to strategic quality improvement initiatives. Focus was increased further on working closely with the suppliers and partners in warehousing and logistics to implement specific quality improvement projects in these areas. These quality programmes have resulted in 40% reduction in consumer complaints which is a proof of the effectiveness of these interventions.

Your Company has a robust Supply Chain savings programme with continuous focus on end-to-end cost reduction with new technologies, processes and methods. During the year, your Company delivered 5% saving in Supply Chain cost which is driven by various cross functional teams, such as R&D, Procurement, Manufacturing and Logistics. The robust savings programmes were driven through workshops, rigorous monthly reviews, project trackers and a strong ideas' funnel.

Your Company has achieved good progress in usage of biogenic fuels as energy source in factories. During the year, your Company used almost 60,000 tonnes of renewable biomass as fuel, saving corresponding amount of fossil fuels. This has been done through installation of specially designed biomass boilers, thermic fluid heaters and hot air generators capable of efficiently burning locally available agri-waste like paddy straw, cotton stalks, sawdust and bagasse.

Your Company has overhauled rainwater harvesting facilities in all its plants as well as upgraded equipment for more efficient use of water. Optimising operation of cooling towers, reduction of drift losses, reuse of gland sealing water, installation of mechanical seals, segregation of process streams, improvement of CIP systems, installation of reverse osmosis plants and similar technology interventions allowed your Company to reduce its fresh water usage from 2,715 million litres in 2008 to 2,111 million litres in 2014, despite volume increase.

Your Company progressed well in implementing its longterm manufacturing strategy, with efficient capacity creation while introducing new technologies to support volume growth. To achieve manufacturing excellence, your Company further accelerated the transformation of its manufacturing operations through the use of World Class Manufacturing techniques. This will lead to further improvement in efficiencies and cost performance. Your Company has identified significant cost reduction opportunities in production costs, which are converted into projects and monitored closely, in the sites where World Class Manufacturing programme has been introduced.

There has been a 6% improvement in innovation OTIF (On Time in Full) with more than 80 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company launch innovations first time right.

Through Partner to Win programme, developed by Unilever globally, your Company continued the joint business plan journey with suppliers and business partners. This has resulted in reduced lead time and costs and improved reliability and new innovation delivery.

8. RESEARCH & DEVELOPMENT

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

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

Your Company had entered into a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever in 2012. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical inputs developed by Unilever. The TMLA provides for the payment of trademark royalty, as a percentage of net sales on specific brands, where Unilever owns the trade mark in India. Given that the pace of innovations and the scope of services have expanded over the years and that Unilever's global resources are providing greater expertise, superior innovations and scale advantage for all Unilever entities, your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever such as those explained below.

During the year, your Company introduced several innovations in Soaps and Detergents category. In Detergents category, Surf Excel Matics powder formulations were improved. External brand equity studies adjudged Surf Excel as amongst the top 10 brands in India. Wheel powder mix was re-launched with new communication on pack as 'Naya and Damdar'. The mix also enhanced the formulation with improved efficacy.

In the Household Care category, Vim bar was re-launched with an improved polycoat, changed shape and a strong claim of 'lasts up to 4 days longer'. Vim bars own patented technology of 'Polycoat' which enables this competitive advantage.

In the Soaps category, Lifebuoy had one of its most successful re-launches ever with a new more efficacious formulation leveraging ActivNaturol Shield (ANS) - the R&D discovered synergistic combination of sustainable natural actives with proven superior efficacy against germs including evolved germs. The technology and the claims on Lifebuoy were endorsed and approved by the world renowned Royal Society for Public Health (RSPH), in its first ever endorsement of a soap brand. The technology also enabled Lifebuoy mount and supported a strong consumer oriented campaign. Lifebuoy hand wash liquid introduced a first of its kind viewstrip to enable consumers track usage and refill the pumps. In addition, Lifebuoy also launched its revolutionary self-foaming hand wash under its Clinicare10 range, which has been specially formulated to save more than 18% water while being ultra-mild and yet delivering 99.9% germ protection in 10 seconds. It also gives 10 times better germ protection compared to ordinary soap bars. Lifebuoy partnered with Dow Chemicals to reformulate the Rs. 5 minibar providing better skin feel, better value and hence better affordability to consumers while providing them unbeatable germ protection. This was awarded the 4th breakthrough to World Challenges award by the Board of Dow. Lux core range saw introduction of new visuals of flower embossing, active silk extract and new packaging which were re-lauched as Lux Soft Touch and Lux Velvet Touch with SilkEssence™.

In the Skin Care category, Fair and Lovely launched its advanced multivitamin cream in a re-closable sachet at an accessible price point of Rs. 5. Pond's for the first time launched a range of skin care products for men, that offers brightening and oil control benefits through its moisturisers and face wash formats. Pond's White Beauty with its revolutionary GenWhite™ Active Technology launched new daily anti-spot fairness cream with non oily, light feel sensory. Lakmé continues to lead premiumisation in skin care by launching new Lakmé Absolute Gloss range (entry in premium hydration) and innovative formats under the Lakmé Perfect Radiance range (Serums and Gel based creme).

Oral Care witnessed the launch of Closeup Diamond Attraction toothpaste with a Unilever Patented Technology to deliver whiter teeth in one brush. This launch marked your Company's entry into the beauty segment in oral care. Pepsodent Gumcare was also re-launched elevating it to the expert protection advanced care range.

In the Hair category, Dove continued its journey of bringing improved products to its consumers and re-launched its conditioner range with new technology to provide efficient conditioning. New variants were introduced in TRESemmé focussing on the needs of the modern consumer. TRESemmé SPA Rejuvenation was introduced to allow the consumer to experience Spa-like benefits at home.

The Deodorant category had strategic launches this year. Axe Signature range was launched as the first ever body perfume range from your Company. The 4 variants of Axe Signature range were a successful launch in the market place with superior claim of 3 times more perfume in every drop. In the spray range, Axe Gold temptation variant was launched as a special variant to Dark Temptation.

In Water business, your Company launched a new storage purifier 'Pureit Advanced 14L' with premium aesthetics which provide double purification benefit through a combination of membrane and biocide technologies. In the premium RO Purifier segment, 'Marvella RO+UV' device was launched with superior control logic and aesthetics. In addition, the 'Pureit Ultima RO+UV' device launched in early 2014 has proved to be one of the most successful innovations for your Company during the year.

The Foods R&D team focused on re-launch of the Kissan range with product re-launches both in squash, jams and in tomato sauces. For the Knorr brand, major initiatives happened around Knorr Cup-a-soup; establishing soups as a great tasting snack and healthier alternative to deep fried snacks.

The year saw key strategic launches under tea brands contributing to good business growth. Under green tea category, the range was further extended with two new flavours launched - 'Tulsi' and 'Honey Lemon', which helped in accelerating the category growth. In Coffee, small pack blend was launched with improved aroma and sensorial. Through R&D initiatives, cost savings were also delivered to manage commodity inflation.

In the Frozen Desserts category, Kwality Wall's launched 'Mango Creamy Delight' variant enriched with real Alphonso mango. Under kid's platform, new Paddle Pop 'Cola blast' was launched to create excitement among kids and deliver a unique experience.

R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives. Your Company is committed to reduce its packaging waste footprint. For the Laundry category, your Company reduced paper consumption by 1,700 tonnes without compromising on delivered quality. The re-launch of Lifebuoy involved a significant improvement on the pack design and new technology for a more cost effective wrapper which resulted in a saving of 300 tonnes on polymer adhesives besides more sustainable packaging for the handwash pumps and refills resulting in a savings of 35 tonnes of polymer. There has been a paperboard savings of 2,500 tonnes which has been a result of improving the paper quality with respect to compression strength and hence innovating on the design for sustainability. Packaging material usage was reduced by around 120 tonnes across Beverages and Ice creams. In the Foods category, the packaging development team achieved a major improvement of the jam jar with state-of-art glass technology and improved jar designs. Your Company's R&D is also working on novel technologies to help save substantial amount of water.

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

8.1. Technology Absorption

The Company maintains interaction with Unilever internationally. This is facilitated through well co-ordinated management exchange programme. The programme includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements etc.; scientific research based on hypothesis testing and experimentation which leads to new / improved / alternative technologies; support the development of launch ready product formulation based on research and implementation of the launch ready product formulations in specific markets. The benefits derived by your Company through technology absorption and Research & Development are detailed above. Your Company continuously imports technology from Unilever under the Technical Collaboration Agreement and the same is fully absorbed.

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

The details of expenditure on scientific Research and Development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2015, are as follows:

- Capital Expenditure : Rs. 2.54 crores
- Revenue Expenditure : Rs. 29.60 crores

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company has a vision of being a 'Zero Injury' organisation. The Compass, your Company's strategic framework, integrates Safety as a non-negotiable value. Over the past years, your Company has been progressing well in terms of reducing recordable injury frequency rates across its operations. The injury rates in 2014 were less than one-fourth of the injury rates in 2008. The safety incident rate measured as Total Recordable Frequency Rate (TRFR) in 2014 was only 0.4 incidents per million man-hours worked.

This has been achieved through a combination of training and hardware upgradation leveraging core technology concepts and safety standards from Unilever. A customised behavioral safety framework 'BeSafE' developed by Unilever is being rolled out in India. Rigorous deployment of BeSafE across your Company targeting change in behaviour patterns and elimination of unsafe acts has played a big part in eliminating safety hazards from workplaces.

Sustainability is deeply rooted in all the operations of your Company ranging from sourcing to manufacturing and logistics. Your Company's aim is to achieve significant year-on-year reduction in environmental impact of manufacturing operations, in line with Unilever Sustainability Living Plan (USLP). Following are some of the milestones of environmental performance during the year:

- Two more biomass fired burners (one hot air generator and one boiler) were commissioned in 2014. Use of biogenic fuels like biomass briquettes, spent tea leaves and coffee beans, was maximised at existing facilities, which helped in reduction of fossil fuel consumption for operations.
- All new projects and line extensions in factories are equipped with high efficiency motors, variable frequency drives, LED lights, screw compressors instead of reciprocating compressors, roof mounted self-driven ventilators and

maximised use of natural illumination. These are also being retrofitted in existing factories after feasibility evaluation.

- Going beyond rain water harvesting and recharging to ground which is already practised at most of manufacturing sites, your Company initiated pilot projects for direct use of rainwater in process to further reduce ground water.

Your Company made capital investments amounting to Rs. 16.2 crores during the financial year 2014-15 on the energy conservations equipments.

Your Company saved 52376 GJ/annum of energy through its various conservation energy initiatives taken during the year. The financial savings due to conservation initiatives amounted to Rs. 1,070 lakhs.

Specific water consumption in manufacturing operations is reduced by over 44%, when compared to 2008 baseline. Your Company has reduced CO_2 emissions (per tonne of production) in India by 37%, compared to 2008 baseline.

Waste generation across units is minimised through the principles of 3Rs - reduce, reuse and recycle. Co-processing of wastes in cement kilns, composting of boiler and hot air generator ash and usage of organic process waste as fuel have been the major initiatives strengthened during year. Segregation at source followed by re-use are practiced for all recyclable wastes, such as packaging materials, empty raw material containers and project scrap. Total waste per tonne from manufacturing sites has reduced by 88% vis-a-vis 2008 baseline.

Several prestigious awards have been conferred upon your Company by national and international organisations of repute, both from government and non-government sectors in recognition of your Company's efforts in the spheres of Safety, Environment and Sustainability.

10. HUMAN RESOURCES

Your Company's Human Resource agenda remained focused on reinforcing the key thrust areas;being the employer of choice on campus, building an inclusive culture and a strong talent pipeline, institutionalising mission critical capabilities in the organisation, driving greater employee engagement and continuing to focus on progressive employee relation policies.

Your Company is known for developing future leaders and having the best people practices. This coupled with the ability to attract the best talent, provides a competitive edge to the organisation. According to the Campus Track Business School Survey 2014, conducted by Nielsen for the 2015 graduating batch of the B-School students, your Company has been chosen as the preferred employer across all sectors for the fourth year in a row. Your Company has also retained the 'Dream Employer' status for the sixth consecutive year.

Your Company continued to build on the Diversity and Inclusion agenda. Maternity and Paternity Support, Career by Choice and location flexibility programmes have helped in further driving the agenda. Your Company's focus has been on driving inclusion through building leadership capability, recognizing line managers who drive a simple, flexible and respectful work environment for their teams. With these enablers and commitment to diversity and inclusion, your Company has witnessed a 13% shift in the gender balance ratio over the last four years.

Your Company has developed an integrated framework and approach using structure, systems and skills focused on areas such as Beauty, Foods, Digital, Rural and E-commerce and designed plans to ensure capabilities for the future are built. Apart from a strong foundation on learning programmes to build capability, there is an increased focus on driving Development Plans for all employees in your Company.

Your Company has also focussed on building speed and simplification in ways of working. Sunset, an initiative where employees can share ideas for quick solutions making your Company agile, saw an improvement in closure time and satisfaction scores. Ideas received were implemented in plenty, which encouraged employee participation. Simplification projects were launched and implemented that potentially released a significant number of man-days of process time.

With strong business performance backed with leadership commitment to ensure engagement and development of employees, your Company's 2014 Global People Survey results showed improvement in scores across dimensions. Employee Engagement score improved by 300 bps over the previous year.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has 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) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours before 21 days of the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website www.hul.co.in/investorrelations/AnnualReports/

11. INFORMATION TECHNOLOGY (IT)

IT continues to support business operations in your Company, through continued investment in the enterprise wide SAP platform including data analytics. Your Company supports the distributors by providing a common distribution management system which integrates with the Company's system. In addition, a common mobility solution is in place for all individuals who execute sales transactions in the market place

IT has played a key role in bringing to life your Company's Winning in Many Indias (WIMI) strategy. WIMI provides your Company an ability to get granular understanding of the changing consumer profile and competition across geographies to identify sales gaps and market creation opportunities.

Your Company continues to invest in capabilities that enable customised engagement with end consumers using mobile technologies. Kan Khajura Tesan (KKT) is the first mobile based entertainment-on-demand platform that allows the Company to directly engage with millions of consumers with customised content.

Your Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

12. FINANCE AND ACCOUNTS

Your Company continued to drive the virtuous circle of growth as evidenced in its performance during this year. Profitable volume growth is driven by investment in innovation and brands to deliver better products. Your Company leverages its scale to spread fixed costs and improve profitability while further investing in the business. This investment funds R&D and innovation to create new and improved products backed by marketing to create even stronger brands. This further drives profitable volume growth, thus the virtuous circle continues. Your Company aims to translate this profitable growth to superior cash generation through efficient capital management. The cash balances are managed prudently by deploying cash surplus in a balanced portfolio that are designed to offer safety, liquidity and returns. There was a net cash surplus of Rs. 2,537.56 crores, as on 31st March, 2015. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise.

During the year, your Company leveraged the benefits of the significant work done on finance transformation over the past couple of years and enabled de-coupling business growth from increased cost, complexity and time of transaction processing. The key building blocks of Finance Transformation programme were Procure to Pay, Record to Report, Zero based controls and My Business Information projects.

- 'Procure to Pay' project aimed to raise the bar on payments process and shift the needle of services from vendor satisfaction to vendor delight. This year, your Company leveraged the centralised, standardised and automated processes created under the programme and further accentuated value delivery through process efficiency, flexibility and scalability. Your Company brought in synergies with the global centre of excellence in Bengaluru and developed a rich pipeline of continuous improvement initiatives thereby landing super-efficient, automated processes. This is reflected in the sustained best in class levels of payment efficiency and purchase order compliance.
- 'Record to Report' project began with the vision of creating one accounting excellence centre at Bengaluru. This project enables consistent improvement in excellence in reporting; both in terms of quality and the speed to release results to the market. Your Company has been ranked among the Top 3 companies in manufacturing sector for Best Presented Accounts by the Institute of Chartered Accountants of India, for two years in a row. Your Company also received a merit award from South Asian Federation of Accountants for excellence in financial reporting.
- 'Zero Based Controls' programme began with a revamp of the traditional gatekeeping lens of finance. With over 50% of key controls automated and a cutting-edge automated cockpit flagging control exceptions, this year, your Company has reaped benefits of the pioneering work done under this programme. The project promised a blemish free control environment and delivery of the same is substantiated through multiple control testing, both by the management and independent audits. This project enabled stewardship delivery in a comprehensive and faster manner while reducing the audit efforts on monitoring controls. This robust control environment enabled a smooth transition of the Statutory Auditors.
- 'My Business Information' is a centralised and standardised repository of information. With significant investments in IT underway, your Company's finance function is enhancing effectiveness in partnering the business with professional analytics and state-of-art forecasting tools while providing real time updates to aid decision making.

During the year, the finance function partnered the business agenda on increased customer and consumer focus through Project WIMI (Winning In Many Indias). This project required complete rewiring of all IT systems to cater to a granular level reporting providing the right insights and thereby enabling decision making. Finance team played a pivotal role in ensuring seamless transition and enabling end-to-end reporting at a consumer cluster level.

During the year, the Primary Banking project was implemented, delivering a step change in your Company's transaction capabilities through 'best in class' solutions whilst strengthening controls, reducing costs and simplifying operations. After a detailed 'Request for Proposal' (RFP) process, 3 banks each were mandated to perform the collections and payments activities of your Company. The project spanned 10 workstreams, which were implemented seamlessly with a tight change in management and governance process. The project leveraged technology extensively like SWIFT to build robust and bank agnostic solutions. Many manual activities like receivables accounting were automated delivering tangible simplification benefits across the organization.

Indian Accounting Standards (Ind AS) – IFRS Converged Standards

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. Companies having a net worth of Rs. 500 crores or more (as per the standalone financial statements as on 31st March, 2014) are required to comply with Ind AS (Accounting standards converged with the International Financial Reporting Standards - IFRS) in the preparation of their financial statements for accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending 31st March, 2016, or thereafter. In pursuance of the above notification, the Company, its subsidiaries and joint venture will adopt Ind AS with effect from 1st April, 2016. The implementation of Ind AS is a major change process for which the Company has established a project team and is dedicating considerable resources. The impact of the change on adoption of Ind AS on Company's reported reserves and surplus and on the net profit for the relevant periods is being assessed. In particular, the current accounting policies for revenue recognition, investments, tangible assets, employee share based payments, income taxes, consolidation, retirement/post retirement benefits, proposed dividends and segment reporting differ from Ind AS. This list of differences identified by the Company should not be viewed as exhaustive and definitive as it is intended to highlight those areas that are considered to be most significant as of date.

Your Company has not accepted any Public Deposits under Chapter V of Companies Act, 2013, during this year. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 6.66 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Capital Expenditure during the year was at Rs. 526.40 crores (Rs. 526.50 crores in the previous year).

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2015, are given below:

Particulars	2010-11	2011-12	2012-13	2013-14	**2014-15**
Return on Net Worth (%)	74.0	77.7	94.7	104.1	**99.5**
Return on Capital Employed (%)	87.5	96.8	109.1	130.2	**127.7**
Basic EPS (after exceptional items) (Rs.)	10.58	12.46	17.56	17.88	**19.95**

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

Segment-wise Results

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

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2014-15 are appended as Annexure to this Report.

12.1. Risk and Internal Adequacy

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Some of the identified risks relate to competitive intensity and cost volatility. During the year, your Company has set up a new Risk Management Committee in accordance with the requirements of Listing Agreement to monitor the risks and their mitigating actions. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor 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.

Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, in line with the requirements of Accounting Standard 11. The details of foreign exchange earnings and outgo as required under Section 134 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

Foreign Exchange Earnings & Outgo

(Rs. crores)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Foreign Exchange earnings	573.43	547.91
Foreign Exchange outgo	3,846.50	3,132.40

13. LEGAL, GOVERNANCE AND BRAND PROTECTION

Your Company continued to focus on the key areas and projects within the Legal, Compliance and Corporate Affairs functions. The Company has developed an in house workflow based compliance tool 'Self-Compli' that tracks compliances across factories and offices. The tool is one of the best practices and is being exported to other businesses of Unilever. The focus on litigation management continued during the year as also on combating unfair competition with a series of actions to protect your Company's Brands from counterfeits, look-alike and grey imports. As part of cascading knowledge of Competition Law, the Company collaborated with the Federation of Indian Small and Medium Enterprises to conduct Competition Law Awareness Sessions for Small and Medium Enterprises.

13.1 Corporate Governance

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity.

The new Companies Act, 2013 and amended Listing Agreement have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law and had proactively adopted many provisions of the new law, ahead of time. Your Company is committed to embrace the new law in letter and spirit. In line with the requirements of new law, your Company has constituted new Board Committees. Your Company has in place all the statutory Committees required under the law. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in the Corporate Governance Report.

During the year, your Company has adopted new policies and amended existing policies such as Policy on Related Party Transactions, Policy on Material Subsidiaries, CSR Policy and Whistle Blower Policy in line with new governance requirements. These policies are available on the website of the Company at www.hul.co.in/investorrelations/CorporateGovernance/. 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 annexed to this Report.

During the year, Secretarial Audit and Secretarial Standards Audit were carried out by M/s S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company for the financial year 2014-15. There were no qualification, reservation or adverse remarks given by Secretarial Auditors of the Company. The detailed reports on the Secretarial Standards and Secretarial Audit are appended as an Annexure to this Report.

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

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 Clause 49 of the Equity Listing Agreement with the Stock Exchange(s). A Certificate of the CEO and CFO of the Company in terms of sub-clause IX of Clause 49 of Equity Listing Agreement, 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.

13.2 Related Party Transactions

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.hul.co.in/investorrelations/CorporateGovernance/. 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 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 Equity Listing Agreement.

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. 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.

13.3 Prevention of Sexual Harassment at Workplace

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). The Company has designated the external independent member as a Chairperson for each of the Commettees which was beyond the requirements of law. During the year, 2 complaints with allegations of sexual harassment were filed with the Company and the same were investigated and resolved as per the provisions of the Act.

14. SUSTAINABLE LIVING

Your Company has embraced the Unilever Sustainable Living Plan (USLP) since the year 2010 and has made good progress on the goals set by the Plan. The Plan spans your Company's entire portfolio of brands, has a social and economic dimension and works across the entire value chain; from the sourcing of raw materials to the delivery of products to the consumers.

USLP has three big global goals to achieve:

- Improving Health and Well-being - By 2020, we will help more than a billion people take action to improve their health and well-being.
- Reducing Environmental Impact - By 2020, our goal is to halve the environmental footprint of the making and use of the products as we grow our business.
- Enhancing Livelihoods - By 2020, we will enhance the livelihoods of millions of people as we grow our business.

Your Company progressed well on its goals. The highlights of progress in the year 2014 are given below:

- The Company reached out to a total of 63 million people through Lifebuoy Handwashing Programme since 2010.
- Pureit in-home water purifier provided 55 billions litres of safe drinking water by the end of 2014.
- All your Company's children's ice cream brands now contained, 110 kilocalories or fewer per portion.
- CO_2 emission per tonne of production was reduced by 88% compared to 2008.
- Your Company created water conservation potential

of nearly 100 billion litres through Hindustan Unilever Foundation partnerships.

- All manufacturing locations of your Company achieved zero non-hazardous waste to landfills.
- A total of 111 tea estates in Assam, West Bengal, Kerala and Tamil Nadu are certified as 'Sustainable Estates'
- A total of 85% of tomatoes used in Kissan Ketchup are now sourced from sustainable sources
- Project Shakti network expanded to include over 70,000 Shakti Entrepreneurs (Shakti Ammas) by the end of 2014.

During last year, the Unilever Sustainable Living Plan was broadened with a more substantive and far reaching 'Enhancing Livelihoods Programme'. The three new commitments under this pillar are:

- Drive Fairness in the Workplace by advancing human rights across the operations and extended supply chain.
- Advance Opportunities for Women by promoting their safety, providing up-skilling and expanding opportunities.
- Develop Inclusive Business to improve the livelihoods of smallholder farmers, improve the incomes of small-scale retailers and increase the participation of young entrepreneurs in the value chain.

Your Company continued to put more emphasis on human and labour rights and enhanced the role of women in the value chain while growing the business sustainably and driving social and economic development. During the year, your Company recruited over 50 women to work on shop floors in its factories taking the total number of female employees on shop floors to 100.

As part of Project Prabhat, your Company initiated projects around its manufacturing operations to ensure development of local communities. These focussed on improving health and hygiene, conserving water and enhancing livelihoods. Prabhat's livelihood programme saw enrollment of over 3,000 candidates across 13 livelihood centers in India.

Your Company's 'Project Sunlight' which aims to involve consumers as a part of the USLP, progressed well in 2014. Your Company worked to make sustainability more relevant to the common people by involving children as agents of change. Your Company identified two issues that are important for India to create a brighter future - first, to stop littering and second, to reduce water wastage. Children were the key influencers for both the activations.

Your Company has shared its progress on Unilever Sustainable Living Plan in India which is made available on the website of the Company, www.hul.co.in/sustainable-living-2015/. Your Company has also released the Business Responsibility Report that describes the initiatives undertaken 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 report is made available on your Company's website, www.hul.co.in, and forms a part of this Annual Report. The Business Responsibility Report shall be kept open for inspection at the Registered Office of the Company. If a Member is interested in obtaining a hard copy of the Business Responsibility Report, they may write to the Investor Service Department at the Registered Office of the Company.

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report.

Your Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.hul.co.in/investorrelations/CorporateGovernance/. Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure to this Report.

15. EMPLOYEE STOCK OPTION PLAN (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with Section 62 of Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 and SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report. No employee has been issued share options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

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

Under the said Plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 204 employees, including Whole time Directors, were awarded conditional rights to receive 1,58,840 Equity Shares at the face value of Re. 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2014 to 2016 and from 2015 to 2017.

16. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the Board of Directors appointed Ms. Kalpana Morparia as an Additional Director with effect from 9th October, 2014, to hold office up to the date of forthcoming Annual General Meeting. Being eligible, Ms. Morparia offered herself to be appointed as the Independent Director of your Company.

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years, but shall be eligible for reappointment on passing of a special resolution by the Company and shall not be liable to retire by rotation. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013.

The details of training and familiarization programmes 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 Corporate Governance Report of this Annual Report.

17. MANAGEMENT COMMITTEE

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

During the year, Mr. Sridhar Ramamurthy, Executive Director, Finance & IT and Chief Financial Officer was elevated to the position of Senior Vice President, Finance for Global Markets and Mr. P. B. Balaji succeeded him and joined the Management Committee in his capacity as Executive Director, Finance & IT and Chief Financial Officer with effect from 1st July, 2014.

Mr. Hemant Bakshi, Executive Director, Home and Personal Care (HPC) was elevated as CEO of Unilever's Indonesia business and ceased to be a member of the Management Committee of your Company. Considering the scale of business and requisite focus to further grow the categories in which the businesses operate, it was decided to divide the Home and Personal Care business of the Company into Home Care and Personal Care with separate Executive Directors heading each business. Accordingly, Ms. Priya Nair and Mr. Samir Singh were appointed as members of Management Committee as Executive Director, Home Care and Executive Director, Personal Care, respectively with effect from 1st October, 2014.

Mr. Manish Tiwary, Executive Director, Sales and Customer Development was elevated as the Managing Director of the Gulf business of Unilever and Mr. Punit Misra, VP, CD Global RTM, TT was appointed as Executive Director, Sales and Customer Development and a member of the Management Committee, in place of Mr. Manish Tiwary with effect from 1st November, 2014.

18. AUDITORS

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

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

M/s N. I. Mehta & Co., Cost Accountants carried out the cost audit for applicable business during the year. The Board of Directors have appointed M/s R. A. & Co., Cost Accountants for the financial year 2015-16.

19. OUTLOOK

The global economic climate continues to be volatile, uncertain and prone to geo-political risks. The marked slowdown in global markets is expected to continue in 2015. The sharp fall in growth of emerging markets, notably China, will continue to keep commodity prices including oil, which is significantly lower than last year, volatile. The divergence in developed market growths as a result of the US recovery is expected to add to the volatility in the currency markets.

In this global backdrop, India is expected to perform better, aided by improving macroeconomic fundamentals. However, execution of the reform agenda and kick starting the investment cycle will be key determinants of India's economic performance. While currently inflation is benign, upside pressures on inflation from the vagaries of monsoon or sudden changes in the rupee, could have a significant bearing on inflation.

FMCG markets are expected to grow. While consumer confidence has increased, this has not yet translated into significant improvement in FMCG market conditions. There are a few green shoots in market growths; however, uncertain global economic environment, inflation and competitive intensity continue to pose challenges. While the near term conditions pose a challenge for the economy, the medium to long term secular trends based on rising incomes, aspirations, low consumption levels, are positive and an opportunity for the FMCG sector. Your Company, with its brands, talent and investment in capabilities, is well placed to benefit disproportionately from this opportunity

19.1. Cautionary Statement

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

20. APPRECIATIONS AND ACKNOWLEDGMENTS

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

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

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

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

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 8th May, 2015

Annexure to the Directors' Report

Particulars of Loans, Guarantees or Investments

Amount outstanding as at 31st March, 2015

(Rs. crores)

Particulars	Amount
Loans given	179.77
Guarantee given	8.20
Investments made	3,277.93

Loan, Guarantee and Investments made during the Financial Year 2014-15

Name of Entity	Relation	Amount (In Crores)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilized
Lakme Lever Private Limited	Subsidiary	10.50	Loan	Business purpose
Pond's Exports Limited	Subsidiary	63.00	Loan	Business purpose
Brooke Bond Real Estates Private Limited*	Subsidiary	2.14	Loan	Business purpose
Mutual Funds#	-	106.33	Investments	Cash Management
Lakme Lever Private Limited	Subsidiary	40.00	Investments	Business purpose
Kimberly Clark Lever Private Limited	Joint Venture	22.51	Investments	Business purpose
Bhavishya Alliance Child Nutrition Initiatives	Subsidiary	0.75 lakhs	Investments	Investment in non-profit making Company
Broadcast Audience Research Council	Member of Association	8.20	Guarantee	Corporate guarantee provided to YES Bank, Bankers of Broadcast Audience Research Council to facilitate fund raising

* The company ceased to be a subsidiary with effect from 23rd March, 2015.
# For details refer to Note 1B of standalone financial statements.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 8th May, 2015

Annexure to the Directors' Report

Details of shares issued Under Employees Stock Option Plan (ESOP)

	2001 HLL Stock Option Plan (Period: 2001 to 2005)	2006 HUL Performance Share Scheme (Period: 2006 to 2012)	2012 HUL Performance Share Scheme (Period: 2013 to 2015)
a) Options granted	1,31,62,941	Conditional grant of 22,87,135 equity shares of Rs.1 each	Conditional grant of 8,14,439 equity shares of Rs.1 each
b) Options vested	1,31,62,941	21,22,653	N. A.
c) Options exercised	1,00,98,691	17,92,871	NIL
d) The total number of shares arising as a result of exercise of option	1,00,98,691	17,92,871	NIL
e) Options lapsed	30,41,150	5,153	NIL
f) Exercise Price	Year 2001 - Rs.208.69 Year 2002 - Rs.201.59 Year 2003 - Rs.127.24 Year 2004 - Rs.128.47 Year 2005 - Rs.132.05	Face value of Re.1/-	Face value of Re.1/-
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share for grant year 2001,2002 & 2003	N.A.	N.A.
h) Money realized by exercise of options during the year	Rs. 2.11 crores	Rs. 6.1 lakhs	N.A.
i) Total number of options in force	23,100 options granted in the year 2005	3,64,566 options (11,448 options forfeited due to resignation.)	7,47,221 options (67,218 options forfeited due to resignation.)
j) Pricing Formula	Closing market price as on the date of grant for the years 2001,2002,2003 and 2005; Average of 2 week high and low preceding the date of grant for the year 2004	Face value of Re.1/-	Face value of Re.1/-

Details of Options granted during the year ended 31st March, 2015 under Performance Share Plan 2015

k) No employee of the Company received grant of options during the year amounting to 5% or more of options granted or exceeding 1% of issued capital of the Company. During the year 5,256 options were granted to Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary under the 2012 HUL Performance Share Scheme for 2012. No options were granted to any other Key Managerial Personnel.

l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Rs. 19.94
m) i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2012 HUL Performance Share Scheme".
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Gain of Rs. 2.87 crores
iii) The impact of this difference on profits and on EPS of the Company	The effect of adopting the fair value method on the net income and earnings per share of 2014-15 is presented below:

Net Income	Rs. Crores
As reported	4,315.26
Add: Difference between Intrinsic value and Fair Value Calculation	2.87
Adjusted Net Income	4,318.13

Earnings Per Share (Basic & Diluted)		(Rs.)
	Basic EPS	Diluted EPS
-As reported	19.95	19.94
-As adjusted	19.96	19.95

n) Weighted average exercise price and weighted average fair value	Exercise Price is Re. 1/-
o) Fair value of Options based on Black Scholes methodology	
Assumptions	
Risk free rate	8.85% for 2014 and 7.86% for 2015
Expected life of options	3.125 years for each plan
Volatility	25.56% for 2014 and 25.44% for 2015
Expected Dividends	Rs. 13.5 per share
Closing market price of share on date of option grant	Rs. 557.25 for 2014 and Rs. 892.8 for 2015

Notes:

(i) Pursuant to approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the "2012 HUL Performance Share Scheme", in place of '2006 HLL Performance Share Scheme'

(ii) The Pricing Formula adopted by the Company for 'Employees Stock Option Plan' for the years 2001 to 2005, was based on the "Market Price" as defined in SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, in the line with Clause 6.2(h) of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 8th May, 2015

Annexure to the Directors' Report

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

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

Your Company is committed to operate and grow its business in a socially responsible way. The Company's vision is to grow its business, whilst reducing the environmental impact of its operations and increasing its positive social impact. Your Company has embraced Unilever Sustainable Living Plan (USLP) www.hul.co.in/sustainable-living/ which contributes to activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. 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 the products; and (iii) enhance the livelihoods of millions of people while growing the business.

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

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

Improving Health and Well-being

- **Hand Washing Behaviour Change Programme:** India has the highest number of child deaths from diarrhoea and pneumonia in the world with 6,09,000 children dying each year before their 5th birthday from these diseases[1]. Handwashing with soap can reduce diarrhoea diseases by over 40% and respiratory infections by 30%[2]. Your Company's Lifebuoy handwashing programme promotes the benefits of handwashing with soap at key times in schools and anganwadis (pre-school centres). Since 2010, Lifebuoy has reached more than 63 million people in India with its Behaviour Change programme, through a combination of comics, songs, games and rewards which encourages children to sustain good hand washing behaviours. A successful pilot project last year in Thesgora village resulted in scale-up of 'Help a Child Reach 5' programme in 2014 which led to addition of six more villages from Chhindwara district in Madhya Pradesh under the programme. The programme reached out to hundreds of new mothers and kids. Your Company has also entered into a partnership with Children's Investment Fund Foundation (CIFF) and the Government of Bihar to promote Handwashing Behaviour Change among children in Bihar with the aim to help prevent childhood illnesses and mortality. Your Company piloted the programme in two districts of Bihar – Begusarai and Khagaria, reaching out to nearly 1 million people. Your Company will now scale up the programme to cover more districts in Bihar and reach out to more number of people. Over the next three years, 45 million people are expected to benefit through this programme

[1] WHO and UNICEF (2014), "Progress on Drinking Water and Sanitation: Update 2014", World Health Organization and United Nations Children's Fund, Switzerland. Refer to http://www.unicef.org/gambia/Progress_on_drinking_water_and_sanitation_2014_update.pdf

[2] http://www.unicef.org/eapro/Pneumonia_and_Diarrhoea_Report_2012.pdf

- **Safe Drinking Water:** The lack of safe drinking water is a major public health issue, particularly in developing countries where majority of diseases are waterborne. The Pureit innovation addresses one of the biggest technological challenges - that of making safe water accessible and affordable for millions. Pureit provides 1 litre of "As safe as boiled"™ water at a running cost of just 30 paisa without the hassles of boiling, without the need of electricity or a continuous tap water supply. Pureit is available at a price starting from Rs. 1,600/-. However, to reach those at the "Bottom of the Pyramid" who may not be able to afford the same, Pureit has partnered with NGOs and Micro-Finance Institutions which provide micro loans to low income consumers on small monthly instalments. Pureit in-home water purifier has provided 55 billion litres of safe drinking water in India as of end of 2014.
- **Domex Toilet Academy (DTA):** Approximately, 792 million Indians live without improved sanitation, of which some 597 million people continue to defecate in the open[3]. These statistics clearly show that sanitation conditions in India need improvement. Your Company is committed to help in gaining improved access to a toilet and at the same time, drive behaviour change to use the toilets. One of the ways in which your Company will do this is through the Domex Toilet Academy (DTA) model. The DTA is a market-based, entrepreneurial model that provides people access to sanitation in rural communities. In partnership with the social enterprise eKutir, the DTA programme trains local micro-entrepreneurs who help execute the project in their local communities by supplying and building toilets. Through DTA, toilets are made accessible and affordable, while promoting the benefits of clean toilets and good hygiene. The objective of the programme is to reduce the incidence of open defecation and improve proper sanitation thereby promoting preventive healthcare. It also helps create awareness and drive behaviour change. Five DTAs are currently operating in Maharastra, Odisha and Madhya Pradesh. Since 2014, the programme has reached out to over 15,000 people by building over 3,000 toilets in villages across Odisha, Maharashtra and activities have expanded to Madhya Pradesh, Uttar Pradesh and Bihar. The programme has also trained more than 100 local entrepreneurs so far to sell and maintain toilets.
- **Asha Daan:** Asha Daan is a home in Mumbai for abandoned, differently-abled children, the HIV-positive and the destitute. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. Your Company takes care of over 400 infants, destitute men and women and HIV-positive patients at Asha Daan.
- **Sanjivani:** Your Company runs a free mobile medical service camp 'Sanjivani' near Doom Dooma Factory in Assam. The aim is to provide free mobile medical facility in the interior villages of Assam. There are two mobile vans dedicated to the project each vehicle has

[3] http://www.unicef.org/india/wes.html

one male and one female doctor, two nurses, a medical attendant (helper) 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 2,75,000 patients have been treated in these service camps since its inception in 2003. In 2014 alone, 20,512 patients were treated in the service camps.

Reducing Environmental Impact

- **Water Conservation Projects:** According to the estimates, by 2030, the supply of water in India will be half its demand. To understand and partake in meeting this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not-for-profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development, through its 'Water for Public Good' programme. HUF, alongwith its partners, has initiated 18 projects in more than 4,000 villages of 82 districts in 13 states located across 13 river basins in India since inception. The collective action of HUF and its partners has helped in the creation of cumulative water potential of nearly 100 billion litres.
- **Environment & Sustainability - Supply Chain:** Your Company has significantly reduced the environmental footprint in areas of greenhouse gases, water and waste across manufacturing locations. With regard to reducing GHG emissions from manufacturing, the CO_2 emissions per tonne of production in 2014 has reduced by 37% compared to the 2008 baseline. Major contribution to this reduction has come from using alternative forms of energy like biogenic fuels, solar photovoltaic energy, etc. in the manufacturing operations. With respect to reducing water use in the manufacturing process, water usage (cubic meter per tonne of production) in manufacturing operations reduced by 44% compared to 2008 baseline. Major contribution to this reduction has come from reusing treated water in gardening, toilet flushing and harvesting captive rainwater collected on roof tops. Lastly, with regard to reducing waste from manufacturing, 88% reduction was achieved in total waste generation (kg per tonne of production) in 2014 over 2008 baseline. Some of the initiatives which have helped reduce the disposed waste footprint are usage of spent coffee, tea waste in biomass boilers, composting of ash and co-processing waste in cement industries. All manufacturing locations are zero non-hazardous waste to landfills.
- **Solidaridad – Sustainability (Tea Procurement):** Your Company has a clear roadmap to achieve bold commitment to source 100% of agricultural raw materials sustainably by 2020. Sustainable agriculture means growing food in ways which sustain the soil, minimise water and fertiliser use, protect biodiversity and enhance farmers' livelihoods. The Company will ensure that the agricultural raw materials that are used such as tea, fruits and vegetables are sustainably sourced. The programme aims to move the Indian tea industry producers into adopting a sustainability code which shall promote sustainable agricultural practices, improve productivity and reduce costs ensuring future security of tea supply in India and also protect the ecosystems (soil, water and bio-diversity) whilst improving the quality of life for producers and workers.

Enhancing Livelihoods

- **Project Shakti:** Project Shakti is an initiative to financially empower rural women and create livelihood opportunities for them. It provides a regular income stream for the Shakti entrepreneurs and their families. HUL provides training on basic accounting, selling skills, health & hygiene and relevant IT skills to Shakti entrepreneurs and equips them with smart phones which have been enabled with a mini Enterprise Resource Package (ERP) which helps them to run their business efficiently and further augment their income. Your Company has trained thousands of Shakti Ammas across the villages in a bid to develop an entrepreneurial mindset and make them financially independent and more empowered. Project Shakti has empowered over 70,000 Shakti Ammas, complemented by 48,000 Shaktimaans. Shaktimaans are typically the husbands or brothers of the Shakti Ammas. They sell products on bicycles in surrounding villages, covering a larger area than Shakti Ammas can cover on foot.
- **Fair & Lovely Foundation:** The Foundation identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to the deserving candidates. To maintain integrity and fairness the selection is done by a panel of eminent personalities from diverse fields. The Foundation granted scholarships of Rs.1 crore to deserving 200 girl students in the financial year 2014-15.
- **Livelihood Programme:** Prabhat (Dawn) is a programme which focuses on development of local communities around the Company's manufacturing sites. Under Prabhat's Livelihood initiative, seven new centers were launched in 2014 taking the total number of centers to thirteen and candidate enrolments to over 3,000. Twelve of the Company's Skill Development Centers are running in collaboration with LabourNet, a training partner of the National Skill Development Corporation (NSDC). More than 1,500 people have already been certified through the programme and over 500 of them either have a job or have been up-skilled or are self employed.
- **Ankur:** Ankur is a centre for special education for differently abled children at Doom Dooma in Assam. It was set up in 1993 by your Company's Plantations Division at Doom Dooma. Ankur provides educational, vocational and recreational activities to such differently-abled children.

Others

- **Project Sunlight:** Project Sunlight is your Company's initiative to build a world where everyone lives well and lives sustainably. It comprises a growing community of people who are actively working to make this world a better place for children and future generations. It allows people to contribute in the form of volunteering, spreading the message on social media, preaching and practising behaviour changing habits or by just watching and sharing the Company's videos. In 2014, your Company took up two issues that are important for India to create a brighter future – first, to stop littering and second to reduce water wastage. Children were the key influencers for both the initiatives.

- **Relief Funds / Donation:** Your Company has always been at the forefront in responding to its call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters. It has done this through contribution to Government relief funds such as Uttarakhand flood relief, J&K flood relief etc. Last year, your Company also made a donation to 'Save the Children' towards Mobile Health Units run by them for street children in Delhi.

2. Composition of the CSR Committee

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

		(Rs. lakhs)
3.	**Average Net Profit of the Company for last 3 financial years**	3,99,093.00
4.	**Prescribed CSR Expenditure**	7,982.00
5.	**Details of CSR spent during the financial year 2014- 15**	
a)	Total amount to be spent for the financial year	7,982.00
b)	Total amount spent during the year. (2.1% of Average Net Profit)	8,235.00
c)	Amount unspent, if any	Nil

d) Manner in which the amount was spent during the financial year 2014-15 is detailed below:

(Rs. lakhs)

Sr. No.	CSR Project	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes coverage	Amount outlay (budget)	Amount spent on the project/programs: Direct expenditure	Amount spent on the project/programs: Overheads	Cumulative expenditure upto 31st March, 2015	Amount spent Direct / through implementing agency*
1	Handwashing Behaviour Change Programme	(i)	Bihar	60	60	-	60	CIFF
2	Safe Drinking Water	(i)	West Bengal	200	199	-	199	Population Services International (PSI)
3	Domex Toilet Academy	(i)	Chindwara, UP and Orissa	106	106	-	106	eKutir
4	Ashadaan	(iii)	Mumbai	67	88	-	88	Direct
5	Sanjivani	(i)	Assam	70	66	-	66	Direct
6	Water Conservation Projects	(iv)	PAN India	2,200	1,890	222	2,112	Implementing Agencies (Note 2)
7	Environment & Sustainability - Supply Chain	(iv)	PAN India	263	263	-	263	Direct

Sr. No.	CSR Project	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes coverage	Amount outlay (budget)	Amount spent on the project/programs: Direct expenditure	Amount spent on the project/programs: Overheads	Cumulative expenditure upto 31st March, 2015	Amount spent Direct / through implementing agency*
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Solidaridad Regional Expertise Centre
9	Project Shakti	(iii)	PAN India	4,651	4,651	-	4,651	Direct
10	Fair & Lovely Foundation	(ii)	PAN India	300	100	154	254	Direct
11	Livelihood Programme - Prabhat	(ii)	PAN India	150	147	-	147	Labour Net and TARA Livelihood Academy
12	Ankur School	(iii)	Assam	30	22	-	22	Direct
13	Project Sunlight	(iv)	PAN India	105	105	-	105	Direct
14	Relief Funds / Save the Children - Donation	(iii)	Delhi	31	31	-	31	Direct
15	Good Life Club - Scholarship (Hot Tea Shop)	(ii)	Chennai	5	5	-	5	Direct
	TOTAL			**8,364**	**7,859**	**376**	**8,235**	

Note 1:

(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and 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;

Note 2:

Foundation for Ecological Society, Mysore Resettlement and Development Agency, Society for Promotion of Eco Friendly Sustainable Development, Development Support Centre, Aga Khan Rural Support Programme (India), DHRUVA, Maharashtra Institute of Technology Transfer for Rural Areas (Khamgaon), Maharashtra Institute of Technology Transfer for Rural Areas (Nashik), Solidaridad Regional Expertise Centre, Watershed Organisation Trust (WOTR), Sanjeevani Institute for Empowerment and Development, Parmarth Samaj Sevi Sansthan, People's Action for National Integration, Professional Assistance for Development Action, International Finance Corporation, Samuha, Baif Institute for Rural Development, Parmarth Samaj Sevi Sansthan- Sumerpur, Sahjeevan

6. CSR Committee Responsibility Statement

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

On behalf of the Board

Mumbai, 8th May, 2015

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

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

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the Financial Year ended on 31st March, 2015)

[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L15140MH1933PLC002030
ii)	Registration Date	:	17th October, 1933
iii)	Name of the Company	:	Hindustan Unilever Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v)	Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. Tel : 022-39832285/39832452 E-mail : levercare.shareholder@unilever.com Website : www.hul.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any :	:	M/s. Karvy Computershare Private Limited, Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 Phone : +91 - 40 - 67161500 ,33211000 Fax : +91 - 40 – 23420814,23001153 Toll Free no.: 1800-345-4001 E-mail : einward.ris@karvy.com Website : www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	31.99
2	Detergents	20233	16.53
3	Cosmetics & Toiletries	20237	16.44

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and address of the company	CIN/GLN	% of shares Held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.51
2	Brooke Bond Group Limited #	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK&CN Holdings Limited #	N.A.	2.78
5	Brooke Bond South India Estates Limited #	N.A.	2.44
6	Brooke Bond Assam Estates Limited #	N.A.	1.52
7	Unilever Overseas Holdings B V #	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
1	Unilever India Exports Limited *	U51900MH1963PLC012667	100
2	Pond's Exports Limited *	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited Shree Niwas House, 1st Floor, H. Somani Marg, Fort, Mumbai 400 001	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V.D.C. – 5, P.O. Box-11, Hetauda, Dist. Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited *	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited *	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited *	U74999MH1946PLC005403	100

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

Sl No.	Name and address of the company	CIN/GLN	% of shares Held
8	Levindra Trust Limited *	U67120MH1946PLC005402	100
9	Hindlever Trust Limited *	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation *	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives Plot No. 131, J lane, Near Sagar Vihar Sector 8, Vashi Navi Mumbai – 400730	U93090MH2010NPL208544	100
Associate Company [Section 2(6)]			
1	Kimberly Clark Lever Private Limited Gat No 934-937 Villagesanaswadi Taluka- Shirur, PUNE - 412208	U74999PN1994PTC081290	50

Registered Office address as - Unilever House, 100 Victoria, Embankment, London EC4Y0DY
* Registered Office address as - 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	145,44,12,858	-	1,45,44,12,858	67.25	1,45,44,12,858	-	1,45,44,12,858	67.23	-0.02
Total Promoter Shareholding (A)	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.25**	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.23**	**-0.02**
B. Public Shareholding									
1. Institutions									
– Mutual Funds	61,21,796	49,284	61,71,080	0.29	68,16,072	49,284	68,65,356	0.32	0.03
– Banks / Financial Institutions	50,77,884	1,30,990	52,08,874	0.24	21,62,571	1,30,990	22,93,561	0.11	-0.13
– State Government	-	20	20	-	-	20	20	-	0.00
– Insurance Companies	7,77,08,936	9,500	7,77,18,436	3.59	7,34,75,359	9,500	7,34,84,859	3.39	-0.20
– Foreign Institutional Investors	30,49,01,482	38,480	30,49,39,962	14.10	32,47,53,230	37,960	32,47,91,190	15.01	0.91
Sub-total (B)(1)	**39,38,10,098**	**2,28,274**	**39,40,38,372**	**18.22**	**40,72,07,232**	**2,27,754**	**40,74,34,986**	**18.83**	**0.61**
2. Non-Institutions									
– Bodies Corporates									
i) Indian	2,77,31,981	2,76,274	2,82,67,145	1.31	2,38,56,485	4,85,464	2,43,41,949	1.13	-0.18
ii) Overseas	3,600	-	3,600	-	3,600	-	3,600	-	0.00
– Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	21,41,67,969	5,58,00,123	26,99,68,092	12.48	20,93,74,692	5,19,21,729	26,12,96,421	12.08	-0.40
ii)Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	42,90,808	9,20,230	52,11,038	0.24	45,64,254	7,10,350	52,74,604	0.24	0.00
– Others									
i) Trust	10,82,684	-	10,82,684	0.05	17,72,826	-	17,72,826	0.08	0.03
ii) Non Resident Indians	69,45,506	4,27,400	73,72,906	0.34	72,65,962	4,22,630	76,88,592	0.36	0.02
iii) Foreign Nationals	4,886	3,120	8,006	-	13,895	3,120	17,015	-	0.00
iv) Foreign Banks	23,879	-	23,879	-	23,879	-	23,879	-	0.00
v) Directors & their Relatives	1,26,303	-	1,26,303	0.01	68,168	1,441	69,609	-	-0.01
vi) Clearing Members	21,81,309	-	21,81,309	0.10	11,28,512	-	11,28,512	0.05	-0.05
vii) Qualified Foreign Investor	100	-	100	-	-	-	-	-	0.00
Sub-total (B)(2):-	**25,65,59,025**	**5,74,27,147**	**31,42,45,062**	**14.53**	**24,80,72,273**	**5,35,44,734**	**30,16,17,007**	**13.94**	**-0.59**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**65,03,69,123**	**5,76,55,421**	**70,82,83,434**	**32.75**	**65,52,79,505**	**5,37,72,488**	**70,90,51,993**	**32.77**	**0.02**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,10,47,81,981**	**5,76,55,421**	**2,16,26,96,292**	**100.00**	**2,10,96,92,363**	**5,37,72,488**	**2,16,34,64,851**	**100.00**	**-**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	%of Shares total of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	%of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Unilever PLC	1,11,43,70,148	51.53	-	1,11,43,70,148	51.51	-	-0.02
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	0.00
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	0.00
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	0.00
5	Brooke Bond South India Limited	5,27,47,200	2.44	-	5,27,47,200	2.44	-	0.00
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	0.00
7	Unilever Overseas Holdings BV	1,88,65,000	0.87	-	1,88,65,000	0.87	-	0.00
	Total	**1,45,44,12,858**	**67.25**	**-**	**1,45,44,12,858**	**67.23**	**-**	**-0.02**

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2014-15. The percentage change in the Promoters' holding is due to increase in the paid up share capital of the Company

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2015:

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Life insurance Corporation of India				
	At the beginning of the year	1,78,74,900	0.83	1,78,74,900	0.83
	Bought during the year	17,97,749	0.08	1,96,72,649	0.91
	Sold during the year	-	-	1,96,72,649	0.91
	At the end of the year	1,96,72,649	0.91	1,96,72,649	0.91

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	The New India Assurance Company limited				
	At the beginning of the year	1,90,17,349	0.88	1,90,17,349	0.88
	Bought during the year	5,000	-	1,90,22,349	0.88
	Sold during the year	14,45,191	0.07	1,75,77,158	0.81
	At the end of the year	1,75,77,158	0.81	1,75,77,158	0.81
3	Virtus Emerging Markets Opportunities Fund				
	At the beginning of the year	1,96,91,476	0.91	1,96,91,476	0.91
	Bought during the year	3,59,974	0.02	2,00,51,450	0.93
	Sold during the year	51,23,696	0.24	1,49,27,754	0.69
	At the end of the year	1,49,27,754	0.69	1,49,27,754	0.69
4	Vontobel India Fund				
	At the beginning of the year	1,72,56,269	0.80	1,72,56,269	0.80
	Bought during the year	-	-	1,72,56,269	0.80
	Sold during the year	36,44,781	0.17	1,36,11,488	0.63
	At the end of the year	1,36,11,488	0.63	1,36,11,488	0.63
5	Aberdeen Global Indian Equity (Mauritius) Limited				
	At the beginning of the year	1,87,88,244	0.87	1,87,88,244	0.87
	Bought during the year	-	-	1,87,88,244	0.87
	Sold during the year	58,13,029	0.27	1,29,75,215	0.60
	At the end of the year	1,29,75,215	0.60	1,29,75,215	0.60
6	Vanguard Emerging Markets Stock Index Fund A Series				
	At the beginning of the year	1,25,30,229	0.58	1,25,30,229	0.58
	Bought during the year	8,09,066	0.04	1,33,39,295	0.62
	Sold during the year	5,02,397	0.03	1,28,36,898	0.59
	At the end of the year	1,28,36,898	0.59	1,28,36,898	0.59
7	Abu Dhabi Investment Authority – Gulab				
	At the beginning of the year	95,57,203	0.44	95,57,203	0.44
	Bought during the year	24,07,781	0.11	1,19,64,984	0.55
	Sold during the year	2,31,198	0.01	1,17,33,786	0.54
	At the end of the year	1,17,33,786	0.54	1,17,33,786	0.54

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	General Insurance Corporation of India				
	At the beginning of the year	1,29,74,415	0.60	1,29,74,415	0.60
	Bought during the year	-	-	1,29,74,415	0.60
	Sold during the year	12,43,475	0.06	1,17,30,940	0.54
	At the end of the year	1,17,30,940	0.54	1,17,30,940	0.54
9	Aberdeen Emerging Markets Fund				
	At the beginning of the year	1,57,00,443	0.72	1,57,00,443	0.72
	Bought during the year	-	-	1,57,00,443	0.72
	Sold during the year	50,07,000	-0.23	1,06,93,443	0.49
	At the end of the year	1,06,93,443	0.49	1,06,93,443	0.49
10	Government of Singapore				
	At the beginning of the year	54,96,225	0.26	54,96,225	0.26
	Bought during the year	52,19,083	0.24	1,07,15,308	0.50
	Sold during the year	12,50,037	0.06	94,65,271	0.44
	At the end of the year	94,65,271	0.44	94,65,271	0.44

Notes :

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

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Harish Manwani				
	At the beginning of the year	22,130	-	22,130	-
	Bought during the year	-	-	22,130	-
	Sold during the year	-	-	22,130	-
	At the end of the year	22,130	-	22,130	-
2	Mr. P B Balaji				
	At the beginning of the year	3,985	-	3,985	-
	Bought during the year	8,421*	-	12,406	-
	Sold during the year	-	-	12,406	-
	At the end of the year	12,406	-	12,406	-

Sl. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	Mr. Pradeep Banerjee				
	At the beginning of the year	26,024	-	26,024	-
	Bought during the year	15,536*	-	41,560	-
	Sold during the year	6,522	-	35,038	-
	At the end of the year	35,038	-	35,038	-
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	20,838	-	20,838	-
	Bought during the year	5,052*	-	25,890	-
	Sold during the year	7,202	-	18,688	-
	At the end of the year	18,688	-	18,688	-

Note : Mr. Sanjiv Mehta, Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia did not hold any shares of the Company during the financial year 2014-15

* Shares alloted under ESOP

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2014-15

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD				Total Amount
		Sanjiv Mehta	Sridhar Ramamurthy $	P. B. Balaji $$	Pradeep Banerjee	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	629.84	265.66	380.07	203.28	1,478.85
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	108.57	8.06	11.99	19.58	148.20
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	292.28	99.38	51.08	87.36	530.10
2.	Stock Option	361.03	368.67	177.33	180.97	1,088.00
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others (Contribution to PF & Superannuation)	25.40	5.80	10.16	15.02	56.38
	Total (A)	**1,417.12**	**747.57**	**630.63**	**506.21**	**3,301.53**
	Ceiling as per the Act	Rs. 55,362 lakhs (being 10% of Net Profits of the Company has calculated as per Section 198 of the Companies Act, 2013)				

$ Ceased to be as Director w.e.f. 30th June, 2014

$$ Appointed as Director w.e.f. 1st July, 2014

B. Remuneration to other Directors:

(Rs. 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	Total
– Fee for attending Board / Committee meetings	Nil	4.00	3.40	3.40	3.00	1.40	15.20
– Commission#	15.5	24.00	22.47	25.04	21.75	13.50	122.26
Total (B)	**15.5**	**28**	**25.87**	**28.44**	**24.75**	**14.90**	**137.46**
Ceiling as per the Act	Rs. 553.6 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
Total Managerial Remuneration =(A+B)							**3,423.49**
Overall Ceiling as per the Act	Rs. 60,898 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						

* Non-Executive Non-Independent Director

\# The commission for the Financial Year ended 31st March, 2015 will be paid after adoption of accounts by the shareholders at the AGM to be held on 29th June, 2015

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Rs. lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Dev Bajpai
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	181.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15.80
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	80.82
2.	Stock Option	96.86
3.	Sweat Equity	-
4.	Commission	-
5.	Others	12.55
	Total	**387.72**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Harish Manwani

Chairman

(DIN: 00045160)

Mumbai, 8th May, 2015

Annexure to the Directors' Report

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

i. **Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2014-15, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2014-15.**

S.No	Name of Director/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Managing Director & CEO	93:1	(2.9)*
2	P. B. Balaji	Executive Director, Finance &IT and CFO	59:1	(1.4)*
3	Pradeep Banerjee	Executive Director, Supply Chain	32:1	5.4
4	Dev Bajpai	Executive Director (Legal and Corporate Affairs) and Company Secretary	Not Applicable	5.6

* Governed under remuneration structure, impacted by currency fluctuations.

Note :

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

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2014- 15.

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

ii. The percentage increase in the median remuneration of Employees for the financial year was 4.55%.

iii. The Company has 6,289 permanent Employees on the rolls of Company as on 31st March, 2015.

iv. **Relationship between average increase in remuneration and Company's performance:** The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. Every year, the salary increases for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business affordability. During the year, similar approach was followed to establish the remuneration increases to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Salary increases during the year were in line with Company's performance as well as per Company's market competitiveness.

v. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:** In line with Company's reward philosophy, merit increases and annual bonus pay-outs of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the business. Given the superior business performance and the performance rating of the Key Managerial Personnel, appropriate reward by way of merit increase or variable pay have been awarded to the Key Managerial Personnel for the current year. This was duly reviewed and approved by the Nomination & Remuneration Committee of the Company. During the year, the Company's Domestic Consumer business grew by 10% with 5% underlying volume growth. Profit before interest and tax (PBIT) grew by 17% with PBIT margin improving +90 bps. Profit after tax but before exceptional items, PAT (bei), grew by 8%.

vi. The Market Capitalisation of the Company as on 31st March, 2015 was Rs.1,88,849 crores as compared to Rs. 1,30,551 crores as on 31st March, 2014. The price earnings ratio of the Company was 43.75 as at 31st March, 2015 and was 33.76 as at 31st March, 2014. The closing share price of the Company at BSE Limited on 31st March, 2015 being Rs. 879.90/- per equity share of face value of Re. 1/- each has grown 451 times since the last offer for sale made in the year 1980 (Offer Price was Rs. 19.50/- per equity share of face value of Rs. 10/- each).

vii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 3.95% whereas the increase in the managerial remuneration was [0.8] %. 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.

viii. **The key parameters for any variable component of remuneration:** Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. Annual Bonus is directly linked to an individual performance rating and business performance. At the start of the year, every Employee (including Executive Directors), have key targets assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch. Business targets are a combination of goals such as Underlying Volume Growth, Underlying Sales Growth, Core Operating Margin etc.

ix. **The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year** : Not Applicable

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

On behalf of the Board

Harish Manwani

Mumbai, 8th May, 2015

Chairman

(DIN: 00045160)