



Hindustan Unilever Limited

# Serving our consumers, today and tomorrow

Annual Report 2009-10



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# Serving our consumers, today and tomorrow

Hindustan Unilever is India's largest Fast Moving Consumer Goods Company. We meet everyday needs of millions of Indians, right from the morning cup of tea to brushing at bedtime. Our brands touch the lives of more than 700 million Indians.

It is this relationship with our consumers that we would like to build upon and strengthen. We will continue to straddle the consumer price pyramid to meet the needs and aspirations of diverse consumers across India.

Our stated strategy is to grow our business competitively, profitably and sustainably. The key pillars to achieving this are:

- ❑ Winning with brands and innovation
- ❑ Winning in the market place
- ❑ Winning through continuous improvement
- ❑ Winning with people

During the year, we have made significant progress on each of these thrust areas. We are well placed to leverage the tremendous opportunity in a fast growing market like India by serving and delighting our consumers.







## Chairman's Letter

Dear Shareholders,

My warm greetings to all of you.

The year 2009-10 has been yet another challenging year for the global markets. The resilience shown by the Indian economy in this challenging context is particularly heartening. This bodes well for the long-term growth prospects of India which continues to be amongst the high growth economies in the world today. However, there are still some pressure points which need to be addressed to sustain this high growth. One of the key immediate issues is food inflation which has remained at high levels for over a year. This, along with firming up of commodity costs has created an inflationary business environment.

FMCG markets continued to grow albeit at a slower pace. In addition, the strong growth potential of the Indian market has attracted many new competitors resulting in a substantial increase in the competitive intensity across categories. This has resulted in aggressive pricing actions

as well as heightened media and trade spends. We have taken decisive actions to defend our leadership position and to further strengthen our competitiveness, through a combination of innovation, right pricing and competitive levels of advertising investment. These timely actions have resulted in an acceleration of volume growth through the year.

In this challenging environment, your Company registered an overall growth of 6.4% in 2009-10 while the domestic consumer business grew by nearly 9%. The growth momentum improved through the year with double-digit volume growth in the last quarter. During the year, operating margin was improved by 15 basis points compared to the previous year, despite a significant increase in investment behind brand support. Over the last five years, your Company has performed well with a CAGR of 10% for total sales and 11.5% for FMCG sales.



Our growth strategy has been consistent through this period. We continue leveraging our deep consumer insights and strong portfolio of brands to drive penetration and increase consumption. At the same time, we are building new capabilities and expanding our portfolio to win with consumers, categories, segments and channels of the future. We have stepped up innovations not just in our core categories but also in the emerging segments of tomorrow. We are driving market development of new categories like Hair Conditioners, Deodorants and Soupy Snacks. Equally, we have been strengthening our go-to-market capability, aiming to significantly increase our rural and urban distribution. This will substantially improve the availability

Your Company has always stood for sustainable development. I am pleased to inform you that this year we are publishing our first sustainability report. This will showcase the Company's positive impact on the economy, society and the environment. I firmly believe that as we create a sustainable model that works for consumers, customers and communities, the business and its shareholders will be rewarded.

In conclusion, I wish to reiterate that we remain committed to competitive, profitable and sustainable growth. We also believe that the significant longer term opportunity in India will result in a substantial step-up in competitive intensity.



of our products across the length and breadth of the country and further strengthen our consumer base.

Our continued efforts in reducing our cost base have helped us support the increased investment behind our brands and at the same time sustain the profitability of the business. These efforts included leveraging the scale of Unilever in global procurement to manage commodity costs. Your Company has received enormous support from Unilever over the years and will continue to leverage Unilever's brands, technologies, business processes, global scale and best practices.

During the year, Unilever launched a renewed, bold vision for the Company – to double the size while improving its environmental footprint. Your Company will continue to benefit from the high priority that Unilever places on Developing and Emerging markets which now account for half of the global business.

We will strongly defend our leadership positions while at the same time invest for the future. Our portfolio of brands, our people and our focus on continuous improvement through the business will remain our source of competitive advantage.

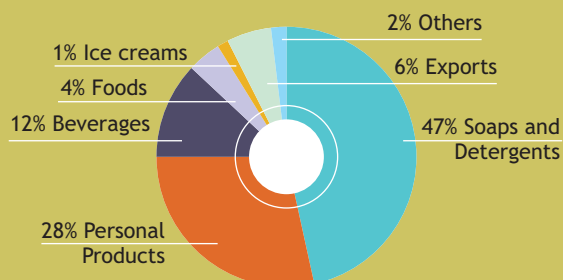
I take this opportunity to thank you for your continued support and look forward to the same in the future.

With warm regards,

Harish Manwani

# Financial Highlights and Brands

## SEGMENTAL REVENUE



## NET SALES

Rs. 17,524 crs

## EPS (BASIC)

Rs. 10.10

## NET PROFIT

Rs. 2,202 crs

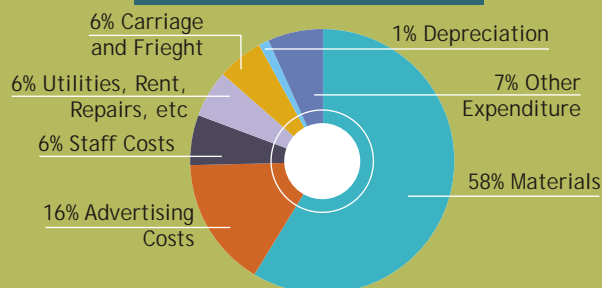
## EVA

Rs. 1,791 crs

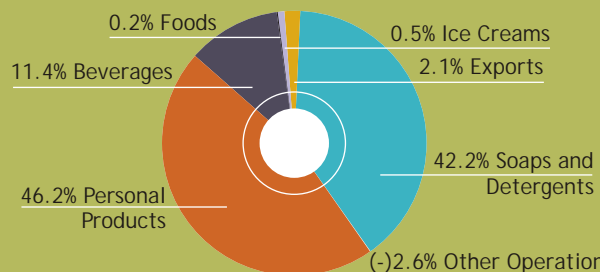




## TOTAL EXPENDITURE



## SEGMENTAL RESULT\*



\* Excludes net Unallocated expenditure, Taxation charge & net Financial items



# Financial Performance 10 year track record

	2000	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 Months)	2009-10 (12 Months)
Rs. crores										
<b>Profit &amp; Loss Account</b>										
Gross Sales*	11,392.14	11,781.30	10,951.61	11,096.02	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27
Other Income	345.07	381.79	384.54	459.83	318.83	304.79	354.51	431.53	589.72	349.64
Interest	(13.15)	(7.74)	(9.18)	(66.76)	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)	(6.98)
Profit Before Taxation @	1,665.09	1,943.37	2,197.12	2,244.95	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07
Profit After Taxation @	1,310.09	1,540.95	1,731.32	1,804.34	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68
Earnings Per Share of Re. 1#	5.95	7.46	8.04	8.05	5.44	6.40	8.41	8.73	11.46	10.10
Dividend Per Share of Re. 1#	3.50	5.00	5.16	5.50	5.00	5.00	6.00	9.00	7.50	6.50
<b>Balance Sheet</b>										
Fixed Assets	1,203.47	1,320.06	1,322.34	1,369.47	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07
Investments	1,769.74	1,635.93	2,364.74	2,574.93	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08
Net Deferred Tax	-	246.48	269.92	267.44	226.00	220.14	224.55	212.39	254.83	248.82
Net Current Assets	(373.38)	(75.04)	(239.83)	(368.81)	(409.30)	(1,355.31)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)
	<b>2,599.83</b>	<b>3,127.43</b>	<b>3,717.17</b>	<b>3,843.03</b>	<b>3,563.82</b>	<b>2,362.56</b>	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>
Share Capital	220.06	220.12	220.12	220.12	220.12	220.12	220.68	217.74	217.99	218.17
Reserves & Surplus	2,268.16	2,823.57	3,438.75	1,918.60	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35
Loan Funds	111.61	83.74	58.30	1,704.31	1,471.11	56.94	72.60	88.53	421.94	-
	<b>2,599.83</b>	<b>3,127.43</b>	<b>3,717.17</b>	<b>3,843.03</b>	<b>3,563.82</b>	<b>2,362.56</b>	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>

\* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary Items # Adjusted for bonus

	2000	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 Months)	2009-10 (12 Months)
<b>Segment-wise Sales (%)</b>										
Soaps, Detergents & Household Care	40	40	45	44	45	45	47	47	49	48
Personal Products	17	21	22	24	26	28	29	29	29	30
Foods	37	33	30	29	27	25	22	22	20	20
Chemicals, Agri, Fertilisers & Animal Feeds	4	3	2	2	1	1	1	1	1	0
Others	2	3	1	1	1	1	1	1	1	2
EBIT as % of Sales	12.3	14.0	17.6	18.4	13.4	12.3	13.1	13.1	13.1	14.1
Fixed Assets Turnover (No. of times)	9.5	8.9	8.3	8.1	7.2	8.1	8.6	8.6	8.3*	7.5
Economic Value Added (EVA) (Rs Crores)	858	1080	1236	1429	886	1014	1126	1314	2154	1791
PAT / Sales (%)	11.5	13.1	15.8	16.3	11.0	11.3	11.8	11.8	11.6	11.5
Return on Capital Employed (%)	64.6	62.4	59.4	60.2	45.9	68.7	67.0	78.0	107.5*	103.7
Return on Net Worth (%)	52.7	53.9	48.4	82.8	57.2	61.1	68.1	80.1	103.6*	88.2

\*Shown on an annualised basis

	2000	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 Months)	2009-10 (12 Months)
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	206.35	223.65	181.75	204.70	143.50	197.25	216.55	213.90	237.50	238.70
Market Capitalisation (Rs. Crores)	45,409	49,231	40,008	45,059	31,587	43,419	47,788	46,575	51,770	52,077
Exports (Rs. Crores)**	1,934	1,845	1,411	1,416	1,459	1,461	1,369	1,413	1,638	1,066
Contribution to Exchequer (Rs. Crores)	2,524	2,478	2,609	2,999	2,674	2,638	2,813	3,133	4,429	3,704

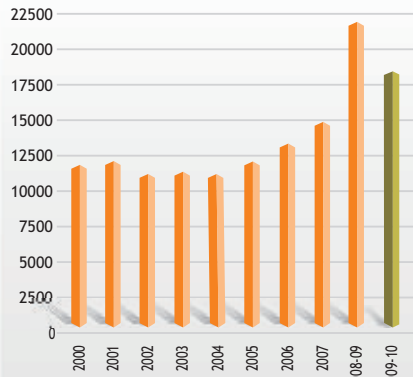
\* Based on year-end closing prices quoted in the Bombay Stock Exchange, adjusted for bonus shares

\*\* Includes exports made by subsidiaries

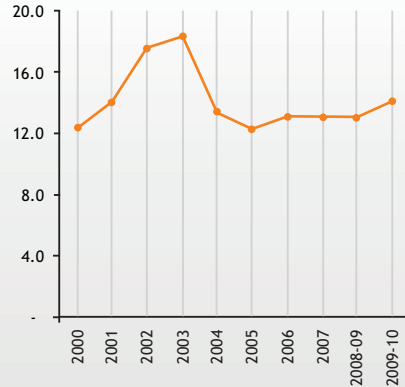


# Performance Trends

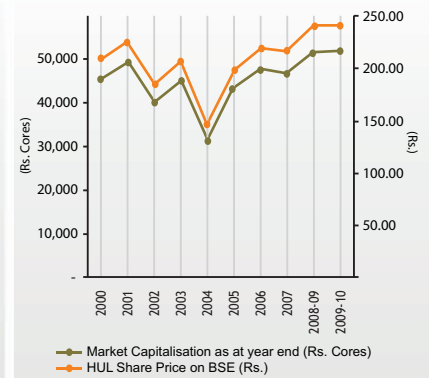
Gross Sales (Rs. crores)



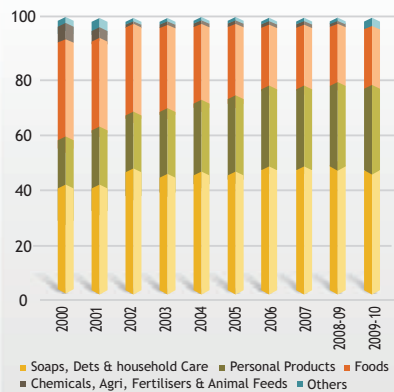
EBIT as % of Sales



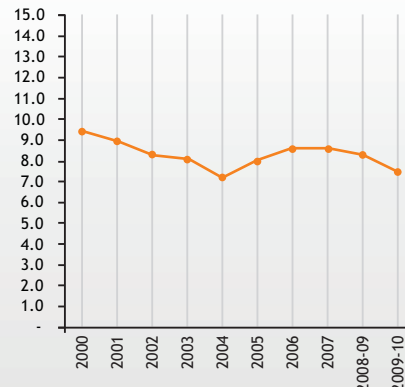
Market Capitalisation and HUL Share Price



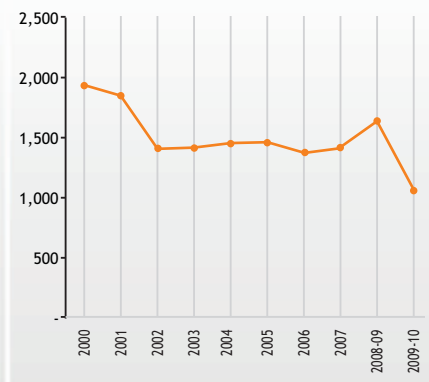
Segment-wise Sales (%)



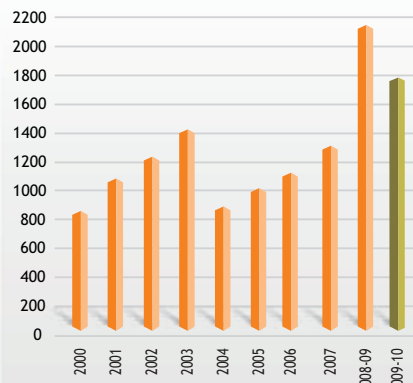
Fixed Assets Turnover (No. of times)



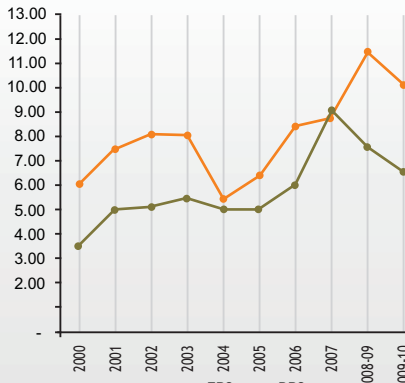
Exports (Rs. crores)



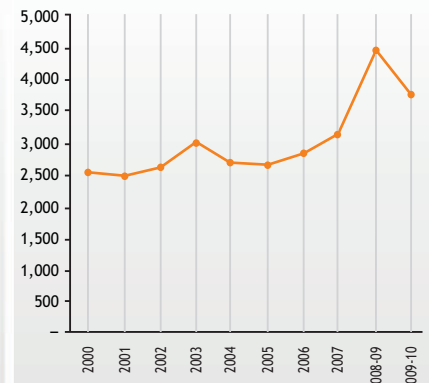
Economic Value Added (EVA) (Rs. crores)



Earnings & Dividend Per Share (Rs.)



Contribution to Exchequer (Rs. crores)





# Winning with brands and innovation

Brands and innovation are at the heart of everything we do. We believe that our brands remain fresh, young and relevant if we are constantly innovating behind them. Innovation in terms of products, propositions, communication and even media deployment. As incomes and aspirations change, consumer habits, attitudes and behaviour change too. This constant change is something that we are obsessed about. An obsession to ensure that our portfolio of brands is evolving continuously to exploit these changes.



To do this successfully, consumer understanding is vital. We are constantly observing where and how consumers shop for and use our brands. It is this undying curiosity that enables us to be clear about what our brands need to do.

We use this clarity to shape our innovation programme by developing products and solutions that are relevant for consumers in India. We leverage Unilever's global technology expertise and the research and development capabilities in India to bring innovative products that meet the needs of consumers within India.

Some of our major innovations this year have been: Pureit Compact-in-home

water purifier – an affordable safe drinking water solution for low-income consumers priced at Rs. 1,000, Knorr Soupy noodles – providing wholesome nutrition to children's fun snacking moments, Brooke Bond Sehatmand tea – offering combined benefits of health with immunity for low-income rural consumers and the launch of Cif multi-purpose cleaner.

Equally, there have been several innovations on our existing big brands that delivered significant superior product and consumer experience. These included the relaunch of Lux, Wheel, Clinic Plus, Hamam, Liril and Pears.



# Winning in the market place

The biggest opportunity lies in growing the size of our market through innovations and activities that drive market development. Towards this end, we will further strengthen and broaden our relationship with our customers – working together on areas of mutual benefit such as consumer research, shopper behaviour and merchandising. Outstanding customer service and great in-store execution will be key to sustain winning relationships with our customers and to grow our markets.

While General Trade will continue to be the primary channel for distribution addressing diverse consumers across both urban and rural markets, Modern Trade is an emerging channel for the future and winning in this channel is one of the key priorities for us. We invested ahead of time to build capabilities to serve our Modern Trade customers better while at the same time partnered with them to win with shoppers at the point of sale.

Distribution has always been a competitive advantage for us. We are further building on this by significantly increasing our direct coverage while also improving the quality of coverage.

We have deployed an end-to-end technology solution which helps reduce inventory cycles while enabling optimum service levels. All our salesmen are equipped with hand-held devices which

help to improve on-shelf availability of our products while also building assortment at individual store level. Similarly, our merchandisers have been equipped with hand-held devices to improve in-store display of our products so that our products are top-of-mind whenever a shopper makes a purchase. This year, we rolled out a unique and innovative concept of 'Perfect Stores' as part of our endeavor to win with consumers at the point of sale.

Project Shakti represents a unique and unmatched rural distribution model and offers us tremendous opportunities in accessing rural consumers. We intend to further leverage the Shakti network to significantly enhance our direct distribution coverage in rural markets. This will not only extend our presence in 'difficult-to-reach' stores in rural areas but also strengthen the Shakti network.







## Winning through continuous improvement



Delivering competitive, profitable and sustainable growth requires a philosophy of continuous improvement. This means being fast and flexible in the supply chain while keeping costs competitive. It also requires us to make the most of our scale and aim for the best return on every rupee spent.



Continuous improvement is key to developing a customer and consumer-led, agile value chain. In this value chain, we have tremendous opportunity for improving efficiencies by leveraging our scale. We are already doing so in our supply chain in the area of procurement and rapid deployment of appropriate technologies.

This has enabled reduction in inventories, improved product freshness and time-to-shelf, which has resulted in significant reduction of working capital.

We prioritise speed and flexibility in our supply chain to deliver growth. We are doing this through simple ideas. For example, in some of our detergent factories we are running 'twin track' on single production lines. This has helped us to nearly double our production thus enabling better customer service while improving operating efficiencies. Apart from this, today most of our production lines have developed the capability of quick changeovers to meet the market demand.

Our effort is to continuously reduce business waste and eliminate losses in our supply chain using TPM as a key enabler. The savings generated are ploughed back into our products. We continue to drive our supply chain to deliver top-quality products with world class service at a competitive cost.

Return on marketing investments (ROMI) is another area where we drive continuous improvement. ROMI is about maximising the effectiveness of our advertising, promotional and trade investments. We have developed advanced marketing mix modelling techniques that allow us to assess all the marketing levers to drive growth and superior yields from marketing investment. For example, we have identified the media elasticity of each of our brand which helps us to optimise our advertising spends.



# Winning with people

At HUL, people are our inherent strength. Attracting, developing and retaining talent is central to our HR strategy. It is vital that we have the right talent and organisation to match our growth ambition and also to keep pace with the changing business environment. Towards this end, we have undertaken a detailed talent & organisational readiness assessment to review the skills and capabilities as also organisational structures needed to deliver our business goals.



Key to a great talent strategy is to first attract top talent from the market. We continue to put significant impetus behind improving the HUL Employer Brand in top business schools.

A winning organisation must have a culture that encourages high performance. Our rigorous performance management processes are aimed at identifying the best performing teams and individuals. Equally, our reward systems are designed to encourage a high performance culture by providing superior rewards for superior performance.

We have designed and launched novel capability building initiatives such as

e-learning (self paced learning). We provide challenging overseas assignments with other Unilever businesses to our young managerial talent. These initiatives coupled with leadership coaching and robust skill and competency assessment of each individual employee have further strengthened our talent development initiatives.

This year, we shifted our Head Office in Mumbai to a new campus. We leveraged this as an opportunity to build a more inclusive, flexible and connected organisation. This, we believe, will contribute significantly to inspiring our people and motivating them to succeed collectively as a team and deliver our growth ambition.



# Remembering Prof. C.K. Prahalad



2010 marked the unfortunate and untimely passing away of our director Prof. C. K. Prahalad. Prof. Prahalad was on our Board as an independent non-executive director since April 2000.

Management leaders across the globe thrived on his wisdom. At Hindustan Unilever Limited, we frequently looked up to him for support and advice. He was always with us.

We will always cherish the fond memories of a leader who showed us new paths and gave us the confidence to walk on them.





# Board of Directors

Mr. Harish Manwani (56) assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He is also President Asia & Africa, Central & Eastern Europe and a member of the Unilever Executive (UEX).

Mr. Manwani joined the Company in 1976. He joined the Board of the Company in 1995 as a Director responsible for the Personal Products business. In addition, he held regional responsibility as the Category Leader for Personal Products for the then Central Asia & Middle East (CAME) Group. In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care & Oral Care Categories, and in early 2001, he was appointed President Home & Personal Care (HPC), Latin America Business Group. He also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed as the President and CEO of the HPC North America Business Group, and in April 2005, was elevated to the Unilever Executive as the President Asia & Africa.

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

Mr. Manwani is a member of the Compensation Committee of the Company.



Mr. Harish Manwani,  
Chairman



Mr. Nitin Paranjpe,  
Managing Director and Chief  
Executive Officer

Mr. Nitin Paranjpe (47) joined the Company as a management trainee in 1987. In his early years in the Company, Mr. Paranjpe worked as Area Sales Manager-Detergents and then Product Manager - Detergents. In April 1996, he became the Branch Manager, Chennai and in February 1999 he was appointed as a member of the Project Millennium team. In 2000, he moved to Unilever London, and was involved in a review of the organisation structure. During 2001, he was an executive assistant to the Unilever Chairman & Executive Committee in London.

On his return to India in 2002, Mr. Paranjpe became the Category Head-Fabric Wash & Regional Brand Director (Asia) for several Laundry and Household Cleaning (HHC) Brands. In 2004, he became Vice President - Home Care (Laundry & HHC) India, responsible for the Home Care business. He was appointed as the Executive Director for the Home & Personal Care business in March 2006. Mr. Paranjpe was appointed as the Managing Director and Chief Executive Officer of the Company in April 2008. He is also an Executive Vice President of Unilever Companies in South Asia.

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

Mr. Paranjpe is a member of the Shareholders/Investors Grievance Committee and the Compensation Committee of the Company.

Mr. Sridhar Ramamurthy (45) joined the Company in May 1989 and worked in a number of finance and commercial roles in India till December 2002 spanning Internal Audit, Factory Commercial, Post-acquisition Integration of TOMCO with HLL, Supply Chain and Corporate Accounts.

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

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

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

He is a member of the Shareholders/Investors Grievance Committee of the Company.



Mr. Sridhar Ramamurthy,  
Chief Financial Officer

# Board of Directors

Mr. D. S. Parekh (65) is the Non-Executive Chairman of Housing Development Finance Corporation Limited and member of several prestigious committees appointed by the Government of India. Mr. Parekh has also held senior positions in Grindlays and Chase Manhattan. Mr. Parekh is recipient of the Padma Bhushan for his contributions to the national economy and public policy. Indian Industry, Government and Media has also honoured him with several awards including, Outstanding Business Leader of the year 2008 by CNBC and NDTV Business Leader of the Year Award 2008. Internationally, he has been pronounced as the first international recipient of the Institute of Chartered Accountants in England and Wales' Outstanding Achievement Award - 2010. In 2008, he was recognized amongst the 'Stars of Asia' by Business Week and has been listed amongst the top 25 most influential people in business and finance across Asia-Pacific by Asiamoney.

Mr. Parekh is widely consulted by the Government of India on a range of issues of national importance and has been a member of various Government appointed Advisory Committees and Task Forces which includes housing, financial services, capital markets and infrastructure sector reforms.

Mr. Parekh is a Commerce Graduate and holds an FCA degree from England and Wales.

Mr. Parekh joined the Board of our Company as Independent Director in May 1997. He is the Chairman of the Audit Committee of the Company.



Mr. D. S. Parekh,  
Independent Director



Mr. A. Narayan,  
Independent Director

Mr. A. Narayan (58) is the Non-Executive Chairman of ICI India Limited, now known as AkzoNoble India Limited. Starting as a Management Trainee with ICI India in 1973, he grew through diverse functions and businesses, including serving in senior positions like the CEO of the Fertilizer and Explosives businesses of ICI India. He was also a Corporate Planning Manager at ICI Group head quarters in London before serving as Managing Director of ICI India over 1996 - 2003. During the period 2005 - 09, Mr. Narayan was the President & CEO of BHP Billiton India, before becoming its Non-Executive Chairman.

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

Mr. Narayan joined the Board of the Company as an Independent Director in 2001. Mr. Narayan is the Chairman of Shareholders/Investors Grievance Committee, Remuneration Committee of the Company. He is also a member of Audit Committee of the Company.

Mr. S. Ramadorai (65), is the Vice-Chairman of Tata Consultancy Services Limited. He is also on the Boards of a number of reputed companies and educational institutions - Tata Industries, Tata Technologies, Bombay Stock Exchange and the MIT Sloan School of Management. Mr. Ramadorai was conferred the esteemed Padma Bhushan by the President of India in recognition of his contributions to IT industry of the country. In 2008, Mr. Ramadorai was recognised as the 'International CEO of the Year' at the 14th Annual LT Bravo Business Awards and the 'Asia Talent Management of the Year' at CNBC's 7th Asia Business Leader Award. In April 2009, Mr. Ramadorai was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations.

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

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



Mr. S. Ramadorai,  
Independent Director

Dr. R. A. Mashelkar (67), CSIR Bhatnagar Fellow, is presently also the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia-Pacific, Europe and USA. He served as the Director General of Council of Scientific and Industrial Research (CSIR) for over eleven years. He was also the President of Indian National Science Academy and the Institution of Chemical Engineers (UK). Dr. Mashelkar is only the third Indian engineer to have been elected as the Fellow of Royal Society (FRS), London in the twentieth century. He is the first Indian to have been elected as the Foreign Fellow of Australian Technological Science and Engineering Academy.

In 1998, Dr. Mashelkar won the JRD Tata Corporate Leadership Award and he was the first scientist to win it. In 2005, he became the first Asian scientist to receive the award of 'Stars of Asia' at the hands of George Bush (Sr.), the former President of USA. As the Chairman of the Standing Committee on Information Technology of World Intellectual Property Organisation (WIPO), as a member of the International Intellectual Property Rights Commission of UK Government and as the Vice-Chairman on Commission in Intellectual Property Rights, Innovation and Public Health (CIPRH) set up by World Health Organization (WHO), Dr. Mashelkar brought new perspectives on the issue of IPR and the developing world's concerns. Dr. Mashelkar has won over 50 awards and medals in the field of science and technology and was honoured by the President of India with the Padma Shri (1991) and with the Padma Bhushan (2000), in recognition of his contribution to nation building. He has also won the 'Punyabhushan Award' at the hands of the legendary Dr. A. P. J. Abdul Kalam.

Dr. Mashelkar joined the Board of the Company as an Independent Director in April 2008. He is a member of the Audit Committee and Remuneration Committee of the Company.



Dr. R. A. Mashelkar,  
Independent Director



Mr. Gopal Vittal,  
Executive Director,  
Home & Personal Care

Mr. Gopal Vittal (43) has 18 years experience in Marketing & Sales in the FMCG market, including Skin Care, Soaps and Laundry. Mr. Vittal has worked both in India and Asia for Unilever for over 16 years, following which he was the Marketing Director at Bharti Airtel for a period of two years, leading the Marketing and Distribution strategy for the group. He rejoined the Company in July 2008 as the Executive Director for Home & Personal Care business.

Mr. Vittal is an alumnus of Madras Christian College and has completed his MBA from IIM, Kolkata.

Mr. Pradeep Banerjee (51) joined the Company as a Management Trainee in 1980. He has held a series of assignments in Supply Chain, Research & Development and Categories. Mr. Banerjee became the Vice President - Technical (Home and Personal Care) in 2003 and later moved to UK in 2005 as Vice President - Global Supply Chain for Personal Care Category. He served as the Vice President for Global Procurement in Singapore.

Mr. Banerjee was appointed as Executive Director, Supply Chain of the Company in March, 2010. He holds a Bachelors Degree in Engineering (Chemical) from IIT Delhi.



Mr. Pradeep Banerjee,  
Executive Director,  
Supply Chain



# Management Committee

Mr. Nitin Paranjpe,  
Managing Director and Chief Executive Officer



Mr. Sridhar Ramamurthy,  
Chief Financial Officer



Mr. Gopal Vittal,  
Executive Director,  
Home & Personal Care



Mr. Shrijeet Mishra,  
Executive Director,  
Foods



Ms. Leena Nair,  
Executive Director,  
Human Resources



Mr. Pradeep Banerjee,  
Executive Director,  
Supply Chain



Mr. Hemant Bakshi,  
Executive Director,  
Sales and Customer Development



Mr. Dev Bajpai,  
Executive Director,  
Legal and Company Secretary



# Notice

## Of the Annual General Meeting

Notice is hereby given that the 77th Annual General Meeting of Hindustan Unilever Limited will be held on Tuesday, 27th July, 2010 at 3.00 P.M. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai- 400 020, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2010, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare a Final Dividend on Equity Shares for the financial year ended 31st March, 2010.
3. To elect and appoint Directors in place of the Directors retiring by rotation.
4. To appoint M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2011.

### SPECIAL BUSINESS

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

"Resolved that pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Pradeep Banerjee, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

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

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act, as amended, the approval of Members of the Company be and is hereby accorded to the appointment of Mr. Pradeep Banerjee as the Wholetime Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

Resolved further that the remuneration of Mr. Pradeep Banerjee in his capacity as a Wholetime Director be fixed by the Board or a duly constituted Committee thereof and thereafter be revised from time to time, within the limits as approved by the Members by way of a Special Resolution adopted at their meeting held on 4th April, 2008."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"Resolved that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director and Wholetime Directors of the Company), for a period of five years commencing from 1st January, 2011, such sum by way of commission as the Board may from time to time determine, not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified by the Companies Act, 1956 from time to time and computed in the manner provided in Section 198(1) of the Companies Act, 1956 or Rs. 90 lakhs in aggregate whichever is lower."

### Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the meeting is annexed hereto.

2. In accordance with the Articles of Association of the Company, all Directors (except Mr. Nitin Paranjpe, who has been elected as the Managing Director for a term of 5 years effective from 4th April, 2008), retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting. The relevant details of Directors seeking appointment/ re-appointment as Directors under item nos. 3 and 5 above, are provided at page nos. 13 to 15 of this Report.

The details of Directorships and Committee Memberships of members of the Board of Directors is provided at page nos. 20 and 21 of this Report.

3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed herewith. Proxies submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 10th July, 2010 to Monday, 26th July, 2010 (both days inclusive).

# Notice

## Of the Annual General Meeting (Contd.)

5. The final dividend for the financial year ended 31st March, 2010 as recommended by the Board, if approved at the meeting, will be paid on or after Friday, 30th July, 2010 to those Members whose names appear in the Company's Register of Members as on the book closure dates.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
7. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect lie against IEPF or the Company.

The status of the dividends remaining unclaimed/unpaid with the respective due dates of transfer is provided at page no. 54 to this Report. Members are requested to contact M/s. Karvy Computershare Private Limited/Investors Service Department of the Company for encashing the unclaimed dividend standing to the credit of their account.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited.
10. For convenience of Members and for proper conduct of the meeting, entry to the meeting venue will be regulated by attendance slip, which is enclosed with the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.

11. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

Registered Office :

165/166, Backbay Reclamation,  
Mumbai - 400 020.

25th May, 2010

By Order of the Board

*R. Sridhar*

Sridhar Ramamurthy  
CFO & Company Secretary

### EXPLANATORY STATEMENT Item No. 5 and 6

The Board of Directors of the Company had appointed Mr. Pradeep Banerjee as Additional Director of the Company with effect from 1st March, 2010. As per the provisions of Section 260 of the Companies Act, 1956, Mr. Pradeep Banerjee will hold office only upto the date of the forthcoming Annual General Meeting of the Company, and is eligible for appointment as Director. The Board had also appointed Mr. Pradeep Banerjee as Executive Director, Supply Chain with effect from 1st March, 2010, which is subject to the approval of the Members.

The Company has received Notices under Section 257 of the Companies Act, 1956 from certain members of the Company along with the requisite amount, proposing appointment of Mr. Pradeep Banerjee as Director of the Company, liable to retire by rotation.

A brief resume of the Mr. Pradeep Banerjee and nature of his expertise in specific functional areas is provided at page no. 15 of this Report.

In so far as the remuneration of Mr. Pradeep Banerjee as a Wholetime Director of the Company is concerned, the shareholders have by a Special Resolution at the Annual General Meeting held on 4th April, 2008 approved the maximum limits within which the authority has been delegated to the Board to fix the remuneration of the Wholetime and Managing Directors of the Company.

None of the Directors, except Mr. Pradeep Banerjee, are concerned or interested in the appointment and remuneration payable to him as a Wholetime Director of the Company. The terms of appointment of Mr. Pradeep Banerjee, as stated in this notice, may be treated as the abstract of terms and conditions of appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

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



# Notice

## Of the Annual General Meeting (Contd.)

The Board accordingly recommends the Ordinary Resolutions set out at item nos. 5 and 6 of the accompanying Notice for the approval of the Members.

### Item No. 7

The Members of the Company at the Annual General Meeting of the Company held on 24th June, 2005 had approved the payment of remuneration by way of commission on profits to Non-Executive Directors of the Company upto a maximum of Rs. 60 lakhs in aggregate, to be allocated in such manner as the Board may determine, effective from 1st January, 2006 for a period of five years. The validity of this resolution is due to expire on 31st December, 2010.

The Company at present has four Non-Executive Independent Directors on its Board, namely Mr. D. S. Parekh, Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar. Each of these Directors is currently being paid a remuneration of Rs. 5 lakhs per annum by way of commission on Profits apart from sitting fees for attending the meetings of the Board or Committees thereof. Mr. Harish Manwani, who is a Non-Executive Chairman of the Company, does not receive any commission or sitting fees from the Company.

The role and level of involvement of Non-Executive Independent Directors has undergone significant

qualitative changes, over a period of time, with the changes in the Corporate Governance norms. Your Board is of the view that there is a need to revise their remuneration on the expiry of the current shareholders resolution on 31st December, 2010 so that it is commensurate with their enhanced role and involvement in the corporate governance of the Company.

This is an enabling resolution and while there are no immediate plans to enhance the remuneration of the existing Non-Executive Independent Directors, an enhanced limit is proposed to take care of the future revisions, bearing in mind that the resolution is valid for a period of five years commencing 1st January, 2011 upto 31st December, 2015.

The approval of the Members under Section 309(4) of the Companies Act, 1956 is required for payment of commission, if any, to the Non-Executive Directors. The Board, therefore, recommends the Special Resolution set out at item no. 7 of the accompanying Notice for the approval of the Members.

Mr. D. S. Parekh, Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar, Non-Executive Independent Directors of the Company, may be deemed to be concerned or interested in this Resolution.

### DIRECTORS' INTEREST

The Directors of the Company may be deemed to be concerned or interested in the Special Businesses as set out in the Notice to the extent of shares held by them in the Company as per the table below :

Name of the Director	No. of Shares	% Holding
Harish Manwani	22,130	0.001
Nitin Paranjpe	41,731	0.002
Sridhar Ramamurthy	1,146	0.00
D. S. Parekh	38,250	0.002
A. Narayan	Nil	N. A.
S. Ramadorai	35	0.00
R. A. Mashelkar	Nil	N. A.
Gopal Vittal	9,405	0.00
Pradeep Banerjee	10,787	0.00

Registered Office :

165/166, Backbay Reclamation,  
Mumbai - 400 020.

25th May, 2010

By Order of the Board



Sridhar Ramamurthy  
CFO & Company Secretary

# Board of Directors

## Directorships/Committee Membership & Chairmanship

Name of Director	Directorships held in other Companies	Chairmanship/Membership of the Committee(s) of the Board of Directors of other Companies
Mr. Harish Manwani	<ul style="list-style-type: none"> <li>Indian School of Business</li> <li>ING Groep NV</li> </ul>	-
Mr. Nitin Paranjpe	<ul style="list-style-type: none"> <li>Bombay Chamber of Commerce &amp; Industry</li> <li>Kimberly Clark Lever Private Limited</li> <li>Hindustan Unilever Vitality Foundation</li> </ul>	-
Mr. Sridhar Ramamurthy	<ul style="list-style-type: none"> <li>Unilever India Exports Limited</li> <li>Pond's Exports Limited</li> <li>Hindustan Unilever Vitality Foundation</li> </ul>	<ul style="list-style-type: none"> <li>Pond's Exports Limited <i>Audit Committee- Chairman</i></li> </ul>
Mr. D.S. Parekh	<ul style="list-style-type: none"> <li>Housing Development Finance Corporation Limited</li> <li>Infrastructure Development Finance Company Limited</li> <li>GlaxoSmithKline Pharmaceuticals Limited</li> <li>HDFC Asset Management Company Limited</li> <li>HDFC ERGO General Insurance Company Limited</li> <li>HDFC Standard Life Insurance Company Limited</li> <li>Siemens Limited</li> <li>Mahindra &amp; Mahindra Limited</li> <li>Hindustan Oil Exploration Company Limited</li> <li>Castrol India Limited</li> <li>The Indian Hotels Company Limited</li> <li>Airport Authority of India</li> <li>Borax Morarji Limited</li> <li>Zodiac Clothing Company Limited</li> <li>Bharat Bijlee Limited</li> <li>Exide Industries Limited</li> <li>WNS Global Services Private Limited</li> <li>Singapore Telecommunications Limited</li> <li>Lafarge India Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>GlaxoSmithKline Pharmaceuticals Limited <i>Audit Committee- Chairman</i> <i>Shareholders/Investors Grievance Committee- Chairman</i></li> <li>Mahindra &amp; Mahindra Limited <i>Audit Committee- Chairman</i></li> <li>Siemens Limited <i>Audit Committee- Member</i> <i>Remuneration Committee- Member</i></li> <li>The Indian Hotels Company Limited <i>Audit Committee- Member</i></li> <li>Infrastructure Development Finance Company Limited <i>Remuneration Committee- Member</i></li> <li>Castrol India Limited <i>Audit Committee- Chairman</i></li> </ul>
Mr. A. Narayan	<ul style="list-style-type: none"> <li>ICI India Limited</li> <li>Mahle Filter Systems (India) Limited</li> <li>Degremont Limited</li> </ul>	<ul style="list-style-type: none"> <li>ICI India Limited <i>Shareholders/Investors Grievance Committee- Chairman</i></li> <li>Mahle Filter System (India) Limited <i>Audit Committee- Chairman</i></li> </ul>
Mr. S. Ramadorai	<ul style="list-style-type: none"> <li>Tata Industries Limited</li> <li>Tata Elxsi Limited</li> <li>Tata Technologies Limited</li> <li>CMC Limited</li> </ul>	<ul style="list-style-type: none"> <li>Tata Technologies Limited <i>Audit Committee- Chairman</i> <i>Compensation and Remuneration Committee- Chairman</i></li> </ul>

# Board of Directors

## Directorships/Committee Membership & Chairmanship (Contd.)

Name of Director	Directorships held in other Companies	Chairmanship/Membership of the Committee(s) of the Board of Directors of other Companies
	<ul style="list-style-type: none"> <li>• Piramal Healthcare Limited</li> <li>• Tata Consultancy Services Limited</li> <li>• Tata America International Corporation</li> <li>• Tata Teleservices (Maharashtra) Limited</li> <li>• Computational Research Laboratories Limited</li> <li>• Tata Communications Limited</li> <li>• Tata Advanced Systems Limited</li> <li>• Asian Paints Limited</li> <li>• Bombay Stock Exchange Limited</li> <li>• IKP Investment Management Company Private Limited</li> <li>• Tata Communication International Pte. Limited</li> <li>• ACCION Technical Advisors India</li> </ul>	<ul style="list-style-type: none"> <li>• Tata Advanced Systems Limited <i>Audit Committee- Chairman</i> <i>Remuneration Committee- Chairman</i></li> <li>• Computational Research Laboratories Limited <i>Audit Committee- Chairman</i> <i>Remuneration Committee- Member</i></li> <li>• Tata Elxsi Limited <i>Audit Committee- Member</i> <i>Remuneration Committee- Member</i></li> <li>• Tata Communication International Pte Limited <i>Compensation Committee- Chairman</i></li> <li>• Tata Teleservices (Maharashtra) Limited <i>Audit Committee- Member</i> <i>Ethics and Compliance Committee- Member</i> <i>Executive Committee- Member</i></li> <li>• Tata Consultancy Services Limited <i>Shareholders/Investors Grievance Committee- Member</i> <i>Ethics and Compliance Committee- Member</i> <i>Executive Committee- Member</i> <i>Risk Management Committee- Member</i> <i>Remuneration Committee- Member</i></li> <li>• Tata Industries Limited <i>Remuneration Committee- Member</i></li> <li>• Piramal Healthcare Limited <i>Nomination and Remuneration Committee- Member</i></li> </ul>
Dr. R. A. Mashelkar	<ul style="list-style-type: none"> <li>• Reliance Industries Limited</li> <li>• Tata Motors Limited</li> <li>• Piramal Life Sciences Limited</li> <li>• KPIT Cummins Infosystems Limited</li> <li>• Sakal Papers Limited</li> <li>• Thermax India Limited</li> <li>• ICICI Knowledge Park</li> <li>• IKP Centre for Technologies in Public Health</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance Industries Limited <i>Audit Committee- Member</i></li> <li>• Tata Motors Limited <i>Audit Committee- Member</i></li> <li>• Piramal Life Sciences Limited <i>Remuneration Committee- Member</i></li> <li>• KPIT Cummins Infosystems Limited <i>Remuneration Committee- Member</i></li> </ul>
Mr. Gopal Vittal	<ul style="list-style-type: none"> <li>• Kimberly Clark Lever Private Limited</li> <li>• Indian Soap &amp; Toiletry Makers Association</li> </ul>	-
Mr. Pradeep Banerjee	-	-



# Directors' Report

## And Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 77th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2010.

### 1. FINANCIAL PERFORMANCE

#### 1.1 Results

	Rs. Crores	
	Twelve Months period ended 31st March, 2010	Fifteen Months period ended 31st March, 2009
Turnover, net of excise	17,523.80	20,239.33
Profit before tax	2,707.07	3,025.12
Net profit	2,202.03	2,496.45
Dividend (including tax on distributed profits)	(1,655.97)	(1,912.29)
Transfer to General Reserve	(220.20)	(250.00)
Profit & Loss Account balance carried forward	802.19	531.66

#### 1.2 Category wise Turnover

	Rs. Crores			
	Twelve Months period ended 31st March, 2010		Fifteen Months period ended 31st March, 2009	
	Sales	Others*	Sales	Others*
Soaps and Detergents	8,180.29	85.35	9,770.26	114.37
Personal Products	4,969.36	78.54	5,272.31	112.22
Beverages	2,119.44	22.99	2,272.29	27.22
Foods	713.97	16.81	791.25	17.05
Ice creams	228.94	2.06	229.44	5.88
Exports	1,000.15	5.10	1,567.29	8.79
Others	315.50	31.22	344.41	14.13
Less : Inter segment revenue	(3.85)		(7.92)	
<b>Total</b>	<b>17,523.80</b>	<b>242.07</b>	<b>20,239.33</b>	<b>299.66</b>

\* Other revenue represents service income from operations, relevant to the respective businesses.

# Directors' Report

## And Management Discussion and Analysis (Contd.)

### 1.3 Summarised Profit and Loss Account

	Rs. Crores (except EPS)	
	Twelve months period ended 31st March, 2010	Fifteen months period ended 31st March, 2009
Net sales	17,523.80	20,239.33
Other operational income	201.53	384.17
Total	17,725.33	20,623.50
Operating Costs and expenses	(14,975.36)	(17,583.31)
<b>PBDIT</b>	<b>2,749.97</b>	<b>3,040.19</b>
Depreciation	(184.03)	(195.30)
<b>PBIT</b>	<b>2,565.94</b>	<b>2,844.89</b>
Interest Income (net)	141.13	180.23
<b>PBT</b>	<b>2,707.07</b>	<b>3,025.12</b>
Taxation :	(604.39)	(524.41)
<b>PAT (before exceptional items)</b>	<b>2,102.68</b>	<b>2,500.71</b>
Exceptional items (net of tax)	99.35	(4.26)
<b>Net profit</b>	<b>2,202.03</b>	<b>2,496.45</b>
<b>Basic EPS (Rs.)</b>	<b>10.10</b>	<b>11.46</b>

On a like to like basis i.e. comparing the results for the financial year ended 31st March 2010 with the unaudited results for the 12 months period ended 31st March 2009, your Company registered an overall turnover growth of 6.4% and improved operating margin by 10 bps. Net Profit (after Exceptional Items) grew by 4.1%. Basic Earnings Per Share for the period 2009-10 was Rs. 10.10.

### 2. DIVIDEND

Directors are pleased to recommend a final dividend of Rs.3.50 per equity share of the face value of Re.1/- for the year ended 31st March, 2010. The interim dividend of Rs.3.00 per equity share was paid on 23rd November, 2009.

The final dividend, subject to approval at the AGM on 27th July, 2010, will be paid to the shareholders whose names appear in the Register of Members with reference to the book closure from Saturday, 10th July, 2010 to Monday, 26th July, 2010 (inclusive of both dates).

The total dividend for the financial year including the proposed final dividend amounts to Rs. 6.50 per equity share and will absorb Rs. 1655.88 crores including Dividend Distribution Tax of Rs. 238.02 crores.

### 3. CORPORATE OFFICE & RESEARCH CENTRE

With the need to consolidate the multiple office locations burgeoned across Mumbai to accommodate growing teams

and businesses of your Company and in order to drive synergies, the new Corporate Office of your Company was inaugurated in January, 2010.

The new Corporate Office named as 'Campus' is located at Andheri; and has marked the completion of the journey of bringing together your Company, physically and culturally under one roof. A journey which started with the Brookefields, Bangalore office merging into the office at Backbay Reclamation, Mumbai in the last quarter of 2006 and ending with five other locations in Mumbai coming together at Andheri in January, 2010.

The 'Campus' not only physically brought together different teams that were sitting apart, but also created an environment of oneness towards the goal of performing better and seeing the organisation soar to newer heights. The 'Campus' aims to create a flexible, open and vibrant work space, which enables every employee to perform better. It leverages technology and progressive workplace practices to meet the needs of today's business environment.

# Directors' Report

## And Management Discussion and Analysis (Contd.)

The new Campus is designed keeping in mind the new trends and emerging needs of today's talent and boosts the employer brand of your Company to attract and retain talent.

As an organisation committed towards sustainability, various energy saving systems and technologies have been incorporated in the design of the office to drive 100% recycling of water and save energy consumption. In design and spirit, the new Corporate Office truly symbolises Company's vision to work as one and leverages its collective strength to win in the market.

### 4. 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 same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going concern basis.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS

In order to avoid duplication between the Director's Report and Management Discussion and Analysis, we present below a composite summary of performance of the various businesses and functions of the Company.

#### 5.1 Economy and Markets

Over the last two years, India has limited the impact of the global slowdown on its growth. The GDP growth rate in the first three quarters of the financial year 2009-10 has been 6.7%. The downward pressure on GDP growth came in the form of poor monsoons which impacted the 'Kharif' (crops grown in June-September period) agricultural produce this year. While the services sector has been growing at a rate of over 7.9%, the industrial growth accelerated sharply from 2% to 11.6% over the last four quarters. Towards the end of the fiscal year, export growth has returned to positive territory on revival in global demand, after 13 consecutive months of de-growth.

Though the overall GDP growth rates are encouraging, food price inflation has been a major cause of worry for over a year. Food inflation, along with firming up of global commodity prices, has spilled over into prices of domestic commodities and services as well with the overall consumer inflation rate hovering at over 15% for several months. The wholesale price inflation touched 9.9% in February 2010, surpassing Reserve Bank's estimate of 8.5% by March end.

The FMCG markets in India continue to be attractive and have grown during the year under review. In the context of the global slowdown, the Indian market has become even more attractive and many new competitive entries have been witnessed leading to a significant increase in the overall competitive intensity. At the same time, the increased levels of inflation have had a somewhat dampening impact on the market growth of some of the categories, particularly in the second half of the year. Commodity prices have also been fairly volatile, particularly in the first half of the year.

Your Company's good performance in the year 2009-2010 has to be viewed in the context of the above economic and market environment.

#### PERFORMANCE OF BUSINESSES AND CATEGORIES

Some highlights are given below in respect of each of the business categories of the Company. Increase/growth percentages refer to the comparison of the financial year ended 31st March, 2010 with the 12 months period ended 31st March, 2009.

#### 5.2 Home & Personal Care Business (HPC)

The HPC Business consists of Fabric Wash, Household Care, Personal Wash and Personal Care categories which includes products such as toothpaste, shampoo, skin care, deodorants and colour cosmetics. During the year, the HPC business delivered sales growth of 6.6%. While the underlying volume growth was higher, aggressive price reductions were effected in the market place linked to significant reduction in commodity prices over the previous year. Further, competitive intensity increased substantially in most categories, especially in the second half of the year, evidenced by many new competitive entries as well as a step up in media spend levels. During the year, your Company introduced several innovations across the portfolio and stepped up the level of brand investments to drive growth. Your Company continued to receive significant technology and brand development inputs from Unilever which played a key role behind the various innovations launched during the year. As a result of these efforts, the growth momentum of the HPC business accelerated through the year with double digit volume growth in the last quarter of the year



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under review. This growth was broad based across categories and was delivered in the context of significant increase in competitive intensity, both from existing and new players.

Given the low levels of per capita consumption in India, there is potential for strong growth in all categories of the Home and Personal Care market. These favourable market conditions have attracted a host of international and domestic competitors to participate in the Indian market. Your Directors believe that making sustained investments behind the Company's brands, by way of technology led innovations, consumer communication and continued focus on developing the markets, will benefit the business in creating long term value.

### 5.2.1 Soaps & Detergents

Soaps and Detergents category recorded modest turnover growth of 1.5%. The growth of the Soaps and Detergents category needs to be viewed in the context of a very high base in the previous year which saw high price increases linked to commodity cost inflation. During the year under review, the prices of products, particularly in the Detergents segment, were reduced taking into account the reduction in commodity prices. The segmental margin of this category was lower by 100 bps linked to the volatility in commodity costs in the initial part of the year and the actions taken to defend the Company's leadership position in the face of heightened competitive intensity.

Fabric Wash category had a mixed performance. The first half of the year was impacted by the volatility in pricing linked to commodity costs while the second half of the year recorded good volume growth. The improved performance in the second half of the year, despite intense competitive activity, was driven by brand innovations (Wheel) and price corrections across the portfolio. The 'Surf' franchise continued to perform well. The pricing on 'Rin' Powder was strategically reduced to drive upgradation from the mass markets with encouraging initial response. 'Wheel' has been re-launched with better formulation, improved packaging and fresh communication; initial response has been very positive. The category witnessed significant competition and your Company responded in a determined manner to defend its market share. The media spend on the fabric segment was also augmented to communicate the value proposition to consumers more effectively. Cost effectiveness programs have been stepped up and have yielded good results.

Your Company continues to place particular focus on the Fabric Wash category as it constitutes a significant proportion of the business volumes, and has been and will be a significant value creator, despite the

short term pressures arising from the intense competition in this category.

Household Care category performed well during the year recording double digit growth. After the re-launch in 2009, the dish washing product, 'Vim' liquid recorded another year of stellar growth. The 'Vim' bar variant continues to perform well, especially after making price corrections linked to falling input costs. The 'Domex' line continued on its journey to provide cleaner and germ free toilets to the Indian consumer. A first of its kind in India, the Company also successfully launched the cream variant of 'Cif' for surface cleaning. It has demonstrated a high degree of relevance and special appeal in the marketplace as the product experience has successfully demonstrated the product's strong ability to clean tough stains and grime.

Personal Wash category recorded good growth during the year with significant step-up in growth rates in the latter part of the year. While the competition from existing players continued to be strong, the Company deployed its full portfolio effectively with re-launch of most of the brands on the back of high quality innovations and intensive consumer activation. Growth was led by the premium segment brands, with 'Dove', 'Pears' and 'Liril' registering strong growth. The 'Lifebuoy' brand was re-invigorated through its re-launch, bolstering its health credentials with its strong ability to kill germs. The 'Lux' franchise was also re-launched with improved fragrance and beauty oils for soft and smooth skin. Furthermore, tactical activations and communications strategy have helped the brand improve its image within the target group. Your Company is also maintaining its focus on cherished regional brands such as 'Hamam' and 'Rexona' and will continue to promote them aggressively well into the future. While your Company is the undisputed market leader in this category, it continues to focus on the challenge of winning back its lost market share in this important category.

### 5.2.2 Personal Products

The Personal Products category of the Company comprise of Hair Care, Skin Care, Oral Care, Deodorants and Colour Cosmetics. The Personal Products category grew by 16.2% overall with good growth in profits.

Hair Care category continues to be an attractive category given the potential for increase in per capita consumption. Despite the significant increase in competitive heat in this category, your Company improved its leadership position during the year. Bolstered by additional variants introduced during 2009, the 'Dove' shampoo and conditioners range continued to deliver high growth momentum with a sizeable gain in

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market share. In addition to innovation, the growth was driven by a combination of high quality and compelling advertising and field activation during the year. During the year, 'Clinic Plus' was also successfully re-launched with good results by re-emphasising the value proposition of being ideal for long hair. 'Clinic Plus' continued to grow well and strengthened its position as the single largest shampoo brand. The 'Sunsilk' range was also re-launched in October 2009 with superior product quality and packaging with the proposition of a shampoo that is co-created by experts. The product credentials of 'Clinic All Clear' has been strengthened and was supported through a high decibel 'Zero Dandruff' campaign in the last quarter of the year. This is expected to reverse the trend of falling shares in this brand. The business also continued to grow in the nascent but emerging hair conditioners segment, which has a high growth potential as more and more consumers discover the value of using conditioners regularly.

Skin care category achieved double digit growth during 2009 despite strong competition and rapid market fragmentation of this category. In the mass skin lightening category, 'Fair & Lovely' continued to grow by increasing its relevance and consumption across a range of price points. 'Ponds White Beauty' witnessed robust growth through the year due to a highly successful media campaign on acquiring spot free fairness. 'Vaseline' also grew well on the back of increased traction in the Vaseline Body Lotion core as well as the introduction of a new 'Healthy White' variant that offers protection against skin darkening. Talcum powders saw good growth during the year and your Company continues to maintain its leadership position.

In Oral Category, your Company took actions to drive growth through highly attractive value offerings in the up-grader packs to bring quality oral care within the reach of the mass consumers. This strategy has started yielding positive results and the category has started to see increased volume growth in the latter part of the year. The germ kill credentials of 'Pepsodent' were further enhanced and the freshness credentials of 'Close up' continues to do well. Your Company has put in place robust plans to accelerate the growth of its oral care business in the coming periods through both of its flagship brands 'Close up' and 'Pepsodent'.

The 'Lakme' range of colour cosmetics achieved stable growth for the year. New innovations such as the 'lip duo' attractive summer collections coupled with high quality advertisement and trade and consumer activations helped in ensuring growth momentum. 'Lakme Fashion Week' saw another successful run and continues to be a signature campaign for the brand.

The Deodorant category continued to witness high growth momentum with its flagship brand of 'Axe'. This category has significant potential of future growth and your Company is well poised to capitalise on its existing strong presence in this emerging category.

### *Kimberly Clark Lever Private Limited (KCLL)*

KCLL is a Joint Venture between your Company and Kimberly-Clark Corporation, USA. The Infant Care business of KCLL continued to grow solidly with double digit growth registered during the year. New packs were introduced across the portfolio as the business focused on driving affordability and building acceptability in this category. The re-launch of 'Huggies Care' and 'Huggies Dry Comfort', supported by a new mix during the year, met with good results and has been gaining momentum. In 'Feminine Care', the business rationalised a part of its portfolio and focused on building an innovation pipeline aligned to its long term strategic direction for this category. During the year, your Company received a dividend of Rs. 2.54 Crores from the Joint Venture.

### **5.3 Foods**

The Foods portfolio of your Company comprises of Beverages (Tea and Coffee), Processed Foods (Kissan, Knorr and Annapurna range of products), Ice Creams and Bakery products (Modern Foods).

The business has delivered strong double digit growth. This growth has been broad based across the portfolio and has been driven through a deep understanding of consumer and customer needs translated into relevant innovations. The growth in the Foods business has been achieved in the face of some key challenges :

- High competitive intensity from national as well as local players in many categories. Your Company has responded through increased brand investments and value enhancing innovations.
- Significant food inflation across the spectrum leading to market slowdown and downtrading in some categories as the year progressed. Your Company has responded to this challenge through a combination of consumer centric value packs and judicious price increases combined with aggressive cost saving programmes.

Product freshness continues to receive the highest attention with significant investments made over the years. This is now showing results and going forward the Company intends to sustain these investments.

Beverages such as Tea and Coffee are well entrenched habits amongst Indian consumers. Your Company is focusing on micro marketing initiatives to increase penetration and consumption and drive growth across the spectrum.

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In addition, your Company is driving upgradation through the tea bags packaging concept. Further, your Company has expanded its portfolio in packet tea by launching a new brand to participate in the mass segment with differentiated offering.

Processed Foods, Ice Creams and Out of Home consumption offer huge potential for growth with LSM 5+ leading consumption in top 35 cities. This segment is being addressed through developing products which combine taste, nutrition and provide cooking convenience.

'Annapurna' and 'Modern' range are uniquely positioned to capture the growing consumption in rural areas and capture the opportunity at the bottom of the pyramid.

### 5.3.1 Processed Foods

'Kissan' continues to remain one of the most trusted brands amongst Indian consumers and continues to register solid and sustained growth. Consumer friendly innovations such as Jams Squeezy tubes and Ketchup plastic bottles have been well received in the market and have enhanced the overall product experience.

Your Company is a clear value leader in the Soups segment. 'Knorr' was re-launched during the year with 100% real vegetables and without any MSG. The launch was supported through comprehensive communication and activation in both Modern and General Trade. This has led to overall market growth and category expansion. The Ready to Cook range of 'Knorr' launched last year is seeing steady volumes with strong repeat purchases being experienced.

In February 2010, your Company has entered the high growth instant noodles category through its 'Soupy Noodles' portfolio which provides wholesome nutrition to children's snacking moments. The product was launched in the Modern Trade channel across the country and in all channels in South India, with excellent consumer response.

The staples business under the brand 'Annapurna' (iodised salt and wheat flour) posted good growth during the year with significant improvement in profitability.

Your Company continued its focus on foods sales to institutions such as restaurants and hotel chains. Although at its nascent stage, yet the business is making good progress by leveraging Supply Chain efficiencies and product development capabilities of the Foods Division.

### 5.3.2 Beverages

For three consecutive years, inflation in the Tea commodity continues unabated, driven by strong global demand and local crop shortages. This has resulted in down trading and the overall growth in the discounted

segment of the market, becoming the major portion of the portfolio.

Notwithstanding such a competitive context, the business has registered strong turnover growth whilst maintaining satisfactory volumes. Increasing costs continued to put pressure on margins but these were mitigated through pricing and Supply Chain cost savings. Market shares during the year came under pressure due to lack of a strong presence at the discount end of the market. During the year, your Company has launched 'Brooke Bond Sehatmand' at the mass end of the market offering combined benefits of health with immunity. This Tea delivers 50% of RDA of Vitamin B through 3 cups a day to lower income families that are otherwise unable to afford such nutrition. The brand is poised for national roll out in 2010.

'3 Roses' continued to perform exceptionally well and has shown significant growth, maintaining its competitive standing in South India. 'Taaza' has gained market share, and the brand has strengthened its equity with consumers exceptionally well. 'Taaza' was the 'Global Brand of the Year Award for Beverages' within Unilever, which is another testimony to its success. 'Lipton Yellow Label' was re-launched with the 'Stay Sharp' proposition, with Theanine as the ingredient. 'Taj' delivered commendable results at the premium end and registered good growth in the tea bags segments. Tea bags consumption was encouraged through media campaigns and a large sampling initiative carried out with Jet Airways.

During the year under review, Coffee markets have decelerated significantly in comparison to earlier years due to adverse climatic and weather conditions. Through key innovations, your Company was able to register strong volume growth in the second half of the year. The re-launch of 'Bru' was amplified with the Aroma proposition (through aroma lock) and improved sensorials. This was backed by strong media campaigns and trade activation programs. Your Company continues to focus on driving growth in the instant coffee and premiumisation of the portfolio. In conventional coffee, your Company re-launched the product with benefits of second decoction, which received excellent response in markets such as Andhra Pradesh.

The Out of Home business was impacted by the economic slowdown experienced in the early part of the year but has since picked up pace as the year progressed. This channel continues to hold the promise of high growth and appropriate investments are being made to leverage this opportunity. 'Lipton' and 'Bru' Café models were tested during the year in key locations and results thus far have been encouraging.



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### 5.3.3 Ice Creams

The year under review has been an excellent year, with strong growth in both the impulse and take home segments. Growth has been driven by the three key platforms 'Cornetto', 'Selection' and 'Paddle Pop'. Significant inflation in input prices put tremendous pressure on the margins of the business. Your Company has been able to maintain the margins by driving operational efficiencies, improved mix and leveraging economies of scale.

'Cornetto Black Forest Flirt' launch has been a resounding success, with the SKU becoming the largest selling 'Cornetto' in the first year itself. In 'Paddle Pop', your Company launched four exciting flavours, driving growth in the Kid's range. In the 'Selection' range, three new fruit flavours were launched in summer 2009 (Strawberry Currant, Choco Coconut and Litchi Bites), building on the theme of celebrating weekend family moments. The fact that a scoop of this Ice Cream is less than 99 cal was successfully communicated in this launch. The 'Selection' range was received exceedingly well in the market. Building Ice Cream consumption occasions is a key driver for growth. The Diwali activation on 'Viennetta' was implemented with great success. To further drive in-home consumption, the business also rolled out value offerings in the west region, producing results significantly ahead of previous action benchmarks.

Significant investments are being made by your Company in front end assets and for leveraging IT for enhanced scalability and asset productivity. Going forward these are expected to provide the Company a competitive advantage.

### 5.3.4 Bakery (Modern Foods)

Bakery (bread and cakes) sustained its growth momentum and continued to deliver strong underlying profits improved from enhanced scale and better operational efficiencies. New unified packaging was introduced during the year which was well received in the markets.

### 5.4 Exports Business

Following the global recession, international markets turned adverse during the year with reduced consumer demand. Despite this, your Company managed to achieve a turnover of Rs. 1,000 crores with good profits and strong cash delivery. The non-value adding commodity exports were rationalised resulting in improved Gross Margins. Cash generation was significantly enhanced by placing specific focus on the reduction of Working Capital through improved inventory management and debtors reduction, while simultaneously enhancing customer service.

In the Home & Personal Care exports segment, despite the difficult environment, the turnover in existing product-customer channels was maintained to previous year levels. The Pears franchise grew handsomely by double digits, notably in the United Kingdom and the Emirates.

The ongoing Foods & Beverages exports business delivered a growth of 6% in an environment with challenging market conditions. The packet tea business grew strongly by 48% in the US market; as did the bulk tea business by 6%. Instant tea sales to Europe registered a strong growth of 32% while Instant coffee sales, primarily to CIS countries, grew by 31% in the latter half of the year after overcoming initial concerns relating to payment security. The tea bags business presents promising prospects in the coming years.

The marine exports business remained profitable despite a tough external environment emanating out of global recessionary trends and the strengthening of the Indian Rupee. Due to high commodity prices and a poor fish catch, surimi sales were lower by 39%. This was made up by higher sales growth in the value added crabstick segment (+19%), which benefited from a regular flow of orders from a widened customer base. This resulted in attaining highest production of crabstick in our Chorwad factory since inception. Rice exports were impacted by lower customer demand. Significantly, both marine and rice businesses added value to the bottomline despite the challenging environment.

### Leather (Pond's Exports Limited)

The Leather business returned to operating profitability during the year after a focused restructuring exercise, despite severe recessionary trends in the EU. China continues to attract large volumes from the EU and the USA due to its well developed components market and significant cost advantages compared to India's advantages of good quality leather and ability to service small/complex orders. In order to drive synergy, both upper and shoes divisions of the business were successfully combined to focus on cost competitiveness and provide better customer services.

### 5.5 Water

'Pureit' is a unique in-home drinking water purification solution that offers protection to children and families from waterborne diseases. 'Pureit' runs with a unique Germ Kill Kit that removes all harmful viruses, bacteria and parasites to give drinking water that is 'as safe as boiled water'. Leading national and international medical, scientific and public health institutions have tested Pureit's performance. Most notably, Pureit meets the Germ Kill criteria of the Environmental Protection

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Agency (EPA), the key drinking water regulatory agency in the USA. It provides this protection without the need for boiling, and without electricity or continuous tap water supply. It has a unique 'End of battery life indicator' and 'Auto shut-off', which ensures that consumers do not get unsafe water.

In the course of the year, Pureit leveraged its safety credentials and launched the 'One Crore Safety Challenge' campaign which educated consumers on the safety features that they must consider before purchasing a water purifier. The brand developed new distribution capabilities and established a national level presence in the consumer durable outlets. A new model, 'Pureit Auto Fill' that connects directly with the tap and offers dual filling option (inline and manual) was launched towards in the second half of the year.

In line with Pureit's mission of protecting lives from waterborne diseases, your Company believes that drinking water with highest safety standard is the fundamental right of every individual. Pureit was launched nationally in 2008 at an extremely affordable price, so that access to safe water does not remain confined to the affluent sections of society. In the past few years, Pureit has helped in creating mass awareness about the need for safe drinking water. In January 2010, your Company achieved another milestone in its mission of making safe drinking water available to every Indian. Pureit Compact was launched at a price point of Rs. 1,000. This will enable your Company to protect lives in the segment of society with lower purchasing power, where incidence of waterborne disease is the highest.

'Pureit' has already protected more than three million homes covering 1500 towns and cities across India in just two years of its national launch. The business received a number of awards during the period, reflecting the continued high regard held by the scientific community and by the public at large. Key amongst these is the prestigious British Government award for Consumer Product Innovation 2009 - 2010. The business is making good progress in line with plan.

### 5.6 Hindustan Unilever Network

The strategy of the network was redefined in line with its vision of empowering modern Indian woman by serving her with superior beauty and health care products through customised and professional services.

In the last one year, your Company has successfully transformed the Network into a Premium Personal-Care and Health Care channel. However, the key challenge for the business remains scale which needs to be enhanced significantly in order to

improve the profitability of the business. Your Company is evaluating appropriate plans in this regard.

### 5.7 Beauty & Wellness Division

The growing disposable income and changing lifestyles in urban India has led to a greater awareness about personal grooming, health and wellness. These trends augur well for the Beauty and Wellness services sector, presenting a large and exciting opportunity. The Company currently operates in the Beauty and Wellness services segment largely through a network of franchised 'Lakme Beauty Salons'. During the year, your Company's own 'Lakme Beauty Salons' were transferred to Lakme Lever Private Limited (LLPL), a subsidiary of your Company. LLPL commenced operations during the course of the year with the objective of achieving excellence in execution by a specialised and dedicated team, passionate about beauty services and with a view to create and nurture a 'service' mindset. The Company launched the 'Lakme Studio', a premium salon format commencing with Delhi which has shown early signs of success. Similarly, 'Lakme Studio' have also been recently rolled out in Mumbai, Chennai, Hyderabad and Bangalore.

## 6. CUSTOMER MANAGEMENT

The year under review has been a landmark year in terms of customer management across channels with the roll out of new-age "Go to Market" model in 32 cities across the country. This model was successfully piloted in the Mumbai metro area featuring an efficient back end; a world class front-end; delivering innovations and activation schemes at a much faster pace to the market. Coupled with the Zero Inventory Plan, the "Go to Market" model has yielded significant dividends in terms of customer service and satisfaction. Customers today handle your Company's consolidated general trade business, with the ability to leverage scale with high efficiencies.

Your Company has also made great strides in expanding its rural distribution network, with significant investment made in expanding the infrastructure. Across the country, rural markets were brought under direct coverage, enabling better servicing and control. The ability to reach out into the corners of the rural market gives your Company a distinct competitive advantage. This has allowed us to offer the right assortment of packs to rural consumers, keeping up with rapidly changing needs and wants. The number of distributors in rural markets has been scaled up and rural salesmen are now being equipped with Hand Held Terminals to facilitate the order taking process and billing.

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The Company has also deployed next generation technology in urban markets, with analytics based recommendations making selling campaigns more intelligent, and through Hand Held Terminal based applications, making selling more scientific and assortments more relevant to an outlet. It is henceforth possible to customise the range and quantity sold to every outlet.

Apart from investing in infrastructure and setting up IT enabled processes, your Company has embarked upon an enormous coverage expansion project, in both the rural and urban businesses. This expansion has been a scientifically driven process, facilitated by know-how such as digital maps to identify potential markets to be brought under coverage. Commencing with this initiative from the end of 2009, the Company expects to triple its rural coverage and improve urban coverage by 15%.

### 6.1 Project Shakti

'Shakti' is an initiative which focuses on reaching out to consumers in very small villages that typically have a population of less than 5,000 individuals. It is a great example of 'Doing Well by Doing Good' as it serves two purposes simultaneously; it provides livelihood opportunities to women in rural areas and enhances the quality and depth of your Company's distribution.

The objectives of 'Shakti' as a program are:

- leading market development efforts through consumer education programmes
- establishing a suitable livelihood opportunity for women irrespective of their background
- creating a self sustaining business model
- accessing markets beyond the reach of traditional distribution models

The 'Shakti' programme is essentially built on two pillars: the 'Shakti Entrepreneurship' program and the 'Shakti Vani' program. The 'Shakti Entrepreneur' program is a classic case of a win-win model involving a variety of stakeholders - the Company, women seeking livelihoods, women from Self Help Groups, Micro Finance Institutions and NGO's. The win-win model comes alive when an investment results in a sustainable business opportunity with little requirement for advanced business skills. The strength of the model lies in its simplicity wherein any woman who is interested in earning a livelihood can participate in the programme. Linkages such as microfinance facilitates working capital to start such businesses. Your Company makes significant investments in capability building through on-the-job training and classroom training programmes through a large and dedicated field force exclusively for Shakti Entrepreneurs. This helps build confidence and develop

the business acumen necessary to run a micro-enterprise. Rural consumers also benefit by having access to some of India's most trusted brands at their doorstep at affordable prices.

The Pureit pilot under the 'Shakti' programme, which was launched in Andhra Pradesh, has been further scaled up to Orissa and Maharashtra. The objective of this initiative was to enhance the income of the 'Shakti Ammas' enabling them to offer a high quality water purifying product to rural consumers at affordable prices. The Pureit addition is just the first step in increasing the bouquet of products which the 'Shakti Ammas' can offer to her customers.

The 'Shakti Vani' program focuses on building awareness about health and hygiene in the rural community. Vani's are trained communicators who target congregations such as village schools and *mohallas* and engage with key opinion leaders of villages like the *sarpanch* and the school teachers.

During the year, your Company piloted a new version of Vani where technology has been used to communicate with rural consumers. Animated films explaining the story of health and hygiene using the platform of our brands have been made accessible through hand held DVD players provided to the Vani's. Your Company is developing a model which can be scaled across larger geographies to impact a wider audience.

By the end of the year 2009, the Shakti network comprised 45,000 Shakti Ammas covering 1,00,000 plus villages across 15 states in the country and reaching over 3 million households every month.

## 7. SUPPLY CHAIN

Your Company has made significant progress in achieving the vision of delivering outstanding customer service while supporting sustainable growth for the Company. Improving service levels to ensure availability of products at all points in the Supply Chain was a key focus area during the year. Supply Chain service levels as measured by CCFOT (Customer Case Fill On Time) were the highest achieved in the recent past. IT solutions based on SAP application systems led to significant improvements in planning and logistics efficiencies.

The factories made significant progress in increasing plant and operational efficiencies and helped deliver innovations on time while working on improving product quality. The Company's initiative 'Levercare', focusing on connecting with customers and consumers, gave valuable inputs on product performance which helped to understand consumer behaviour and to improve the quality of certain products in design and manufacturing.



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Continued focus was maintained through cross functional teams to drive cost effectiveness throughout the Supply Chain by identifying opportunities for eliminating waste. This helped the business achieve significant Supply Chain savings. Energy conservation activities through all our manufacturing sites have helped reduce specific energy consumption. Use of sustainable alternative bio-fuels has become the norm at many of our major manufacturing sites which has helped reduce fuel costs and carbon emissions. We also executed appropriate capital expenditure investments in creating fresh capacity in all categories. These investments have facilitated growth and de-bottlenecked capacities of existing assets. The principles of Total Productive Maintenance were applied and progress tracked across all the manufacturing sites. This has resulted in an increase in asset productivity levels.

Our buying function also delivered improved efficiencies and reduction in procurement costs, fully leveraging benefits of scale and synergy through Unilever's global buying network.

### 8. RESEARCH AND DEVELOPMENT

This is the 51st year of Research and Development (R&D) of your Company. Your Company has continued to build on this heritage by further strengthening the R&D Units in Bangalore and Mumbai with stronger integration with Unilever Global R&D. The R&D programmes are geared towards delivering bigger, better and faster innovations with a robust pipeline of radically new technologies with innovative consumer propositions. R&D in India continues to focus on Water Treatment, Health and Hygiene, Laundry, Skin Care, Tea, Ice Cream and Ayurveda.

Your Company continues to benefit from the strong linkages with the Global R&D organization of Unilever. This has become even more critical in the context of entry of many global players in the attractive Indian FMCG market. These players are keen to get a slice of the large and fast growing FMCG market in India. With the strong support from Unilever R&D as well as the brand development capabilities, your Company is well placed to meet the challenges arising from the increased competition intensity.

Your Company had entered into a Technical Collaboration Agreement (TCA) in August 1999 with Unilever PLC, which provided a non-exclusive license to manufacture specified products in accordance with and using the Technical Documentation, Information and Know-how in consideration of payment of royalty at the rate of 1% (net of tax) both on domestic and export sales of the specified products. In December 2009, the Board of Directors of the Company have approved amendments to the said TCA to include additional product categories where technical

inputs are provided by Unilever as well as products of specified categories manufactured by third party manufacturers where technical inputs developed by Unilever are made available to the third party manufacturer. In addition, the Board have approved a trademark license agreement with Unilever which provides for payment of trademark royalty at the rate of 1% of net sales on specific brands where Unilever owns the trade mark and your Company is the licensed user. Both these amendments are well within the Government of India Guidelines for payment of royalty.

On the back of strong R&D initiatives, a number of new products were launched successfully in the market. 'Pureit', a breakthrough innovation of your Company's R&D, was launched with additional technical features such as 'Auto Shut-Off' and 'Auto Fill' that enhance its safety and convenience. A winter variant of a skin lightening formulation was developed and launched as 'Fair & Lovely' Winter Fairness Cream. Also, during the year 'Lifebuoy' was re-launched with clinically proven hygiene benefits.

Foods R&D continue to focus on delivering healthy options with superior taste and flavours. In 2009, 'Knorr' soups were re-launched with new formulations without MSG and with 100% real vegetables. The Ice Cream business grew on the back of several successful innovations such as Cornetto variants - Strawberry Tease Cake and Black Forest. During the year, Beverages introduced a premium Green Tea, Lipton Clear Green and launched a new blend of Lipton Yellow Label with higher levels of Theanine. Your Company also re-launched a superior Bru Coffee with improved aroma.

The continuous stream of innovative and technically advanced products launched in the market was a result of significant R&D investments and the scientific talent that your Company can attract and retain.

India continues to occupy a premier position in Unilever's R&D initiatives with a significant share of Global Programmes backed by strong in-house scientific expertise. Your Company has been working aggressively towards building these expertise bases further to address emerging needs of our consumers and to retain our competitive edge in the market place.

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, 2010 are as under :

- Capital Expenditure : Rs. 1.05 crores
- Revenue Expenditure : Rs. 27.55 crores

Report of the Auditors in this regard is annexed at page no. 104 of the Annual Report.

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

Your Company continues another significant year with focus on the vision of an 'Injury Free' and 'Zero Environment Incidents' organisation. During the year, your Company followed a three pronged strategy to achieve the vision. While continuing the safety journey through behavioral safety initiative as per the DuPont model, we renewed our focus on safety systems and processes, and an extensive road safety programme covering all employees was carried out.

The behavioral safety programme has now been in place for more than five years and continues to deliver better safety statistics and the leading indicators are becoming more rooted than ever before. Several measures have been implemented to revitalise safety systems and processes especially across the extended Supply Chain operations - in co-packing locations and in distribution centres.

Road risk assessments were conducted in key units and Road safety was taken as key thrust area during the year. Employees across the Company were extensively trained and educated on defensive driving and road safety measures. These efforts have led to a substantial improvement in safety performance across the Company.

Our environment agenda is marked by taking a progressive stance on several environmental issues that include launching voluntary initiatives to reduce GHG emissions, waste optimisation, and water conservation. During the year, 5 sites recorded water positive status and 28 sites became zero discharge units by re-using the treated ETP water within the factory premises. This was achieved through a combination of water conservation through optimisation of usage, plugging the wastage source, rain water harvesting and water recycling. In reviewing the environmental strategy in 2009, it was determined to retain focus on the fundamental priorities of managing environmental impacts of the operations, with a particular focus on key issues; driving continuous improvement; and complying with applicable laws and regulations.

On the energy conservation front your Company achieved substantial savings by carrying out energy audits across most units and implementing key projects to save energy. The use of bio-mass fuel has now been adopted by four units and many additional units are now exploring this option as an alternate fuel.

### 10. HUMAN RESOURCES

The Human Resources (HR) agenda for the year focused on strengthening four key areas - completing the final phase of the HR Transformation (HRT) programme that had been initiated in 2007; building organisational and individual capabilities; significantly enhancing people productivity to drive sustainable business growth and driving harmonious employee relations through progressive people practices at the shop floors.

HRT has been a business change programme that has impacted how we work across the organisation. At the core of this programme was world class IT enabled processes to efficiently manage Human Resources transactions. The programme also aligned HR systems and processes in a similar way across Unilever. The technology applications have been made available on a self service portal which has increased the productivity of every line manager and HR manager by freeing up their time from managing routine and transactional workload. The year marked the completion of this exercise as the HR transactions were successfully transferred to Accenture with high standards of delivery and performance.

The belief that 'great people create great organisations' has been at the core of the Company's approach to its people. We continued to make significant investments for training in the areas of marketing excellence, customer service and building capabilities for organised retail trade. Many training programmes were delivered through classrooms, new capability building courses and external learning sessions. Our e-learning platform offers a bouquet of 3000+ courses via internet. Nearly 20,000 course registrations took place in 2009 providing access to learning anywhere, anytime.

Our ability to attract the best talent in the market has been a key factor of our success, thus the endeavour to sustain and fortify our employer brand. As per AC Nielsen study, the HUL employer brand made significant progress in 2009 and we continue to retain our top spot as the 'Dream Employer' on all top B-School campuses.

In our factories, the TPMedge programme continued in full focus during the year and delivered significant improvement in factory operations. Education and training are important components of our approach to people and in consonance a License to Operate programme was created for Supply Chain officers which resulted in every officer undergoing at least three e-learning courses during 2009.

Our focus on proactive and employee focused shop floor practices, quick grievance resolution mechanisms and alignment to overall business goals ensured that there

# Directors' Report

## And Management Discussion and Analysis (Contd.)

was practically no loss of man days due to industrial issues in 2009. Seven productivity linked long term settlements were signed through the process of collective bargaining involving over 2,200 employees. All these settlements were signed with zero disruption to business activity reflecting the maturity of workmen collectively. The process of rehabilitation was undertaken with utmost concern for our people. One unit went through a process of consolidation and there were some separations in the field force and Head Office. The process of separations was handled with the utmost care and sensitivity to our people's needs.

An important development during the year was the resolution of the pending Sewree factory issue. Your Company signed an amicable settlement, with the Union representing erstwhile workers of the Sewree factory, with regard to all the pending issues and cases, including closure of the factory. The settlement, which benefited about 800 workers, was achieved by rebuilding high level of trust between the ex-employees, union and management, and was signed in the presence of the Labour Secretary, Government of Maharashtra. As per the settlement, the erstwhile workers will receive benefits of the VRS offered at the time of closure of the factory.

### 11. INFORMATION TECHNOLOGY

Your Company continues to invest in Information Technology and leverage it as a source of competitive advantage.

As part of the backbone IT capability for Sales and Customer Development, we successfully established a common transaction system that is used by all Redistribution Stockists and that is fully integrated with Company's systems. Distributor salesmen use a Hand Held Terminals as an aid for taking retail orders. In 2009, we have enhanced this capability for analytics and intelligent sales calls. As part of the thrust of further improving our direct coverage in rural areas, we are leveraging geospatial aids extensively. We have also established an IT enabled consumer interaction centre for addressing complaints and suggestions.

An enterprise wide SAP platform was a significant capability created over the last few years. This forms the foundation for all business processes in the Company and for collaboration with our suppliers and customers. It provides a comprehensive data warehouse with analytics capability that helps in better and speedier decisions. Supply Chain optimisation, enabled by this IT capability, is a source of significant value.

We continue to invest in IT infrastructure to support business applications. We have leveraged the expanded telecom footprint in the country to provide high bandwidth terrestrial links to all operating units. Video conferencing is extensively used to collaborate across locations while reducing travel costs.

As the IT systems become more sophisticated and mission critical, there is continuous focus on IT security and on reliable disaster recovery management processes. These are periodically reviewed and tested to provide reassurance on their efficacy and adequacy.

### 12. FINANCE AND ACCOUNTS

Focus on cash generation continued and we delivered a strong operating cash flow during the year; this was driven by the business performance, efficiencies and cost savings across Supply Chain and greater focus on working capital management. Your Company managed the investments prudently by deployment of cash surplus in a balanced portfolio of safe and liquid instruments. Capital Expenditure during the year was at Rs. 572 crores (during the 15 months period ended 31st March, 2009 - Rs. 609 crores) and was in the areas of capacity expansion, consolidation of operations, information technology, energy and other cost savings.

The Company has not accepted any fixed deposits during the year. There was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2010.

In terms of the provisions of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001, Rs. 2.67 crores of unpaid/unclaimed dividends, interest on debentures and deposits were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2010 are given below:

For the year	2005	2006	2007	Period ended 31st March, 2009	2009 - 10
Return on Net Worth (%)	61.1	68.1	80.1	103.6*	88.2
Return on Capital Employed (%)	68.7	67.0	78.0	107.5*	103.7
Basic EPS (after exceptional items) (Rs.)	6.40	8.41	8.73	11.46**	10.10

\*Annualised numbers for proportionate period

\*\* for fifteen month period



# Directors' Report

## And Management Discussion and Analysis (Contd.)

### Key figures for 12 months comparison

As indicated earlier, the full year audited results for the period ended 31st March, 2009 were for a 15 months period. Hence, these are not comparable with the full year audited results for the year ended 31st March, 2010. However, on a memorandum basis, for comparative purposes, the audited results for year ended 31st March, 2010 along with the un-audited results for the 12 months period ended 31st March, 2009 are given below:

- Net Sales for 2009-10 at Rs.17,523.80 crores (2008-09: Rs.16,476.75 crores) grew by 6.4%.
- Profit from Operations before Interest and Exceptional items for 2009-10 at Rs.2,565.94 crores (2008-09: Rs. 2,396.06 crores) grew by 7.1%.
- Profit after Tax from ordinary activities before exceptional items for 2009-10 at Rs.2,058.71 crores (2008-09:Rs. 2,065.20 crores) declined marginally by 0.3%.
- Net Profit for 2009-10 at Rs. 2,202.03 crores (2008-09: Rs. 2,115.50 crores) grew by 4.1%.

### Segment-wise results

Your Company has identified seven business segments in line with the Accounting Standard on Segment Reporting (AS-17). These are: (i) Soaps and Detergents, (ii) Personal Products, (iii) Beverages, (iv) Foods, including culinary and branded staples, (v) Ice Creams, (vi) Exports, and (vii) Others, including Water. The audited financial results of these segments are given as part of financial statements.

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

### 13.1 Divestment of 49% shareholding in Capgemini Business Services (India) Limited to Cap Gemini SA

In October 2006, your Company divested its 51% controlling stake in Unilever India Shared Services Limited, now known as Capgemini Business Services (India) Limited (CGSL) to Cap Gemini SA. Your Company believed that the business would benefit from the systems and processes brought in by a leading player in the BPO space. Cap Gemini SA had a call option for the balance 49% stake in CGSL.

Consequent to the exercise of the call option by Cap Gemini SA in March 2010, the balance stake of 49% in the business held by the Company has been sold to Cap Gemini SA for a consideration of Rs. 91.1 crores.

### 13.2 Merger of Bon Limited with the Company

Bon Limited a wholly owned subsidiary of your Company was not engaged in any significant business activity since 2003. During the year 2005, your Company's undertaking at Sewree (Mumbai) was transferred to Bon Limited

pursuant to Section 293(1)(a) of the Companies Act, 1956 to facilitate transparent understanding and review of viability of the unit costs and productivity on a standalone basis.

Despite all efforts by your Company, the undertaking could not be revived and was eventually closed after following the due process of law in July 2006. All legal issues with relation to the undertaking have been settled and Bon Limited was not having any operations. Therefore, for the purpose of administrative simplification, the Board of Directors of your Company, subject to the necessary approvals, decided in January 2010 to merge Bon Limited with your Company with effect from 1st April, 2009.

The Hon'ble High Court of Bombay has, vide its order dated 16th April, 2010, approved the scheme of amalgamation of Bon Limited with the Company. The appointed date for the above mentioned scheme was 1st April, 2009 and the scheme has been made effective from 28th April, 2010 i.e. from the date of filing certified copy of order of Hon'ble High Court with the Registrar of Companies, Mumbai.

## 14. EMPLOYEE STOCK OPTION PLAN (ESOP)

Details of the shares issued under ESOP, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure to this Report.

No employee has been issued share options, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 29th May, 2006, the Company adopted the '2006 HLL Performance Share Scheme'. The Scheme has been registered with the Income Tax authorities in compliance with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. As per the terms of the Performance Share Plan, employees are eligible for the award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- per share. These awards will vest only on the achievement of certain performance criteria measured over a period of 3 years. 192 employees, including Wholtime Directors, were awarded conditional rights to receive a total of 6,16,121 equity shares at the face value of Re. 1/- each. The above mentioned comprises of conditional grants made to eligible managers for calendar years 2009 and 2010 covering performance periods 2009-2012 and 2010-2013 respectively.

# Directors' Report

## And Management Discussion and Analysis (Contd.)

### 15. CORPORATE GOVERNANCE

Your Company has been practising the principles of good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. A separate section on Corporate Governance is given on page no. 44 of the Annual Report and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) and a certificate of the CEO & CFO in terms of sub-clause (v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is annexed to the Corporate Governance Report.

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

#### 15.1 Risk and Internal Adequacy

Your Company manages cash and cash flow processes assiduously involving all parts of the business. There was net cash surplus of Rs. 1,892.21 crores as on 31st March, 2010. The Company's debt equity ratio is very low which provides ample scope to gear up the Balance Sheet should that need arise. Foreign exchange transactions are always fully covered with strict limits placed on the amount of 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. Company accounts for 'mark to market' gains or losses at every quarter end in line with the requirements of AS-11. These are being highlighted separately every quarter.

Company's internal control systems are well commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all the offices, factories and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

Your Company has an elaborate process for Risk Management. This rests on the three pillars of Business Risk Assessment, Operational Controls Assessment and Policy Compliance at all levels through a 'Positive Assurance Process'. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both Management Committee and Audit Committee. Some of the risks relate to competitive intensity, pressure on margins and slower market growth and/ or downtrading.

#### 15.2 Outlook

It is believed that India's GDP will continue to witness strong growth in the future. However, managing growth and inflation will be a key challenge for India in the near term. The agricultural growth is expected to pick up in the last quarter of the fiscal year 2009-10 on account of a good 'Rabi' crop. As global trade continues its recovery, Indian industry is expected to continue its strong growth, since over 1/3rd of India's manufacturing output is exported. Export growth has been positive since November 2009, which is an encouraging sign for the manufacturing sector.

India's improving growth prospects, augurs well for the economy as a whole and for the FMCG sector in particular. The FMCG categories in which your Company operates have significant growth potential given the low per capita consumption levels relative to many other asian economies. This growth opportunity will attract more competitors and your Company will defend its market leadership positions in a determined manner. In the long run, the increased competition is good for all players since it will accelerate the growth of the market.

Your Company will continue to focus on driving underlying volume growth by improving its market positions in existing categories while also leading market development efforts to build categories and segments for the future.

#### 15.3 Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements'

# Directors' Report

## And Management Discussion and Analysis (Contd.)

within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

### 16. SUBSIDIARY COMPANIES

During the year, the Company has divested its entire shareholding in Shamnagar Estates Private Limited and consequently Shamnagar Estates Private Limited ceased to be a subsidiary of the Company effective 13th May, 2009. Bon Limited ceased to be the subsidiary of the Company consequent to its amalgamation with the Company with effect from 1st April, 2009.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached to the accounts.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statement of Accounts and the Auditors' Reports thereon for the financial year ended 31st March, 2010 along with the Reports of the Board of Directors of the Company's subsidiaries have not been annexed. The Company will make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the Subsidiaries have been furnished under 'Subsidiary Companies Particulars' forming part of the Annual Report (Refer page no. 138). Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes the financial information of its subsidiaries.

### 17. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) in your Company is rooted in its Corporate Purpose - the belief that "to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live". The strong 75 year plus legacy of the Company has seen us evolve with India as much in Corporate Social Responsibility as in business. The CSR philosophy of the Company is embedded in its commitment to all stakeholders-consumers, employees, the environment and the society. Your Company believes that it is this commitment which will deliver competitive, profitable and sustainable growth.

Your Company has made significant progress on the environment front over the past few years. The water

usage per tonne has been reduced by more than 32% in its own manufacturing operations against a baseline of 2004. There has been a good improvement with many more units adopting rain water harvesting as a way of life. More than 50% of our own manufacturing units have a rain water harvesting facility. As on date, five Company units return more water to ground than being consumed by them.

The energy consumption and CO<sub>2</sub> per unit of production since 2004 has also come down by 38% and 28% respectively. We have exceeded the target of 25% reduction by 2012 in CO<sub>2</sub> (Green House gases) in manufacturing operations per tonne of production against a baseline of 2004.

Your Company has initiated works in the area of sustainable agriculture sourcing for Tea, Fruits & Vegetables and Palm oil. This is part of the Global initiative, where your Company is leveraging Unilever global expertise in this area. In tea, we are working closely with key producers (in both North and South India) and Rainforest Alliance, an international certification body in the area of sustainable agriculture. Nine tea estates in the Nilgiris, Tamil Nadu and ten tea estates in Assam were certified Sustainable Estates by Rainforest Alliance in 2008 and 2009. Work is currently on in another 52 tea estates located in Assam and Darjeeling and these estates will undergo certification audits in 2010. In 2009, we sourced 5,000 tonnes of Tea from Rainforest Alliance in India.

The Company has started developing Indian producers for Tomato paste. We are working closely with key producers and the initiatives include water conservation, use of authorised pesticides, land conservation and improvement of farmer income.

In the area of Health and Hygiene, during the Swine Flu epidemic, 'Lifebuoy' undertook rallies in key effected cities, where the message of the importance of hand washing was emphasised, in preventing Swine Flu. 'Lifebuoy' also distributed leaflets in schools, explaining the importance of hand washing, and the different occasions where hands must be washed with soap, so as to prevent infection. The Brand partnered with the Government of Tamil Nadu and organised a massive event on Global Hand Washing Day (15th October, 2009) wherein out of 47,000 children that washed their hands on that day, 15,000 washed their hands in perfect harmony to stake claim to the Guinness record for the most people washing their hands simultaneously. Additionally, more than 3,00,000 Swine flu leaflets were distributed in schools.

# Directors' Report

## And Management Discussion and Analysis (Contd.)

Your Company started the Sankalp initiative of employee volunteering in the 75th year of its existence in India. In 2008 our employees undertook volunteering and community service totaling more than 48,000 hours against a target of 27,375 hours. In 2009 we have achieved more than 1,15,000 hours of volunteering.

Your Company has been undertaking CSR activities in Dadra and Nagar Haveli since 2004. Vanarai started work in Dadra Nagar Haveli area in April 2004 initially in village Karchond with financial support and active involvement of Company's personnel and subsequently in Dapada, Pati, Sindoni at Silvassa.

The impact of the programme was:

- 6,76,40,990 litres of water has been harvested since 2004
- Additional income worth Rs. 1,67,34,854 accrued to villagers during the project period
- 60 families, which used to seasonally migrate to nearby towns, have stabilised
- 325 families have been benefited under various programmes of the project
- 130 families use public toilet facility
- 20 families have their own toilets
- Soil conservation treatment on 282 hectares of land
- 12,000 mango seedlings have been planted. Survival percentage is 85% and 25% plants have started fruiting
- 22 bore wells and 20 open wells were recharged by using water from Vanarai Bunds

Sanitation, malnutrition, water scarcity and lack of health education are just some of the challenges that plague Developing & Emerging (D&E) markets like India. This needs to be addressed by Corporate, Government and Civil Bodies collectively. There are increasing expectations of corporations from stakeholders-public, society, NGOs, customers, investors, employees and governments, regulators to contribute to sustainable development. A proactive CSR strategy allows companies to understand stakeholder expectations, shape the agenda and build a response into business planning and strategy. Without it, companies risk 'fighting fires' in ad hoc and costly manners. Evidence across the world shows a strong correlation between socially responsible business practices and business success; access to markets and capital, cost savings, risk management, quality workforce, brand value and reputation. This is

increasingly being reflected in the value associated by investors. Since inception the corporate purpose and the Code of Business Principles of your Company have set ground for corporate responsibility.

As a part of the Company's initiatives in the area of Corporate Social Responsibility, your Company has promoted a new Section 25 Company 'Hindustan Unilever Vitality Foundation' to work in the areas of social, economic and environment development.

Your Company will be releasing its first 'Sustainable Development Report' this year, which will articulate Company's governance on Environment and Social development. The 'Sustainable Development Report' will share your Company's long term commitments on sustainable development with measurable goals and governance structures.

### 18. BOARD OF DIRECTORS

Prof. C. K. Prahalad, an Independent Director of the Company passed away after a brief illness on 17th April, 2010. Prof. Prahalad was an invaluable member of the Board of the Company for last 10 years and your Directors express a deep sense of grief at this untimely loss. Your Directors place on record the significant contribution made by Prof. Prahalad to the business and strategy of the Company.

Mr. Dhaval Buch stepped down as an Executive Director, Supply Chain of the Company with effect from 1st March, 2010, consequent to his appointment as Senior Vice President- Strategic Projects Supply Chain, Unilever Global. The Board places on record their appreciation for the valuable contribution made by Mr. Dhaval Buch while leading the Supply Chain function of the Company.

Mr. Pradeep Banerjee was appointed as an Additional Director and Executive Director - Supply Chain on the Board with effect from 1st March, 2010, in accordance with Section 269 and Article 111 of the Articles of Association of the Company. Notices have been received from members pursuant to Section 257 of the Companies Act, 1956 together with necessary deposits proposing the appointment of Mr. Pradeep Banerjee as Wholtime Director on the Board of the Company.

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



# Directors' Report

## And Management Discussion and Analysis (Contd.)

### 19. MANAGEMENT COMMITTEE

The day-to-day management affairs of the Company are vested with the Management Committee which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by Mr. Nitin Paranjpe, as the Chief Executive Officer and has functional/business heads as its members.

Mr. Pradeep Banerjee was appointed as the member of the Management Committee after he moved from his role as Vice President, Supply Chain Management - Packaging, Unilever, to take over from Mr. Dhaval Buch as the Executive Director, Supply Chain, with effect from 1st February, 2010.

Mr. Ashok Gupta, Executive Director-Legal and Company Secretary ceased to be a member of the Management Committee post his resignation with effect from 1st April, 2010. The Board place on record the contribution made by Mr. Ashok Gupta during his tenure as Executive Director-Legal and Company Secretary of the Company.

The Board of Directors has approved the appointment of Mr. Dev Bajpai as Company Secretary of the Company with effect from 1st June, 2010. Mr. Dev Bajpai will succeed Mr. Ashok Gupta in the Management Committee as Executive Director - Legal and Company Secretary. Mr. Dev Bajpai is a qualified law professional and Company Secretary with over 22 years of rich and diverse legal experience in various corporates.

### 20. AUDITORS

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

### 21. APPRECIATIONS AND ACKNOWLEDGEMENTS

Directors wish to 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 at the forefront of the Industry.

Directors also like to acknowledge the excellent contribution by Unilever to your Company in providing with the latest innovations, technological improvements and marketing inputs in respect of almost all the categories in which we operate. 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 their 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 Company's endeavor to build and nurture strong links with the trade based on mutuality of benefits, respect to and co-operation with each other, consistent with consumer interests.

Directors also take this opportunity to thank all investors, clients, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support.

On behalf of the Board



Harish Manwani  
Chairman

Mumbai  
25th May, 2010

# Annexure

## To the Directors' Report

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Canned and processed fruits and vegetables		12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>A POWER AND FUEL CONSUMPTION</b>			
<b>1 Electricity</b>			
(a) Purchased			
Unit	Lakh KWH	31.77	40.48
Total Amount	Rs. Lakhs	166.71	210.73
Rate / Unit	Rs.	5.25	5.21
(b) Own Generation			
(i) Through own generator			
Unit	Lakh KWH	1.17	1.82
Unit per ltr of diesel oil	KWH	3.11	2.50
Cost per unit	Rs.	10.84	15.50
(ii) Through steam turbine / generator		Nil	Nil
<b>2 Furnace Oil</b>			
Quantity	KL	791.49	1,000.34
Total Cost	Rs. Lakhs	219.64	307.46
Average Rate	Rs. / KL	27,749.83	30,735.96
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	KWH/Tonne	245.24	249.62
Furnace Oil	Lts/Tonne	61.10	61.69

### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

- Specific areas in which R&D carried out by the Company
  - New product / process development
  - Quality enhancement to achieve International Standards.
  - Technology Upgradation
  - Speciality ingredients from natural sources
  - Development and evaluation of alternative raw materials
  - Project of Global relevance
- Benefits derived as a result of the above R&D and Future plans of action  
The benefits and Future plan of action have been discussed in details in the Director's report

		Rs. Crores
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>3 Expenditure of R&amp;D</b>		
(a) Capital	8.04	14.80
(b) Recurring	81.08	74.47
(c) Total	89.12	89.27
(d) Total R& D Expenditure as a percentage of total turnover	0.51%	0.44%

### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adoption and innovation:  
The Company maintains interaction with Unilever internationally.  
This is facilitated through a well co-ordinated management exchange programme.
- Benefits derived as a result of the above efforts:  
The benefits have been covered in the Director's report.
- Imported Technology:
  - (a) Technology imported
  - (b) Year of import
  - (c) Has technology been fully absorbed

} Continuous import from Unilever under technical collaboration agreement.

### FOREIGN EXCHANGE EARNINGS & OUTGO

		Rs. Crores
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Foreign Exchange Earnings	1,300.26	1,941.89
Foreign Exchange Outgo	2,101.13	2,731.91

# Annexure

## To the Directors' Report (Contd.)

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	2001 HLL Stock Option Plan				
	2001	2002	2003	2004	2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001  Rs. 217.45	Closing market price as on the date of option grant - 23.04.2002  Rs. 210.35	Closing market price as on the date of option grant - 24.04.2003  Rs. 136.00	Average of highs and lows for two week period preceding the date of option grant- 30.06.2004  Rs 128.47	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted-26.05.2005  Rs. 132.05
c) Options vested	Options vested after three years from date of grant (24.07.2001)	Options vested after three years from date of grant (23.04.2002)	Options vested after three years from date of grant (24.04.2003)	Options vested after three years from date of grant (30.06.2004)	Options vested after three years from date of grant (27.05.2005)
d) Options exercised (as at March 31, 2010)	10,51,795 equity shares of Re 1/- each	14,38,576 equity shares of Re 1/- each	28,26,145 equity shares of Re 1/- each	8,84,406 equity shares of Re 1/- each	7,74,200 equity shares of Re 1/- each
e) The total number of shares arising as a result of exercise of option	10,51,795 equity shares of Re 1/- each	14,38,576 equity shares of Re 1/- each	28,26,145 equity shares of Re 1/- each	8,84,406 equity shares of Re 1/- each	7,74,200 equity shares of Re 1/- each
f) Options lapsed (as at March 31, 2010)	8,78,300 equity shares of Re 1/- each	9,20,428 equity shares of Re 1/- each	6,39,785 equity shares of Re 1/- each	3,42,300 equity shares of Re 1/- each	2,71,700 equity shares of Re 1/- each
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	NA	NA
h) Money realised by exercise of options	Rs 5.54 crores	Rs 6.09 crores	Rs 6.00 crores	Rs 2.76 crores	Rs 3.97 crores
i) Total number of options in force (as at March 31, 2010)	5,45,005 equity shares of Re 1/- each	8,74,597 equity shares of Re 1/- each	8,10,160 equity shares of Re 1/- each	4,03,744 equity shares of Re 1/- each	5,01,800 equity shares of Re 1/- each

# Annexure

## To the Directors' Report (Contd.)

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	2006 HLL Performance Share Scheme				
	2006	2007	2008	2009	2010
a) Options granted	Conditional grant of 3,49,750 equity shares of Re.1/- each valued at Rs. 3.49 lakhs	Conditional grant of 2,35,950 equity shares of Re.1/- each valued at Rs. 2.35 lakhs	Conditional grant of 2,06,250 equity shares of Re.1/- each valued at Rs.2.06 lakhs	Conditional grant of 3,33,811 equity shares of Re.1/- each valued at Rs.2.06 lakhs	Conditional grant of 2,82,310 equity shares of Re.1/- each valued at Rs.2.06 lakhs
b) The pricing formula	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1
c) Options vested	2,55,166 options vested on 01.11.2009	2,46,658 options vested on 01.05.2010	Options will vest after 3 years from the date of grant (20.03.2008)	Options will vest after 3 years from the date of grant (11.05.2009)	Options will vest after 3 years from the date of grant (29.03.2010)
d) Options exercised (as at March 31, 2010)	2,55,166 equity shares of Re.1/ each	NIL	NIL	NIL	NIL
e) The total number of shares arising as a result of exercise of option	2,55,166 equity shares of Re.1/ each	NIL	NIL	NIL	NIL
f) Options lapsed (as at March 31, 2010)	NIL	NIL	NIL	NIL	NIL
g) Variation of terms of options	NA	NA	NA	NA	NA
h) Money realised by exercise of options	Rs. 2.55 lakhs	NIL	NIL	NIL	NIL
i) Total number of options in force (as at March 31, 2010)	NIL	Conditional grant of 2,35,950 equity shares of Re.1/- each	Conditional grant of 2,06,250 equity shares of Re.1/- each	Conditional grant of 3,33,811 equity shares of Re.1/- each	Conditional grant of 2,82,310 equity shares of Re.1/- each



# Annexure

## To the Directors' Report (Contd.)

### Details of Options granted during the year ended 31st March, 2010 under Performance Share Plan 2009 & Performance Share Plan 2010

j) Employee wise details of options granted to:

i) Senior managerial personnel:	Refer Note iii
ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	Under Performance Share Plan 2010, Nitin Paranjpe-Managing Director & CEO was awarded 20,355 shares (7.2%) and Sridhar Ramamurthy-CFO & Company Secretary was awarded 16,380 shares (5.8%).
iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Rs. 10.08
l) i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2006 HLL Performance Share Scheme".
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	Gain of Rs. 0.66 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 2009-10 is presented below:

<b>Net Income</b>		<b>Rs.Crores</b>
As reported		2,202.03
Add: Difference between Intrinsic value and Fair Value Calculation		0.66
Adjusted Net Income		2,202.69
<b>Earnings Per Share (Basic and Diluted)</b>		<b>(Rs.)</b>
	Basic EPS	Diluted EPS
-As reported	10.10	10.08
-As adjusted	10.10	10.09

# Annexure

## To the Directors' Report (Contd.)

### Details of Options granted during the year ended 31st March, 2010 under Performance Share Plan 2009 & Performance Share Plan 2010 (Contd.)

m) Weighted average exercise price and weighted average fair value

Exercise Price is Re. 1/-

n) Fair value of Options based on Black Scholes methodology

#### Assumptions

Risk free rate	5.58% for 2009 and 6.68% for 2010
Expected life of options	3.125 years for each plan
Volatility	35.89% for 2009 and 33.89% for 2010
Expected Dividends	Rs. 6.50 per share
Closing market price of share on date of option grant	Rs.233.05 for 2009 and Rs. 238.50 for 2010

- Notes: (i) Pursuant to approval of the Members at the Annual General Meeting of the Company held on 29th May, 2006, the Company had adopted a revised Scheme "2006 HLL Performance Share Scheme" in place of the existing "2001 HLL Stock Option Plan".
- (ii) The Pricing Formula adopted by the Company for 'Employees Stock Option Plan' for the years 2001 to 2005, was based on the "Market Price" as defined in SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, as expressed in Clause 11 of the '2001 HLL STOCK OPTION PLAN' in the line with Clause 6.2(h) of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.
- (iii) Details of Options granted to senior managerial personnel.

Name of the Manager	Performance shares awarded in 2009-10
Dhaval Buch	4,350
Shrijeet Mishra	9,927
Ashok Gupta	8,261
Leena Nair	12,157
Hemant Bakshi	11,592
Nitin Paranjpe	30,261
Gopal Vittal	16,685
Sridhar Ramamurthy	20,950

# Corporate Governance

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

## -William Hesketh Lever

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

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We, at Hindustan Unilever, are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliance. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

To succeed, we believe, requires the highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to sustainable, profitable growth and creating long-term value for our shareholders, our people and our business partners. During the last 76 years of the Company's existence, the above principles have been the guiding force for whatever we do and shall continue to be so in the coming years.

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

### THE BOARD OF DIRECTORS

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

#### Appointment & Tenure

The Directors of the Company are appointed by shareholders at the General Meetings. All Directors, except for the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company.

The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company. As per the Company policy, the Independent Directors do not seek re-appointment on attaining the age of 70 years. The Company also follows the policy of having a ceiling of nine years on the term of office of Independent Directors after revised Clause 49 of Listing Agreement has come into effect in October 2004.

#### Composition

As on the date of this report, the Board consists of 9 Directors comprising four Executive Directors, one Non-Executive Director and four Independent Directors. The Chairman of the Board is a Non-Executive Director. The Board represents an optimal mix of professionalism, knowledge and experience. The detailed profile of the members of the Board of Directors are provided on page nos. 13 to 15 of the Annual Report.

Prof. C. K. Prahalad, an Independent Director of the Company, ceased to be a Director of the Company w.e.f. 17th April, 2010, due to his sudden and untimely demise.

# Corporate Governance (Contd.)

## Composition and Directorships/Committee Membership as on 31st March, 2010

Name	Date of Joining the Board	Directorships in other Companies <sup>#</sup>	Membership of Committees of other Companies <sup>##</sup>	Chairmanship of Committees of other Companies <sup>##</sup>
<b>Non-Executive Chairman</b>				
Harish Manwani	29.04.2005	-	-	-
<b>Managing Director &amp; CEO</b>				
Nitin Paranjpe	01.06.2007	-	-	-
<b>Executive Director (Finance &amp; IT) and CFO</b>				
Sridhar Ramamurthy	03.07.2009	2	1	1
<b>Executive Directors</b>				
Gopal Vittal	01.09.2008	-	-	-
Pradeep Banerjee	01.03.2010	-	-	-
<b>Independent Directors</b>				
D. S. Parekh	16.05.1997	11	6	4
C K. Prahalad	01.05.2000	-	-	-
A. Narayan	29.06.2001	3	2	2
S. Ramadorai	20.05.2002	12	6	3
R. A. Mashelkar	04.04.2008	6	2	-

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

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

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

### Board Meetings

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other normal Board business. The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors to facilitate them to plan their schedules and to ensure meaningful participation in the meetings, well in advance. However, in case of a special and urgent business need, the Board's approval is taken by circulating the resolution, which is ratified in the next Board meeting.

The agenda for the Board / Committee meetings is generally accompanied by background notes and other material information which is circulated to Directors in advance to facilitate discussion for taking an informed decision. The Independent Directors meet amongst themselves and separately with the Chairman before every Board meeting to discuss on issues and their concerns, if any.

During the financial year ended 31st March, 2010, six Board meetings were held on 10th May, 2009, 3rd July, 2009, 28th July, 2009, 31st October, 2009, 15th December, 2009 and 26th January, 2010. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

### Attendance of Directors at Board Meetings

Name	Attendance
Harish Manwani	6 of 6
Nitin Paranjpe	6 of 6
Sridhar Ramamurthy <sup>§</sup>	4 of 4
D. Sundaram <sup>§§</sup>	2 of 2
D. S. Parekh	6 of 6
C. K. Prahalad	4 of 6
A. Narayan	6 of 6
S. Ramadorai	5 of 6
R. A. Mashelkar	6 of 6
Gopal Vittal	5 of 6
Pradeep Banerjee*	NA
Dhaval Buch**	6 of 6

<sup>§</sup> Appointed as Director w.e.f. 3rd July, 2009

<sup>§§</sup> Ceased to be a Director w.e.f. 3rd July, 2009

\* Appointed as Director w.e.f. 1st March, 2010

\*\* Ceased to be a Director w.e.f. 1st March, 2010

Attendance is expressed as number of meetings attended out of number eligible to attend.

The last Annual General Meeting of the Company held on 3rd July, 2009 was attended by all the members of the Board of Directors as on that date.



# Corporate Governance (Contd.)

## Board Business

The normal business of the Board includes:

- strategies for shaping of portfolio and direction of the Company and priorities, in corporate resource allocation;
- corporate annual plan and operating framework;
- quarterly business performance reports;
- board remuneration policy and individual remuneration packages of Directors;
- convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place;
- declaration / recommendation of dividend;
- review of functioning of the Board and its Committees;
- review of functioning of the subsidiary companies;
- annual review of accounts for adoption by shareholders;
- quarterly and annual results announcements;
- merger, acquisition, joint venture or disposals, if any;
- recruitment and remuneration of senior management;
- materially important show cause, demand, prosecution and penalty notices;
- fatal or serious accidents or dangerous occurrences;
- any materially significant effluent or pollution problems;
- details of any joint venture or collaboration agreement;
- significant labour problems and their proposed solutions;
- significant development in the human resources and industrial relations fronts;
- risk evaluation and control;
- quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement; and
- compliance with all relevant legislations and regulations.

## Board Support

The Company Secretary of the Company attends all the meetings of Board and advises/assures the Board on Compliance and Governance principles.

## Board Induction and Training

Upon appointment, Directors receive a comprehensive Directors' Manual which includes Company's historical

background, business profiles, organisation structure, codes and policies of the Company, internal controls and risk management systems and their roles, responsibility as Directors of the Company. Strategy meetings are held where business and functional heads share with the Board their short term and long term plans, major activities, likely risks and challenges with actions to mitigate them in their respective areas. The Board's suggestions and comments are incorporated in the business plans.

## Board Independence

Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures from the Directors and on evaluation of relationships disclosed, all Non-Executive Directors other than the Chairman are independent in terms of Clause 49 of the Listing Agreement. Mr. Harish Manwani, who is a member of Executive Committee of Unilever, the parent Company, is not counted as an Independent Director.

## COMMITTEES OF THE BOARD

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

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

## Audit Committee

The Audit Committee of the Company comprises of Non-Executive Independent Directors only. The Committee is headed by Mr. D.S. Parekh, and comprises of Mr. S. Ramadorai, Mr. A. Narayan and Dr. R. A. Mashelkar as its Members. Prof. C. K. Prahalad, who was a member of the Audit Committee during the financial year ended 31st March, 2010, ceased to be a member w.e.f. 17th April, 2010 due to sad demise. All the current members of the Committee have relevant experience in financial matters and the Chairman of the Committee, Mr. D. S. Parekh, is the financial expert for the Committee.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control

# Corporate Governance (Contd.)

and financial reporting process and inter alia performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- reviewing with management the quarterly financial results before submission to the Board;
- reviewing with management the annual financial statements before submission to the Board;
- reviewing with management the annual financial statements of the subsidiary companies;
- reviewing with management and external and internal auditors, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function;
- discussing with internal auditors any significant finding and follow up on such issues;
- reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board;
- discussing with external auditors, before the audit commences, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- reviewing the Company's financial and risk management policies; and
- examining reasons for substantial default in the payment to shareholders (in case of non-payment of declared dividends) and creditors, if any.

In addition to quarterly meeting for consideration of financial results, the special meetings of the Audit Committee are convened for review of various business/functions of the Company, business risk assessment, review of internal audit and control assurance reports of all the major divisions, controls and security of Company's critical IT applications, and review of functioning and cases reported under the Code of Business Principles and Whistle Blower Policy of the Company.

The meetings of Audit Committee are also attended by Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed and

when considered appropriate, are discussed in the meeting of the Board. The Audit Committee also meets the Internal and External Auditors separately in absence of any management employee.

The Audit Committee met six times during the financial year ended 31st March, 2010 on 10th May, 2009, 3rd July, 2009, 28th July, 2009, 31st October, 2009, 15th December, 2009 and 26th January, 2010.

## Attendance of Members at Audit Committee Meetings

Name	Attendance
D. S. Parekh (Chairman)	6 of 6
C. K. Prahalad	4 of 6
A. Narayan	6 of 6
S. Ramadorai	5 of 6
R. A. Mashelkar	6 of 6

Attendance is expressed as number of meetings attended out of number eligible to attend.

## Internal Controls and Risk Management

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

The internal audit covers all the factories, sales offices, warehouses and businesses and functions controlled centrally. The audit cover plan of CAD is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on past issues.

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. The objective of risk assessment is to provide to the operating management, a proactive and value adding review process, which enables them to maintain a risk profile associated with transactional controls at an acceptable level. There is an ongoing process to track the evolution of the risks and delivery of mitigating action plans.

Financial and non-financial controls review procedures and guidelines are issued annually by the Corporate Risk Management department in line with Sarbanes-Oxley (s. 404) requirements. Unit heads are responsible for implementing these Operational Control Assurance procedures to confirm the effectiveness of the financial and non-financial controls in that unit and to correct any instances of weaknesses identified. These procedures provide the Management an assurance on the internal processes and systems.

# Corporate Governance (Contd.)

## Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises of Independent Directors - Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar. Mr. A. Narayan is the Chairman of the Remuneration and Compensation Committee of the Company. Prof. C. K. Prahalad, who was a member of the Remuneration and Compensation Committee during the financial year ended 31st March, 2010, ceased to be a member w.e.f. 17th April, 2010 due to sad demise. In addition to the above Independent Directors, Mr. Harish Manwani and Mr. Nitin Paranjpe are members of the Compensation Committee. The Compensation Committee administers Stock Option Plan and Performance Share Plan of the Company and determines eligibility of employees for Stock Options.

The Remuneration Committee deals with all elements of remuneration package of all the Executive Directors i.e. salary, benefits, bonuses, stock options, pension etc. including details of fixed component and performance linked incentives, along with the performance criteria.

The Remuneration Committee met three times during the financial year ended 31st March, 2010 on 10th May, 2009, 31st October, 2009 and 28th March, 2010.

## Attendance of Members at Remuneration Committee Meetings

Name	Attendance
A. Narayan (Chairman)	3 of 3
C.K. Prahalad	1 of 3
S. Ramadorai	3 of 3
R. A. Mashelkar	2 of 3

Attendance is expressed as number of meetings attended out of number eligible to attend.

## Reward Policy

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

The appointment of the Executive Directors is by virtue of their employment with the Company as management employees and therefore their terms of employment viz.

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

The Remuneration Committee reviews the total reward annually, taking into account external benchmarks within the context of group and individual performance. In addition, the Company's Share Plans seek to reward Executive Directors by aligning their deliverables with shareholders' interests.

Independent Directors are eligible for sitting fees and commission not exceeding limits prescribed under the Companies Act, 1956. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of shareholders of the Company.

The Independent Directors are paid sitting fees of Rs. 20,000/- for attending every meeting of the Board or Committee thereof and commission on profits at the rate of Rs. 5 lakhs for each year, in terms of the approval of the shareholders at the Annual General Meeting of the Company held on 24th June, 2005, which is valid for a period of five years upto 31st December, 2010. It is proposed to seek approval of the shareholders for renewal of the above resolution for further period of 5 years and enhancing the overall limits of remuneration payable to the Non-Executive Directors.

The Non-Executive Directors who continuously serve minimum three terms of three years each, are also entitled for a cash retirement commission of Rs. 10 lakhs at the time of retirement.

Your Company benefits from the professional expertise of the Independent Directors in their individual capacity as competent professionals / business executives and through their invaluable experience in achieving corporate excellence. During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any Stock Options to any of its Non-Executive Directors.

The Non-Executive Chairman of the Company does not receive any sitting fees or other reward from the Company.

# Corporate Governance (Contd.)

## Details of Remuneration of Executive Directors for the financial year ended 31st March, 2010

Name	Salary	Bonus/ Commission	Contribution to PF	Perquisites	Rs. Lakhs
					Total
Nitin Paranjpe	158.75	102.84	19.28	38.06	318.93
Sridhar Ramamurthy <sup>§</sup>	119.34	35.22	8.36	24.72	187.64
D. Sundaram <sup>§§</sup>	582.80	34.25	3.32	17.23	637.60
Gopal Vittal	170.30	41.69	11.41	24.15	247.55
Dhaval Buch*	99.68	28.85	8.88	39.07	176.48

<sup>§</sup> From 3rd July, 2009

<sup>§§</sup> Upto 3rd July, 2009

\* Upto 1st March, 2010

Pursuant to approval of the Members at the Annual General Meeting of the Company held on 29th May, 2006, the Company had adopted a revised scheme "2006 HLL Performance Share Scheme" in place of the existing "2001 HLL Stock Option Plan". The revised scheme provided for conditional grant of Performance Shares without charging premium to eligible management employees.

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

Name	Outstanding as at 31st March, 2009		Options / Grants Exercised during the year		Grant under Performance Share Scheme during the year	Balance as at 31st March, 2010	
	Stock Options	Perfor- mance Shares	Stock Options	Perfor- mance Shares		Stock Options	Performance Shares
Nitin Paranjpe	57,348	20,900	-	4,400	30,261	57,348	46,761
Sridhar Ramamurthy <sup>§</sup>	25,408	-	-	-	20,950	25,408	20,950
D. Sundaram <sup>§§</sup>	1,55,550	9,900	-	3,300 <sup>#</sup>	-	155,550	6,600
Gopal Vittal	-	4,400	-	-	16,685	-	21,085
Pradeep Banerjee*	85,855	-	-	-	-	85,855	-
Dhaval Buch**	40,808	9,350	-	2,750	4,350	40,808	10,950

<sup>#</sup> Against the grant of 3300 Shares, 2,936 shares were allotted.

<sup>§</sup> From 3rd July, 2009

<sup>§§</sup> Upto 3rd July, 2009

\* From 1st March, 2010

\*\* Upto 1st March, 2010

## Details of Remuneration of Non-Executive Directors for the Financial Year Ended 31st March, 2010

Name	Sitting Fee	Commission <sup>#</sup>	Perquisites	Rs. Lakhs
				Total
D. S. Parekh	2.40	5.00	-	7.40
C. K. Prahalad	1.80	5.00	-	6.80
A. Narayan	3.40	5.00	-	8.40
S. Ramadorai	2.60	5.00	-	7.60
R. A. Mashelkar	2.80	5.00	-	7.80

<sup>#</sup> The Commission for the financial year ended 31st March, 2010 will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 27th July, 2010.



# Corporate Governance (Contd.)

## Shareholders / Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of Mr. A. Narayan as Chairman with Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee. Mr. D. Sundaram ceased to be a member of the Committee w.e.f. 3rd July, 2009. The Committee is entrusted with the responsibility to address the shareholders and investors complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and ensures an

expeditious share transfer process in line with the proceedings of the Share Transfer Committee. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company, and also provides continuous guidance to improve the service levels for investors.

During the financial year ended 31st March, 2010, the Committee met two times on 28th July, 2009 and 30th October, 2009.

## Attendance of the Members at Shareholders / Investors Grievance Committee Meetings

Name	Attendance
A. Narayan (Chairman)	2 of 2
Sridhar Ramamurthy	2 of 2
Nitin Paranjpe	2 of 2

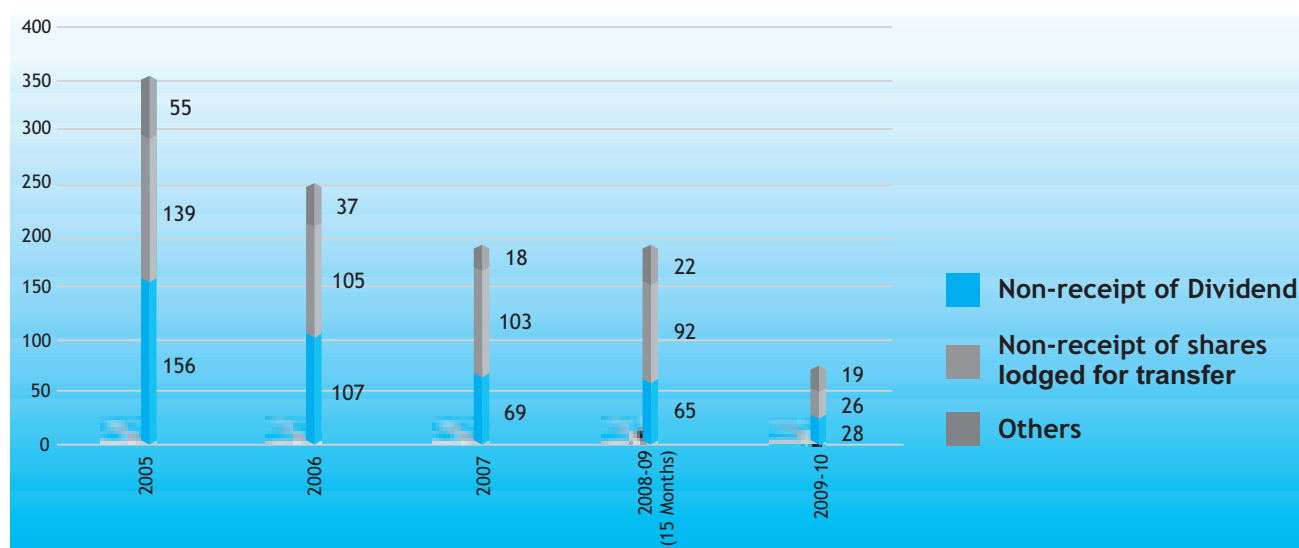
Attendance is expressed as number of meetings attended out of number eligible to attend.

During the financial year ended 31st March, 2010, 73 complaints were received from the shareholders. All the complaints have been redressed to the satisfaction of shareholders / investors and none of them were pending as on 31st March, 2010.

## Details of Shareholders / Investors Complaints received and redressed

Nature of Complaint	Complaints received	Complaints redressed
Non-Receipt of Dividend	28	28
Non-Receipt of Shares lodged for Transfer	26	26
Others	19	19
<b>Total</b>	<b>73</b>	<b>73</b>

## Trend of Complaints Received During Last 5 Years:



# Corporate Governance (Contd.)

## Share Transfer / Transmission Committee

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

The Committee comprises of three Directors of the Board and it considers application for transfer of the Company's shares, for splitting up, for consolidating share certificates and to comply with provisions in this regard. The Committee is authorised to order for cancellation of any share certificate and to sign, seal or issue any new share certificate either as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets at regular intervals to approve the share transfers and other related matters.

## Committee for Allotment of Shares Under ESOPs

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

The ESOP Committee comprises of three Directors of the Board. The Committee is specially constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme'.

## Committee for approving Disposal of Surplus Residential Assets

The Committee for approving Disposal of Surplus Residential Assets comprises of three Directors of the Board. The Committee is entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company.

## COMPANY POLICIES

### Preventing Conflict of Interests

The Board of Directors is responsible for ensuring that the rules are in place to avoid conflicts of interest by the Board members. The Board has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that members of the Board are required to avoid any interest in contracts entered into by the Company. If such an interest exists, the members are required to make disclosure to the Board and to abstain

from discussion, voting or otherwise influencing decision on any matter in which the concerned Director has or may have such interest. The Code also restricts the Directors from accepting any gifts or incentives in their capacity as Director of the Company, except what is duly authorised under the Company's Gift Policy.

The members of the Board and the Senior Management Team annually confirm to the Board the compliance of the Code of Conduct. The Code is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company [www.hul.co.in](http://www.hul.co.in). In addition, the members of the Board also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and the same are placed before the Board. Transactions with any of the entities referred above are placed before the Board for approval. Details of all related party transactions are placed before the Audit Committee on an annual basis.

## Code of Business Principles

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

The Code of Business Principles of the Company, also sets out the rules for dealing with conflict of interest situations and provides, inter alia, that proposal for appointment of any Executives of the Company to serve on outside Board, whether of commercial ventures or of non-profit making bodies such as trade associations, as Directors, Supervisory Directors, Trustees etc. shall be subject to prior approval from the office of the Group Chief Executive.

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

## UN Global Compact

The Company is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN Global Compact which covers human

# Corporate Governance (Contd.)

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

## Whistle Blower Policy

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

## Share Dealing Code

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

The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors and employees. A copy of the Share Dealing Code of the

Company is made available to all the employees of the Company and the compliance of the same is ensured.

## AFFIRMATION AND DISCLOSURE

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2010 and a declaration to that effect, signed by the Managing Director and CEO, is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors for the financial year ended 31st March, 2010 that may have a potential conflict with the interests of the Company at large.

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

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

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

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

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

## COMPLIANCE WITH THE GOVERNANCE FRAMEWORK

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

# Corporate Governance (Contd.)

## SHAREHOLDER INFORMATION

### General Body Meetings

Details of last three Annual General Meetings & the summary of Special Resolutions passed therein

Financial Year Ended	Date and Time	Venue	Special Resolutions passed
31st December, 2006	18th May, 2007 3.00 P.M.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of Change of Name of the Company from "Hindustan Lever Limited" to "Hindustan Unilever Limited".
31st December, 2007	4th April, 2008 3.00 P.M.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration structure for Managing Director/Wholetime Directors of the Company w.e.f. 1st April, 2008, in order to modify the maximum limit of remuneration and authorising the Board to fix remuneration for each Managing Director/Wholetime Director within such limit.
31st March, 2009	3rd July, 2009 2.30 P.M.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	No Special Resolution was passed at this meeting.

During the financial year ended 31st March, 2010, there are no ordinary or Special Resolutions passed through postal ballot.

### Annual General Meeting 2010

Date	Tuesday, 27th July, 2010
Venue	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020
Time	3.00 P.M.
Book Closure Date for Final Dividend	Saturday, 10th July, 2010 to Monday, 26th July, 2010 (both days inclusive)
Last Date of receipt of Proxy forms	Sunday, 25th July, 2010 before 3.00 P.M. at the Registered Office of the Company.

### Calendar of financial year ended 31st March, 2010

The meeting of Board of Directors for approval of quarterly financial results for the financial year ended 31st March, 2010 were held on the following dates:

First Quarter Results	28th July, 2009
Second Quarter and Half yearly Results	31st October, 2009
Third Quarter Results	26th January, 2010
Fourth Quarter and Annual Results	25th May, 2010

The tentative dates of Meeting of Board of Directors for consideration of financial results for the year ending 31st March, 2011 are as follows:

First Quarter Results	27th July, 2010
Second Quarter and Half yearly Results	25th October, 2010
Third Quarter Results	25th January, 2011
Fourth Quarter and Annual Results	26th May, 2011



# Corporate Governance (Contd.)

## Dividend

The Board of Directors at their meeting held on 25th May, 2010 recommended a final dividend of Rs.3.50 per share on equity share of face value of Re.1/- each, for the financial year ended 31st March, 2010, subject to the approval of the shareholders at the Annual General Meeting. Together with the interim dividend of Rs. 3.00 per share on equity share of face value of Re. 1/- each, paid on 23rd November, 2009, the total dividend for the year works out to Rs.6.50 per share on equity share of face value of Re.1/- each. Final dividend, if approved by shareholders, will be paid on or after 30th July, 2010.

## Unclaimed Dividends

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund

(IEPF) administered by the Central Government, and thereafter cannot be claimed by the investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF.

The unpaid/ unclaimed dividends upto Final Dividend 1995 (39F) had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies - Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend 2002 (47-I) to the IEPF. The unclaimed Final & Special Dividend of 2002, (i.e. 47-F & 47-S), is due for transfer in July, 2010. In view of this, the Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

## Due Dates for Transfer of Unclaimed Dividend to IEPF

Year	Dividend	Dividend rate per share(Rs.)	Date of Declaration	Number of Warrants			Dividend Amount Rs. lakhs			Due Date
				Dividend	Unclaimed as on 31st March, 2010	%	Dividend	Unclaimed as on 31st March, 2010	%	
2002	47-F	2.659	13-06-03	3,75,782	18,359	4.89	58,531.07	246.79	0.42	11-07-10
2002	47-S	1.765	13-06-03	3,76,369	23,323	6.20	38,851.95	212.01	0.55	11-07-10
2003	48-I	2.500	31-07-03	3,70,088	17,827	4.82	55,031.09	210.01	0.38	28-08-10
2003	48-F	3.000	29-06-04	3,58,576	16,805	4.69	66,037.31	232.20	0.35	28-07-11
2004	49-I	2.500	29-07-04	3,75,081	19,452	5.19	55,031.09	239.30	0.43	27-08-11
2004	49-F	2.500	24-06-05	3,50,630	19,342	5.52	55,031.22	246.14	0.45	22-07-12
2005	50-I	2.500	30-07-05	3,39,914	19,093	5.62	55,031.22	271.92	0.49	27-08-12
2005	50-I (VDL)	2.500	10-04-06	65,899	16,962	25.74	86.16	6.46	7.49	08-05-13
2005	50-F	2.500	29-05-06	3,76,477	33,513	8.90	55,121.36	296.71	0.54	26-06-13
2006	51-I	3.000	30-07-06	3,92,889	32,065	8.16	66,172.23	350.50	0.53	27-08-13
2006	51-F	3.000	18-05-07	4,14,086	36,543	8.82	66,204.96	388.65	0.59	15-06-14
2007	52-I	3.000	29-07-07	4,11,422	36,361	8.84	66,212.86	379.46	0.57	26-08-14
2007	52-S	3.000	31-10-07	3,85,973	34,668	8.98	66,057.83	395.11	0.60	28-11-14
2007	52-F	3.000	04-04-08	3,64,081	36,341	9.98	65,337.74	387.60	0.59	03-05-15
2008-09	53-I	3.500	25-07-08	3,55,307	32,594	9.17	76,242.09	412.92	0.54	23-08-15
2008-09	53-F	4.000	03-07-09	3,43,946	34,049	9.90	87,202.84	512.40	0.59	31-07-16
2009-10	54-I	3.000	31-10-09	3,37,953	35,824	10.60	65,426.94	400.69	0.61	28-11-16

F - Final I - Interim S - Special

## Due Dates for Transfer of Unclaimed Bonus Debentures Interest / Redemption Amount to IEPF

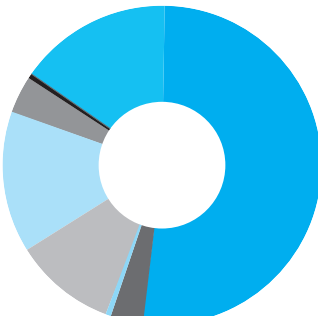
Year and nature of payment	Date of Payment	Number of Warrants			Redemption/Interest Amounts (Rs. in lakhs)			Due date
		Issued	Unclaimed as on 31st March, 2010	%	Net Amount	Unclaimed as on 31st March, 2010	%	
2004 Interest	01-07-04	3,49,823	21,485	6.14	10,692.44	58.77	0.55	30-06-11
2005 Interest	01-01-05	3,46,555	20,981	6.05	5,336.17	23.87	0.45	31-12-11
2005 Redemption	01-01-05	3,46,555	19,351	5.58	1,32,074.63	563.91	0.43	31-12-11

# Corporate Governance (Contd.)

## Distribution of shareholdings as on 31st March, 2010

Holdings	Shareholders		Shares	
	Numbers	% of total	Numbers	% of total
1 - 500	2,58,085	72.40	2,95,41,700	1.35
501 - 1000	31,544	8.85	2,45,47,325	1.13
1001 - 5000	52,183	14.65	12,44,56,794	5.70
5001 - 10000	8,706	2.44	6,09,78,922	2.80
10001 - 20000	3,825	1.07	5,24,83,222	2.41
20001 - 30000	938	0.26	2,26,38,795	1.04
30001 - 40000	377	0.11	1,29,78,743	0.59
40001 - 50000	172	0.05	77,15,256	0.35
50001 - 100000	266	0.07	1,80,19,362	0.83
100001 and Above	373	0.10	1,82,83,26,662	83.80
<b>Total</b>	<b>3,56,469</b>	<b>100.00</b>	<b>2,18,16,86,781</b>	<b>100.00</b>

## Categories of Shareholders as on 31st March, 2010

	Category	No. of Folios	Shares held (Nos)	% of holdings
	Unilever and its Associates	9	1,13,48,49,460	52.02
	Mutual Funds & Unit Trust of India	167	7,06,72,545	3.24
	Financial Institutions / Banks	168	86,89,076	0.40
	Insurance Companies	22	22,82,70,126	10.46
	Foreign Institutional Investors	433	31,59,63,311	14.48
	Bodies Corporate	3,010	7,56,58,898	3.47
	NRIs/Foreign Bodies Corporate/Foreign Nationals	4,106	77,29,689	0.35
	Directors and their Relatives	20	1,19,693	0.01
	Resident Individuals & Others	3,48,534	33,97,33,983	15.57
	<b>Total</b>	<b>3,56,469</b>	<b>2,18,16,86,781</b>	<b>100.00</b>

## Top 10 Shareholders as on 31st March, 2010 (Other than promoters)

Sr. No.	Name	Holding	%
1	Life Insurance Corporation Of India	13,16,15,134	6.03
2	The New India Assurance Company Limited	2,72,54,123	1.25
3	Bajaj Allianz Life Insurance Company Limited	2,32,79,079	1.07
4	LIC of India - Market Plus	2,21,10,896	1.01
5	Aberdeen Asset Managers Limited	2,06,73,745	0.95
6	National Insurance Company Limited	1,91,25,505	0.88
7	General Insurance Corporation of India	1,76,46,853	0.81
8	The Oriental Insurance Company Limited	1,71,46,259	0.78
9	Oppenheimer Developing Markets Fund	1,63,60,554	0.75
10	LIC of India - Money Plus	1,53,88,327	0.71
<b>Total</b>		<b>31,06,00,475</b>	<b>14.24</b>

# Corporate Governance (Contd.)

## Bifurcation of shares held in physical and demat form as on 31st March, 2010

Particulars	No. of Shares	Percentage
<b>Physical Segment</b>		
Unilever and its Associates	1,13,48,49,460	52.02
Others	8,22,69,958	3.77
<b>Demat Segment</b>		
NSDL	94,09,47,613	43.13
CDSL	2,36,19,750	1.08
<b>Total</b>	<b>2,18,16,86,781</b>	<b>100.00</b>

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

## Listing Details

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited	500696
National Stock Exchange of India Limited	HINDUNILVR
ISIN	INE030A01027

The listing fee for the financial year ended 31st March, 2010 has been paid to the above Stock Exchanges.

## Share Price Data

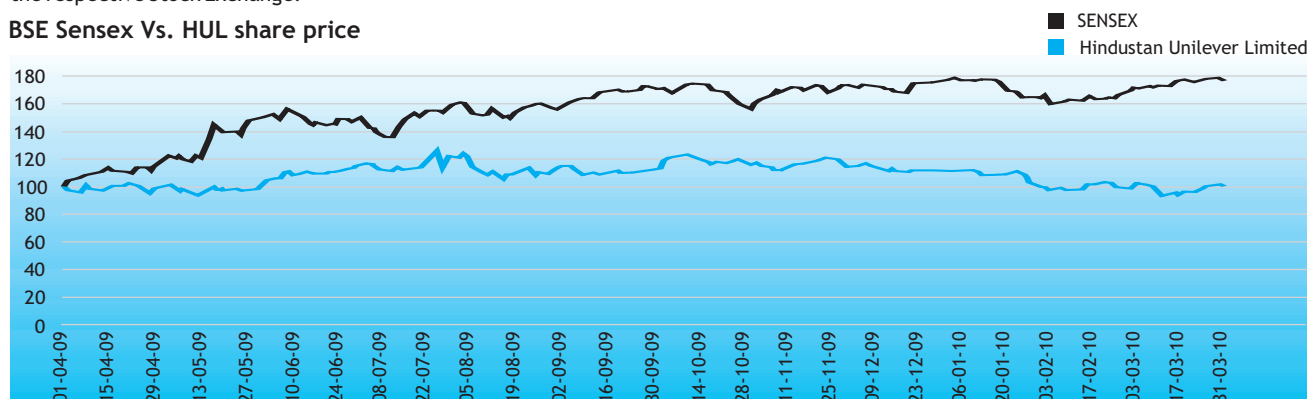
The monthly high and low prices and volumes of shares of the Company at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2010 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-09	245.45	219.25	1,04,20,677	245.45	222.25	9,46,93,683
May-09	243.00	215.00	1,23,96,441	264.40	218.10	10,09,09,159
June-09	270.80	230.50	67,87,023	271.45	228.55	8,44,09,057
July-09	306.00	260.00	1,75,93,642	306.70	260.30	9,98,35,147
Aug-09	296.05	247.50	99,85,620	298.90	246.60	8,01,37,515
Sep-09	277.50	253.50	67,45,323	277.70	253.70	7,10,04,074
Oct-09	295.50	260.25	55,40,817	295.90	260.35	4,74,61,082
Nov-09	288.45	262.60	56,95,825	289.80	262.50	4,51,97,173
Dec-09	286.25	260.25	54,83,442	286.50	259.65	4,62,64,576
Jan-10	268.25	241.60	93,68,614	268.35	241.05	6,41,35,671
Feb-10	248.00	225.15	66,62,906	247.35	227.00	5,22,39,260
Mar-10	244.35	218.10	81,18,900	244.70	218.00	7,21,86,157

Source: Bloomberg

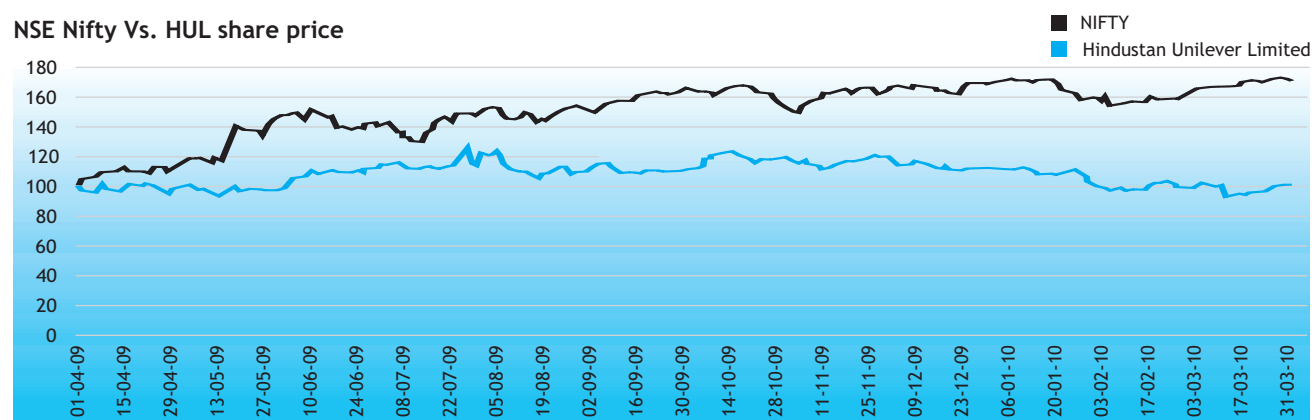
**Note:** High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in shares of the Company on the respective Stock Exchange.

## BSE Sensex Vs. HUL share price



# Corporate Governance (Contd.)

NSE Nifty Vs. HUL share price



10 year Performance of Hindustan Unilever Share vis-à-vis Sensex and Nifty

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01-01-2001	200.00	32.4%	3955.00	344.0%	194.56	36.1%	1254.30	317.1%
01-01-2002	220.50	20.0%	3246.00	440.9%	215.10	23.1%	1055.30	395.8%
01-01-2003	181.65	45.7%	3390.00	418.0%	177.15	49.4%	1100.15	375.6%
01-01-2004	212.60	24.5%	5915.00	196.9%	209.49	26.4%	1912.25	173.6%
03-01-2005	144.35	83.4%	6679.00	162.9%	142.29	86.0%	2115.00	147.4%
02-01-2006	195.20	35.6%	9390.00	87.0%	192.11	37.8%	2835.95	84.5%
02-01-2007	216.45	22.3%	13942.00	25.9%	213.08	24.2%	4007.40	30.6%
01-01-2008	218.10	21.4%	20300.00	-13.5%	218.45	21.2%	6144.35	-14.8%
01-01-2009	250.75	5.6%	9903.46	77.3%	250.75	5.6%	3033.45	72.5%
04-01-2010	264.70	-	17558.73	-	264.70	-	5232.20	-

Source: Bloomberg

All comparisons are with respect to 4th January, 2010 (the reference date).

## Communication to Shareholders

Effective communication of information is an essential component of corporate governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders and promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as result announcement, annual report, media releases, Company's website and subject specific communications.

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Hindu Business Line. These results are also made available on the website of the Company [www.hul.co.in](http://www.hul.co.in). The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

The investors section of the Company's website provides more than 50 frequently asked questions on various topics related to transfers and transmission of shares,

dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

In compliance with Clause 52 of the Listing Agreement, the Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges have also been filed under Corporate Filing and Dissemination System (CFDS) and are available at [www.corpfiling.co.in](http://www.corpfiling.co.in).

## Investor Services

### Web-based Query Redressal System

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



# Corporate Governance (Contd.)

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

## Alternative Dispute Redressal

### Consumers

As a significant step towards placing consumers and stakeholders at the heart of all our business operations, the Company has appointed a retired High Court Judge as the Ombudsman for consumer disputes redressal. This is the first time an FMCG Company has appointed an independent and expert mediation procedure for the benefit of the consumers. This unique initiative is aimed at resolving issues in a transparent manner.

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

The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Ombudsman's decision is binding on the Company, though it may not be binding on the consumer. We expect that such an independent dispute resolution mechanism will further reinforce our commitment & credibility with our consumers and also set new benchmarks for the industry.

### Shareholders

The Company in the year 2004 had pioneered the mechanism of providing the alternate dispute redressal for shareholders to resolve the shares related disputes pending before the parties by amicable settlement. The Company had started this unique initiative of organising Alternative Dispute Redressal meetings wherein aggrieved investors come face to face and get a chance to settle their disputes, some of which were pending for years.

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

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

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

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

### Address for Correspondence

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

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

#### Karvy Computershare Private Limited

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

#### Investor Service Department

Hindustan Unilever Limited  
165/166, Backbay Reclamation  
Mumbai - 400020  
Phone : +91 - 22-22855633 / 22850546  
Fax : +91 -22- 28249457  
Website : [www.hul.co.in](http://www.hul.co.in)

#### Compliance Officer

Mr. Dev Bajpai  
Executive Director-Legal & Company Secretary  
(w.e.f. 01.06.2010)  
Mr. Sridhar Ramamurthy  
Chief Financial Officer & Company Secretary  
(upto 31.05.2010)

E-mail : [hlshare.cmpt@unilever.com](mailto:hlshare.cmpt@unilever.com)  
Phone : +91 - 22 - 3983 2557, 32358, 32532, 32312

# Corporate Governance (Contd.)

## Mergers & Demergers

Name of the Company	Merger / Demerger	Appointed date	Effective date	Date of allotment	Share Ratio	Value of fraction (Rs.)
Kothari General Foods Corporation Limited	Brooke Bond India Limited	1-Jan-92	1-Jan-92	30-Jun-92	21:1	7.00
Tea Estates India Limited	Brooke Bond India Limited	1-Jan-93	1-Jun-93	24-Aug-93	10:12	35.25
Doom Dooma India Limited	Brooke Bond India Limited	1-Jan-93	1-Jun-93	24-Aug-93	10:11	35.25
Kissan Products Limited	Brooke Bond India Limited	1-Apr-93	20-Jan-94	22-Jan-94	1:100	Not Applicable
Lipton India Limited	Brooke Bond India Limited [Name changed to Brooke Bond Lipton India Limited]	1-Jul-93	9-Mar-94	16-May-94	10:9	48.99
The Tata Oil Mills Company Limited	Hindustan Lever Limited#	1-Apr-93	28-Dec-94	5-Apr-95	15:2	38.86
Brooke Bond Lipton India Limited	Hindustan Lever Limited#	1-Jan-96	21-Mar-97	16-May-97	20:9	52.82
Pond's (India) Limited	Hindustan Lever Limited#	1-Jan-98	15-Oct-98	3-Mar-99	4:3	525.00
Industrial Perfumes Limited	Hindustan Lever Limited#	1-Jan-99	9-Feb-00	23-Feb-00	5:2	Not Applicable
International Bestfoods Limited	Hindustan Lever Limited#	1-Jun-01	26-Sep-01	20-Oct-01	3:2*	73.84
Aviance Limited	Hindustan Lever Limited#	1-Jul-01	25-Sep-01	Not Applicable	Not Applicable	Not Applicable
Tea Estates India Limited (Formerly known as 'Thiashola Tea Company Limited')	Demerger from Hindustan Lever Limited#	1-Apr-05	1-Dec-05	2-Dec-05	^	Not Applicable
Doom Dooma Tea Company Ltd (Formerly known as Daverashola Tea Company Limited')	Demerger from Hindustan Lever Limited#	1-Apr-05	1-Dec-05	2-Dec-05	^^	Not Applicable
Lever India Exports Limited	Hindustan Lever Limited#	1-Apr-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
Lipton India Exports Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
Merryweather Food Products Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
TOC Disinfectants Limited	Hindustan Lever Limited#	1-Apr-05	30-Dec-05	26-Apr-06	500:1 **	Not Applicable
International Fisheries Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	26-Apr-06	1:1***	Not Applicable
Vashisti Detergents Limited	Hindustan Lever Limited#	1-Jul-05	28-Feb-06	10-Apr-06	10:1****	28.00
Modern Food Industries (India) Limited & Modern Food and Nutrition Industries Limited	Hindustan Lever Limited#	1-Oct-06	30-Mar-07	Not Applicable	Not Applicable	Not Applicable
Shamnagar Estates Private Limited, Jamnagar Properties Private Limited and Daverashola Estates Private Limited (Formerly known as Hindustan Kwaliti Walls Foods Private Limited)	Demerger from Hindustan Lever Limited#	1-Nov-06	29-Mar-07	Not Applicable	^^^	Not Applicable
Brooke Bond Real Estates Private Limited	Demerger from Hindustan Unilever Limited	1-Apr-08	1-Sep-08	Not Applicable	^^^^	Not Applicable
Bon Limited	Hindustan Unilever Limited	1-Apr-09	28-Apr-10	Not Applicable	Not Applicable	Not Applicable

\* Swap based on Rs. 10/- share of International Bestfoods Limited for Re. 1/- share of Hindustan Lever Limited

\*\* Swap based on Rs. 5/- share of TOC Disinfectants Limited for Re. 1/- share of Hindustan Lever Limited

\*\*\* Swap based on Rs. 100/- share of International Fisheries Limited for Re. 1/- share of Hindustan Lever Limited

\*\*\*\* Swap based on Rs. 10/- share of Vashisti Detergents Limited for Re. 1/- share of Hindustan Lever Limited

^ 49,50,000 Equity Shares of Rs. 10/- each and 10,00,000 Preference Shares of Rs. 100/- each were allotted to Hindustan Lever Limited pursuant to the demerger by Tea Estates India Limited

^^ 4,88,000 Equity Shares of Rs. 100/- each and 10,00,000 Preference Shares of Rs. 100/- each were allotted to Hindustan Lever Limited pursuant to the demerger by Doom Dooma Tea Company Ltd

^^^ 1,50,00,000 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger by Shamnagar Estates Private Limited. 50,00,000 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger by Jamnagar Properties Private Limited. 1,71,700 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger, by Daverashola Estates Private Limited

^^^^ 1,29,36,000 Equity Shares of Rs. 10/- each were allotted to Hindustan Unilever Limited pursuant to demerger by Brooke Bond Real Estates Private Limited

# Name changed to Hindustan Unilever Limited w.e.f. from 11th June, 2007

# Corporate Governance (Contd.)

## Plant Locations

As mentioned at page nos. 140 & 141 of this Report.

## Information pursuant to Clause 32 of the Listing Agreement

Loans and advances in the nature of loan to subsidiaries:

Name of the Company	Rs. Crores	
	Balance as at 31st March, 2010	Maximum outstanding during the year
Lakme Lever Private Limited	9.50	9.50
Brooke Bond Real Estate Private Limited	0.30	0.30
Pond's Export Limited	1.00	5.00

## CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To the Board of Directors  
Hindustan Unilever Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Hindustan Unilever Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2010 and based on our knowledge and belief, we state that :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps have been taken or proposed to be taken to rectify these deficiencies.
- e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - i) significant changes, if any, in the internal control over financial reporting during the year;
  - ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

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

Mumbai  
May 25, 2010

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

# Corporate Governance (Contd.)

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

**To the members of Hindustan Unilever Limited**

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

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

For **Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**  
Partner  
Membership no. 43229

Mumbai: 25th May, 2010



# Significant Accounting Policies

## Basis for preparation of accounts

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

## Revenue Recognition

Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced) but include, where applicable, export incentives such as duty drawbacks and premiums on sale of import licences. It does not include inter-divisional transfers.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Income from services rendered is booked based on agreements / arrangements with the concerned parties.

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

Dividend income on investments is accounted for when the right to receive the payment is established.

## Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities. Advertising expenses are charged against the profit of the year to which the activities relate.

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

## Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided (except in the case of leasehold land which is being amortised over the period of the lease) on the straight line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. However,

- certain employee perquisite-related assets are depreciated over four to six years, the period of the perquisite scheme.
- computers and related assets are depreciated over four years
- certain assets of the cold chain are depreciated over four / seven years and
- motor vehicles are depreciated over six years

Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable values.

## Goodwill and other Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. Goodwill and other Intangible assets (except computer software) are amortised over the assets' useful life not exceeding 10 years. Computer software is amortised over a period of 5 years on the straight line method.

## Impairment of Assets

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

## Investments

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

## Inventories

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

## Sundry Debtors and Loans and Advances

Sundry debtors and Loans and Advances are stated after making adequate provisions for doubtful balances.

## Provisions

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

# Significant Accounting Policies (Contd.)

## Retirement / Post Retirement Benefits

Contributions to Defined Contribution schemes such as Provident Fund, etc. are charged to the Profit and Loss account as incurred. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions. The Company also provides for retirement / post-retirement benefits in the form of gratuity, pensions, leave encashment and medical. Such benefits are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as an expense as and when incurred.

## Taxes on Income

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient

future taxable income will be available against which such deferred tax assets can be realised.

## Foreign Currency Translations

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

Forward exchange contracts outstanding as at the period end on account of firm commitment/highly probable forecast transaction are marked to market and the resultant gain/loss is dealt in the profit and loss account.

## Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies for segment reporting :

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

# Profit and Loss Account

For the year ended 31st March, 2010

Figures in brackets represent deductions

	Notes	12 Months Ended 31st March, 2010	Rs. Crores 15 Months Ended 31st March, 2009
<b>INCOME</b>			
Sales (net of excise)	1	17,523.80	20,239.33
Other income			
(Current year: net of Mark to Market Loss - refer note 8.ii)	2	349.64	589.72
<b>Total</b>		<b>17,873.44</b>	<b>20,829.05</b>
<b>EXPENDITURE</b>			
Operating expenses	3 - 5	(14,975.36)	(17,583.31)
Depreciation		(184.03)	(195.30)
Interest	6	(6.98)	(25.32)
<b>Total</b>		<b>(15,166.37)</b>	<b>(17,803.93)</b>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL / EXTRAORDINARY ITEMS</b>			
		<b>2,707.07</b>	<b>3,025.12</b>
Taxation for the year			
- current tax		(626.23)	(535.86)
- deferred tax		(22.13)	(0.02)
- Fringe benefit tax		-	(37.06)
Taxation adjustments of previous years (net)	15	43.97	48.53
<b>PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL / EXTRAORDINARY ITEMS</b>			
		<b>2,102.68</b>	<b>2,500.71</b>
Exceptional/Extraordinary items (net of tax)	11	99.35	(4.26)
<b>NET PROFIT</b>			
		<b>2,202.03</b>	<b>2,496.45</b>
Balance brought forward		531.66	197.50
Profit and Loss Balance of Bon Limited (note 12)		(55.33)	-
<b>Available for distribution</b>			
		<b>2,678.36</b>	<b>2,693.95</b>
<b>Dividends :</b>			
On equity shares:			
Interim - Rs. 3.00 per share - declared on 31st October, 2009 (2009:Rs.3.50 per share)		(654.35)	(762.56)
(includes Rs 0.08 Crores on Final Dividend for 2009)			
Final - Rs. 3.50 per share - proposed (2009: Rs.4.00 per share)		(763.59)	(871.95)
Tax on distributed profits			
(includes Rs. 0.01 Crores on Final Dividend for 2009)		(238.03)	(277.78)
Transfer to General Reserve		(220.20)	(250.00)
<b>Balance carried forward</b>			
		<b>802.19</b>	<b>531.66</b>
<b>Earnings Per Share (Rs.)</b>			
- Basic (Face value of Re.1 each)	13	10.10	11.46
- Diluted (Face value of Re.1 each)		10.08	11.44

For notes, statements, additional information, segment information, related party disclosures and accounting policies  
See pages: 62, 63, 68 to 71, 85 to 89 and 91 to 99

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229

Mumbai : 25th May, 2010

**NITIN PARANJPE**  
Managing Director and CEO

**D.S. PAREKH**  
Chairman - Audit Committee

Mumbai : 25th May, 2010

**SRIDHAR RAMAMURTHY**  
CFO & Company Secretary

**VIVEK SUBRAMANIAN**  
Group Controller

# Balance Sheet

As at 31st March, 2010

Figures in brackets represent deductions

	Schedule	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital	1	218.17	217.99
Reserves and surplus	2	2,365.35	1,843.52
		2,583.52	2,061.51
<b>Loan funds</b>			
Secured loans	3	-	144.65
Unsecured loans	4	-	277.29
		2,583.52	421.94
		2,583.52	2,483.45
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		3,581.96	2,881.73
Depreciation and impairment loss		(1,419.85)	(1,274.95)
Net block	5	2,162.11	1,606.78
Capital work-in-progress		273.96	472.06
		2,436.07	2,078.84
<b>Investments</b>	6	1,264.08	332.62
<b>Deferred Tax</b>			
Deferred Tax Assets	14	451.13	439.09
Deferred Tax Liabilities	15	(202.31)	(184.26)
		248.82	254.83
<b>Current assets, loans and advances</b>			
Inventories	7	2,179.93	2,528.86
Sundry debtors	8	678.44	536.89
Cash and bank balances	9	1,892.21	1,777.35
Other current assets	10	16.62	15.74
Loans and advances	11	600.56	742.12
		5,367.76	5,600.96
<b>Current liabilities and provisions</b>			
Liabilities	12	(5,291.66)	(4,255.82)
Provisions	13	(1,441.55)	(1,527.98)
		(6,733.21)	(5,783.80)
<b>Net current assets</b>		(1,365.45)	(182.84)
		2,583.52	2,483.45

For schedules, contingent liabilities, additional information, segment information, related party disclosures and accounting policies  
See pages: 62, 63, 72 to 84 and 91 to 99

Signatures to pages : 62, 63, 65, 72 to 84 and 91 to 99

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229

Mumbai : 25th May, 2010

**NITIN PARANJPE**  
Managing Director and CEO

**D.S. PAREKH**  
Chairman - Audit Committee

Mumbai : 25th May, 2010

**SRIDHAR RAMAMURTHY**  
CFO & Company Secretary

**VIVEK SUBRAMANIAN**  
Group Controller



# Cash Flow Statement

For the year ended 31st March, 2010

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before taxation and exceptional / extra-ordinary items	2,707.07	3,025.12
Adjustments for :		
Depreciation	184.03	195.30
Surplus on disposal of investments (net)	(19.54)	(53.90)
Reversal of provision for diminution in value of investments, net of cost over fair value of current investments (net)	-	(3.09)
Deficit on disposal of fixed assets (net)	7.19	9.27
Interest income	(93.91)	(80.94)
Dividend income	(34.65)	(70.71)
Interest expenditure	6.98	25.32
	50.10	21.25
Operating Profit before Working Capital Changes	2,757.17	3,046.37
Adjustments for :		
Trade and Other Receivables	(16.12)	(151.88)
Inventories	348.92	(575.25)
Trade Payables and Other Liabilities	1,096.14	398.21
	1,428.94	(328.92)
Cash generated from operations	4,186.11	2,717.45
Taxes paid (net of refunds)	(661.74)	(633.65)
<b>Cash flow before exceptional / extraordinary items</b>	<b>3,524.37</b>	<b>2,083.80</b>
<b>Exceptional :</b>		
Compensation paid under Voluntary Separation Schemes and amount paid for an industrial dispute relating to a closed factory	(84.97)	(35.99)
Transitional cost due to consolidation of offices / factories	(6.65)	(16.41)
Amounts paid for other restructuring activities	(0.38)	(4.24)
<b>Extraordinary :</b>		
Consideration received on disposal of Bertolli brand	-	1.50
<b>Net Cash from Operating Activities.....A</b>	<b>3,432.37</b>	<b>2,028.66</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(570.08)	(636.13)
Sale of fixed assets	13.27	6.64
Purchase of investments	(6,128.94)	(12,482.27)
Investment in subsidiary Company	(5.15)	(0.68)
Sale of investments	5,207.15	13,649.75
Interest received	96.55	77.59
Dividend received	34.65	70.71



# Cash Flow Statement

For the year ended 31st March, 2010 (Contd.)

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Cash flow before exceptional / extra-ordinary items</b>	<b>(1,352.55)</b>	<b>685.61</b>
<b>Exceptional :</b>		
Consideration received on disposal of unused land and building (including residential properties)	100.77	172.20
Consideration received on disposal of a long term investment	91.13	20.38
Consideration received on sale of a business to a subsidiary (including non-compete fees)	3.30	-
Consideration received on disposal of a subsidiary	19.89	-
<b>Net Cash (used in)/from Investing Activities.....B</b>	<b>(1,137.46)</b>	<b>878.19</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividends paid	(1,523.27)	(1,435.96)
Tax on distributed profits	(259.39)	(240.61)
Interest paid	(6.98)	(25.32)
Bank overdrafts, etc (net)	(49.37)	(37.99)
Proceeds from borrowings	-	1,280.86
Proceeds from share allotment under Employee Stock option scheme	31.27	38.12
Repayments of borrowings	(372.58)	(909.46)
<b>Net Cash used in Financing Activities.....C</b>	<b>(2,180.32)</b>	<b>(1,330.36)</b>
<b>Net Increase in Cash and Cash equivalents....(A+B+C)</b>	<b>114.59</b>	<b>1,576.49</b>
<b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>	<b>1,777.35</b>	<b>200.86</b>
<b>Cash and Cash equivalents as at 1st April, 2009 of Bon Limited (Refer note 12 to Profit and Loss account)</b>	<b>0.27</b>	<b>-</b>
<b>Cash and Cash equivalents as at period end (Closing Balance)</b>	<b>1,892.21</b>	<b>1,777.35</b>

For notes see page: 90

Signatures to pages : 66, 67 and 90

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229

Mumbai : 25th May, 2010

**NITIN PARANJPE**  
Managing Director and CEO

**D.S. PAREKH**  
Chairman - Audit Committee

Mumbai : 25th May, 2010

**SRIDHAR RAMAMURTHY**  
CFO & Company Secretary

**VIVEK SUBRAMANIAN**  
Group Controller

# Notes

## To Profit and Loss Account

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>INCOME</b>		
<b>1 Sales</b>	18,220.27	21,649.51
Less: Excise duty	(696.47)	(1,410.18)
	<b>17,523.80</b>	<b>20,239.33</b>
Sales include duty drawback and licence premium on exports	22.12	34.20
<b>2 Other income</b>		
Income from services rendered	242.07	299.66
Interest income - bank and other accounts (gross)	89.07	59.78
(Tax deducted at source Rs 12.79 Crores; 2009 - Rs. 11.75 Crores)		
Interest income - non trade (gross) (Note 7)	4.10	18.46
(Tax deducted at source Rs. Nil ; 2009 - Rs. Nil Crores )		
Interest income - Subsidiary - current (gross)	0.75	2.70
(Tax deducted at source Rs 0.10 Crores; 2009 - Rs. 0.63 Crores )		
Dividend income - trade - long term (gross)	8.27	11.73
Dividend income - non trade - current (gross)	5.58	44.03
Dividend income - Subsidiaries - long term (gross)	20.80	14.95
(Tax deducted at source Rs. 1.03 Crores ; 2009 - Rs. 1.38 Crores )		
Surplus on disposal of current investments (net)	19.54	53.90
Miscellaneous income (Current year: net of Mark to Market loss-refer note 8.ii)	(40.54)	84.51
	<b>349.64</b>	<b>589.72</b>
<b>OPERATING EXPENSES</b>		
<b>3 Materials consumed and Purchase of goods</b>		
Raw materials consumed	5,252.26	6,697.37
Packing materials consumed	1,356.61	1,689.17
Purchase of goods	2,291.74	2,845.07
<b>4 General expenditure</b>		
Salaries, wages, bonus, etc.	816.50	1,012.95
Contribution to provident and other funds	57.03	70.87
Workmen and staff welfare expenses	62.77	68.30
Processing charges	179.35	210.40
Consumption of stores and spare parts	103.36	120.56
Repairs and maintenance - Buildings	7.44	13.51
- Plant	75.05	86.94
- Others	7.16	10.35
Power, light, fuel and water	244.34	301.37
Rent	188.98	199.75
Rates and taxes	53.76	80.21
Insurance	4.29	4.91
Advertising and sales promotion	2,391.43	2,130.92
Carriage and freight	867.62	1,136.68
Agents' commission and brokerage	3.07	10.14
Provision / (write back) for doubtful debts and advances (net)	(1.33)	16.00

# Notes

## To Profit and Loss Account (Contd.)

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Travelling and motor car expenses	129.02	203.31
Deficit on fixed assets sold, scrapped, etc. (net)	7.19	9.27
Miscellaneous expenses (Note 8.ii and 10)	901.16	1,087.85
Expenses shared by subsidiary companies for use of common facilities	(0.72)	(1.03)
<b>5 Stocks</b>		
Opening stocks: - Work-in-progress	186.56	41.47
- Processed chemicals	1.75	0.12
- Finished goods	1,099.46	811.85
Closing stocks : - Work-in-progress	(247.82)	(186.56)
- Processed chemicals	-	(1.75)
- Finished goods	(1,059.42)	(1,099.46)
Excise Duty on Increase/(Decrease) of Finished goods	(3.25)	12.77
	<b>14,975.36</b>	<b>17,583.31</b>

- 6** Interest paid on bank and other accounts Rs. 6.98 Crores (2009 - Rs. 25.32 Crores), including on fixed period loan Rs. 3.62 Crores (2009 - Rs. 1.01 Crores)
- 7** Interest income - non trade (gross) comprises of Rs. 4.10 Crores (2009 - Rs. 17.09 Crores) and Rs. Nil (2009 - Rs. 1.37 Crores) in respect of long term and current investments respectively.
- 8. i** The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled / appropriate rates applicable at the year end) debited to the Profit and Loss Account is Rs. 50.85 Crores (2009 - credit Rs. 32.68 Crores).
- ii** The above includes loss of Rs. 56.33 Crores (2009 - gain Rs. 61.23 Crores) included under miscellaneous income on account of mark to market valuation of open forward contracts and monetary items (viz. foreign currency receivables and payable) in line with AS - 11

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>9 Operating expenses include</b>		
<b>A) Auditors' remuneration and expenses</b>		
i) Audit fees	2.76	2.56
ii) Tax audit fees	0.69	1.26
iii) Fees for other services	2.01	1.77
iv) Reimbursement of out-of-pocket expenses	0.15	0.15
<b>B) Payments to Cost auditors</b>		
i) Cost audit fees	0.10	0.07
ii) Reimbursement of out-of-pocket expenses	0.01	0.00
<b>C) Research and Development expenses</b>	<b>81.08</b>	<b>74.47</b>

## 10 Miscellaneous expenses

- i) is net of credit for write back of charge in respect of excess of cost over fair value of current investments Rs. Nil Crores [2009 - credit Rs. 3.09 Crores (net)]

# Notes

## To Profit and Loss Account (Contd.)

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>11 Exceptional / Extraordinary Items</b>		
<b>A) Exceptional Items</b>		
i) Profit arising from disposal of unused land and building (including residential properties)	91.01	167.63
ii) Profit arising on disposal of a long term investment	91.10	18.86
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes, mainly due to higher interest rates (net of impact on account of revised gratuity limits)	53.36	-
iv) Profit on sale of business to a subsidiary (including non-compete fees)	2.20	-
<b>Total exceptional income</b>	<b>237.67</b>	<b>186.49</b>
v) Provision against advance given to a fully owned subsidiary	-	(9.30)
vi) Provision for remediation of a site	-	(25.00)
vii) Incremental provision for retirement benefits arising out of change in actuarial assumptions, due to lower interest rates.	-	(60.49)
viii) Restructuring costs across businesses comprising:		
a) Compensation under Voluntary Separation Schemes and settlement amount payable in an industrial dispute relating to a closed factory	(174.38)	(67.14)
b) Transitional cost due to consolidation of offices / factories	(7.46)	(19.05)
c) Write-down of fixed assets for closed units	-	(15.69)
d) Other Costs	(0.38)	(6.12)
<b>Total exceptional expenditure</b>	<b>(182.22)</b>	<b>(202.79)</b>
<b>Net</b>	<b>55.45</b>	<b>(16.30)</b>
Taxation on the above - Credit / (Charge) on current tax	(28.09)	(21.62)
- Credit / (Charge) on deferred tax	16.11	42.47
<b>Total tax credit / (charge) - net</b>	<b>(11.98)</b>	<b>20.85</b>
<b>Exceptional items (net of tax)</b>	<b>43.47</b>	<b>4.55</b>
<b>B) Extraordinary Items</b>		
i) Profit arising on disposal of a brand	-	1.50
ii) Profit on disposal of a subsidiary (Shamnagar Property)	4.89	-
iii) Reversal of provision against advance and diminution in value of investments in a subsidiary, consequent to amalgamation (note 12)	52.10	-
<b>Total extraordinary income</b>	<b>56.99</b>	<b>1.50</b>
iv) Provision for diminution in the value of investment in a fully owned subsidiary	-	(9.80)
<b>Total extraordinary expenditure</b>	<b>-</b>	<b>(9.80)</b>
<b>Net</b>	<b>56.99</b>	<b>(8.30)</b>
Taxation on the above - Credit / (Charge) on current tax	(1.11)	(0.51)
<b>Total tax credit / (charge) - net</b>	<b>(1.11)</b>	<b>(0.51)</b>
<b>Extraordinary items (net of tax)</b>	<b>55.88</b>	<b>(8.81)</b>
<b>Total of Exceptional / Extraordinary Items (A+B)</b>	<b>99.35</b>	<b>(4.26)</b>



# Notes

## To Profit and Loss Account (Contd.)

- 12** Pursuant to the Scheme of amalgamation of erstwhile subsidiary Bon Limited with the Company, as sanctioned by the Honourable High Court of Bombay on 16th April, 2010, the assets and liabilities of Bon Limited were transferred to and vested in the Company with effect from 1st April 2009. The scheme has accordingly been given effect to in these accounts. The amalgamation has been accounted for under the pooling of interests method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and other reserves of the erstwhile subsidiary as at the aforementioned date have been taken over at their book values. There has been no adjustment required to be made for the differences in the accounting policies between the Companies.

	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>13 Earnings Per Share has been computed as under:</b>		
Net Profit (Rs. Crores)	2,202.03	2,496.45
Weighted average number of Equity shares outstanding	2,180,819,678	2,178,639,191
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	10.10	11.46
Weighted average number of Equity shares (including dilutive) outstanding	2,183,954,984	2,183,140,719
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	10.08	11.44

- 14** The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the profit and loss account (refer Note 4).
- 15** Taxation adjustments of previous years include interest, etc.
- 16** For information on Joint Ventures refer Schedule 22 to the Balance Sheet.
- 17. i** The current year's figures are not comparable to those of previous year which relates to 15 months period ended 31st March, 2009
- ii Previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.

# Schedules

## To Balance Sheet

STANDALONE

		Rs. Crores	
		As at 31st March, 2010	As at 31st March, 2009
<b>1 CAPITAL</b>			
<b>Authorised</b>			
2,250,000,000 equity shares of Re. 1 each		225.00	225.00
<b>Issued and subscribed</b>			
2,181,686,781 (2009: 2,179,876,077) equity shares of Re. 1 each fully called and paid up		218.17	217.99
Of the above shares			
i) 1,134,849,460 Shares of Re. 1 each are held by Unilever PLC., the holding Company, and its subsidiaries including 794,806,750 shares of Re.1 each held by Unilever PLC.			
ii) 795,379,675 Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.			
iii) 1,316,854,620 Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.			
		218.17	217.99

### Note:

The Company has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st March, 2010 are 3,135,306 (2009 - 4,762,792). Of these 545,005 (2009 - 823,005) options have vested in 2004, 874,597 (2009 - 1,192,733) have vested in 2005, 810,160 (2009 - 1,303,310) have vested in 2006, 403,744 have vested in 2007 (2009 - 627,744) and 501,800 have vested in 2008 (2009 - 816,000). During the year 1,810,704 (2009 - 2,412,722) options were exercised and equivalent shares were issued.

				Rs. Crores
	As at 31st March, 2009	Additions	Deductions	As at 31st March, 2010
<b>2. RESERVES AND SURPLUS</b>				
<b>Capital Reserves</b>				
Capital Reserve	4.22			4.22
Capital Subsidy	5.04			5.04
Capital Redemption Reserve	4.17			4.17
Share Premium Account	39.19	(d) 31.99		71.18
Revaluation Reserve	0.67			0.67
Other Reserves (c)	2.51			2.51
Employee Stock Options (e)	4.05		(0.89)	3.16
<b>Total Capital Reserves</b>	<b>59.85</b>	<b>31.99</b>	<b>(0.89)</b>	<b>90.95</b>
<b>Revenue Reserves</b>				
Export Profit Reserve	12.22			12.22
Development Allowance Reserve	0.27			0.27
General Reserve	1,239.52	(a) 220.20		1,459.72
<b>Total Revenue Reserves</b>	<b>1,252.01</b>	<b>220.20</b>	<b>-</b>	<b>1,472.21</b>
<b>PROFIT AND LOSS ACCOUNT BALANCE</b>	<b>531.66</b>	<b>(a) 802.19</b>	<b>(b) (531.66)</b>	<b>802.19</b>
<b>TOTAL RESERVES-31st March, 2010</b>	<b>1,843.52</b>	<b>1,054.38</b>	<b>(532.55)</b>	<b>2,365.35</b>
<b>TOTAL RESERVES-31st March, 2009</b>	<b>1,221.49</b>	<b>820.85</b>	<b>(198.82)</b>	<b>1,843.52</b>

# Schedules

## To Balance Sheet (Contd.)

### 2. RESERVES AND SURPLUS (Contd.)

- a) Transfer from profit and loss account
- b) Transfer to profit and loss account
- c) Not available for capitalisation / declaration of dividend / share valuation.
- d) Represents additions arising from allotment of shares under Employees Stock Option / Performance Share Plan Rs. 31.10 Crores (2009: Rs. 37.88 Crores) and a transfer as stated in (e) below (2009: Rs 1.31 crores).
- e) Employee Stock Options:

	As at 31st March, 2009	Additions	Deductions	Rs. Crores As at 31st March, 2010
Employee Stock Options Outstanding	7.52	-	-	7.52
Less:- Transfer to share premium on exercise of options	(3.47)	-	(0.89)	(4.36)
Employee Stock Options	4.05	-	(0.89)	3.16

	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>3. SECURED LOANS</b>		
Loans and Advances from Banks:		
- Bank overdrafts	-	25.65
Secured by hypothecation of stocks, book debts, etc.		
Other Loans and Advances		
- Export Packing Credit	-	119.00
Secured by a pari passu charge on stocks and book debts		
	-	144.65
<b>4. UNSECURED LOANS</b>		
Short - term loans and advances:		
From Banks		
- Working capital loan	-	250.00
- Overdrawn book balance on current account	-	23.72
- Export Packing Credit	-	3.23
Other loans and advances		
- Other than from banks	-	0.34
[repayable within one year Rs. Nil (2009 - Rs. 0.24 crores)]		
	-	277.29

# Schedules

## To Balance Sheet (Contd.)

STANDALONE

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost/ Valuation as at 31st March, 2009	Additions	Deduc- tions/ Transfers (d)	Cost/ Valuation as at 31st March, 2010	As at 31st March, 2009	Additions	Deduc- tions/ Transfers (d)	As at 31st March, 2010	As at 31st March, 2009
<b>5 FIXED ASSETS</b>									
Land - Freehold	54.83	21.82	(0.22)	76.43	-	-	-	76.43	54.83
- Lease Hold	32.93	-	(0.35)	32.58	3.67	0.40	(0.02)	28.53	29.26
Buildings (a)	661.20	269.84	(22.13)	908.91	156.80	19.60	(6.01)	738.52	504.40
Plant & machinery	1,720.77	434.15	(32.60)	2,122.32	829.52	133.57	(20.08)	1,179.31	891.25
Railway sidings	0.01	-	-	0.01	0.01	-	-	-	-
Furniture & Fixtures & Office Equipments	150.98	38.20	(13.79)	175.39	94.18	9.80	(12.58)	83.99	56.80
Trade Marks	144.85	-	-	144.85	144.85	-	-	-	-
Goodwill	11.82	-	-	11.82	11.82	-	-	-	-
Software	101.21	5.77	-	106.98	31.24	20.52	-	55.22	69.97
Motor Vehicles	3.13	-	(0.46)	2.67	2.86	0.14	(0.44)	0.11	0.27
<b>Total - 31st March, 2010</b>	<b>2,881.73</b>	<b>769.78</b>	<b>(69.55)</b>	<b>3,581.96</b>	<b>1,274.95</b>	<b>184.03</b>	<b>(39.13)</b>	<b>2,162.11</b>	<b>1,606.78</b>
<b>- 31st March, 2009</b>	<b>2,669.08</b>	<b>322.94</b>	<b>(110.29)</b>	<b>2,881.73</b>	<b>1,146.57</b>	<b>195.30</b>	<b>(66.92)</b>	<b>1,606.78</b>	

### NOTES :

- Buildings include Rs. 0.02 Crores (2009 - Rs. 0.02 Crores ) being the value of shares in co-operative housing societies.
- The title deeds of immovable properties aggregating Rs. 42.93 Crores (2009 - Rs. 46.22 Crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
- Capital expenditure commitments - Rs. 190.31 Crores (2009 - Rs. 132.30 Crores).
- Includes transfer pursuant to the sale of business to Lakme Lever Pvt. Ltd, a fully owned subsidiary.

# Schedules

## To Balance Sheet (Contd.)

				Rs. Crores	
				As at 31st March, 2010	As at 31st March, 2009
<b>6 INVESTMENTS</b> (Long term, Unquoted, unless otherwise stated)					
<b>A INVESTMENTS IN GOVERNMENT SECURITIES</b>					
7 Year National Savings Certificates - II Issue				0.01	0.01
7.55 % Government of India Stock of Face Value Rs. 50.00 Crores (2008-09 - Nil)				51.26	-
(Stock aggregating Face Value of Rs. 515.00 Crores purchased during the year)					
(Stock aggregating Face Value of Rs. 465.00 Crores sold during the year)					
(Current Investments) (Quoted)					
Treasury Bills				341.07	-
of Face Value aggregating Rs. 346.89 Crores (2008-09 - Nil)					
(Bills aggregating Face Value of Rs. 3,670.64 Crores purchased during the year)					
(Bills aggregating Face Value of Rs. 3,323.75 Crores sold during the year)					
(Current Investments) (Quoted)					
<b>TOTAL - A</b>				<b>392.34</b>	<b>0.01</b>
<b>B INVESTMENTS IN SUBSIDIARY COMPANIES AT COST SHARES</b>					
Unilever India Exports Limited	2,510,000	Equity shares of Rs. 10 each fully paid	2.51	2.51	
Levers Associated Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05	
Levindra Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05	
Hindlever Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05	
Unilever Nepal Limited	736,560	Equity shares of Nepalese Rs. 100 each fully paid	4.60	4.60	
Bon Limited	-	Equity shares of Rs. 10 each fully paid (2008-09- 1,00,00,000) (Cancelled consequent to the merger with the Company. Refer Note 12 to Profit & Loss Account)	-	10.00	
Pond's Exports Limited	9,800,147	Equity shares of Rs. 10 each fully paid	9.80	9.80	
Lakme Lever Private Limited	5,200,000	Equity shares of Rs. 10 each fully paid (2009 : 50,000) (5,150,000 shares purchased during the year)	5.20	0.05	
Daverashola Estates Private Limited	221,700	Equity shares of Rs. 10 each fully paid	4.51	4.51	
Shamnagar Estates Private Limited	-	Equity shares of Rs. 10 each fully paid (15,000,000 shares sold during the year)	-	15.00	
Jamnagar Properties Private Limited	5,000,000	Equity shares of Rs. 10 each fully paid	5.00	5.00	
Brooke Bond Real Estates Private Limited	12,946,000	Equity shares of Rs. 10 each fully paid	12.95	12.95	
Hindustan Field Services Private Limited	637,500	Equity shares of Rs. 10 each fully paid	0.64	0.64	
<b>TOTAL - B</b>				<b>45.36</b>	<b>65.21</b>



# Schedules

## To Balance Sheet (Contd.)

			As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>6 INVESTMENTS (Contd.)</b> (Long term, Unquoted, unless otherwise stated)				
<b>C TRADE INVESTMENTS AT COST SHARES</b>				
Tata Chemicals Limited	5,032,000	Equity shares of Rs. 10 each fully paid (Quoted)	15.31	15.31
Capgemini Business Services (India) Limited	-	Ordinary shares of Rs. 100 each fully paid (2,450 shares sold during the year)	-	0.02
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs. 100 each fully paid (Cost Rs. 5,000)	0.00	0.00
Hi Tech Surfactants Limited	58,400	Equity shares of Rs. 10 each fully paid	0.06	0.06
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs. 100 each fully paid	2.66	2.66
	913,000	7% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid	9.13	9.13
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00
Kimberly Clark Lever Private Limited	36,250,000	Equity shares of Rs. 10 each fully paid	36.25	36.25
Coffee Futures India Exchange Limited	1	Equity share of Rs. 10,000 each fully paid (Cost Rs. 10,000)	0.00	0.00
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs. 100 each fully paid	0.02	0.02
<b>TOTAL - C</b>			<b>63.43</b>	<b>63.45</b>
<b>D NON-TRADE INVESTMENTS AT COST SHARES, DEBENTURES, BONDS &amp; OTHERS</b>				
Comfund Financial Services India Limited	240,000	Equity shares of Rs. 10 each fully paid	0.24	0.24
Assam Bengal Cereals Limited	8,284	Equity shares of Rs. 10 each fully paid	0.01	0.01
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs. 1,000 : Cost Rs. 17,000)	0.00	0.00
Woodlands Hospital and Medical Research Centre Limited	1	5% Non-redeemable Registered Debenture stock (Face value Rs. 100 : Cost Rs. 591)	0.00	0.00
	44	1/2% Debentures of Rs. 100 each (Face value Rs. 100 : Cost Rs. 26,009)	0.00	0.00
Shillong Club Limited	56	5% Debentures of Rs. 100 each (Cost Rs. Nil)	0.00	0.00
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs. 100 each fully paid (Cost Rs. 20,000)	0.00	0.00
Biotech Consortium India Limited	100,000	Equity shares of Rs. 10 each fully paid	0.10	0.10
Scooters India Limited	10,000	Equity shares of Rs. 10 each fully paid (Quoted)	0.01	0.01
Annamallais Ropeway Company Limited	1,150	Ordinary shares of Rs. 100 each fully paid (Cost Rs. Nil)	0.00	0.00

# Schedules

## To Balance Sheet (Contd.)

			Rs. Crores	
			As at 31st March, 2010	As at 31st March, 2009
<b>6 INVESTMENTS (Contd.)</b>				
(Long term, Unquoted, unless otherwise stated)				
Saraswat Co-operative Bank Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00
Rural Electrification Board	-	5.50% Capital Gains Bonds of Rs. 10,000 each (2008-09-213,000)(213,000 bonds Redeemed during the year)	-	213.00
	500	5.50% Capital Gains Bonds of Rs. 10,000 each	0.50	0.50
<b>OTHERS</b>				
Certificates of Deposit		- State Bank of Bikaner & Jaipur of the Face Value of Rs. 25.00 Crores (2008-09-Rs. 10.00 Crores) (Rs. 125.00 Crores purchased during the year) (Rs. 110.00 Crores sold during the year) (Current Investments) (Quoted)	24.59	9.91
		- State Bank of Mysore of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 65.00 Crores purchased during the year) (Rs. 40.00 Crores sold during the year) (Current Investments) (Quoted)	24.62	-
		- State Bank of Indore (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)	-	-
		- Canara Bank of the Face Value of Rs. 45.00 Crores (2008-09-Nil) (Rs. 70.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)	44.39	-
		- Bank of India (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)	-	-
		- Bank of Baroda of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Current Investments) (Quoted)	24.42	-
		- Standard Chartered Bank of the Face Value of Rs. 175.00 Crores (2008-09-Nil) (Rs. 175.00 Crores purchased during the year) (Current Investments) (Quoted)	173.22	-

# Schedules

## To Balance Sheet (Contd.)

			Rs. Crores	
			As at 31st March, 2010	As at 31st March, 2009
<b>6 INVESTMENTS (Contd.)</b>				
(Long term, Unquoted, unless otherwise stated)				
<b>OTHERS (Contd.)</b>				
		- ICICI Bank of the Face Value of Rs. 50.00 Crores (2008-09-Nil) (Rs. 50.00 Crores purchased during the year) (Current Investments) (Quoted)	49.08	-
		- Citi Bank of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Current Investments) (Quoted)	24.90	-
		- State Bank of Trivancore of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 75.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)	24.75	-
Birla Sun Life Mutual Fund	123,285,364	Units Birla Sun Life Short Term Fund - Institutional - Daily Dividend (207,885,663 Units Purchased, 2,351,877 Units cumulated, 86,952,176 Units sold during the year) (Current Investments)	123.35	-
ICICI Prudential Mutual Fund	5,298,004	Units ICICI Prudential Floating Rate- Plan D - Daily Dividend (Face Value - Rs. 100) (67,358,257 Units Purchased, 290,756 Units cumulated, 62,351,009 Units sold during the year) (Current Investments)	52.99	-
		- Units ICICI Prudential Floating Rate-Plan D - Daily Dividend (Face Value - Rs. 10) (207,956,329 Units Purchased, 224,601 Units cumulated, 208,180,930 Units sold during the year) (Current Investments)	-	-
IDFC Mutual Fund	144,868,017	Units IDFC Money Manager Fund-Investment Plan- Inst Plan B - Daily Dividend (144,782,826 Units Purchased, 85,191 Units cumulated during the year) (Current Investments)	145.09	-
Kotak Mahindra Mutual Fund	60,028,309	Units Kotak Floater Long Term - Daily Dividend (60,021,032 Units Purchased, 7,277 Units cumulated during the year) (Current Investments)	60.51	-
<b>TOTAL-D</b>			<b>772.77</b>	<b>223.77</b>
<b>TOTAL A+B+C+D</b>			<b>1,273.90</b>	<b>352.44</b>
Provision for diminution in value of Long term investments			<b>(9.82)</b>	<b>(19.82)</b>
<b>TOTAL</b>			<b>1,264.08</b>	<b>332.62</b>
Aggregate book value of investments		Unquoted	466.46	307.40
		Quoted - Market Value Rs. 953.58 crores (2008-09 -Rs. 71.09 crores)	797.62	25.22
<b>TOTAL</b>			<b>1,264.08</b>	<b>332.62</b>

# Schedules

## To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>7 INVENTORIES</b> (at lower of cost and net realisable value)		
Stores and spare parts, etc.	45.74	38.97
Raw materials (Includes in transit- Rs. 51.65 crores, 2009-Rs. 45.48 crores)	745.31	1,080.02
Packing materials	81.15	121.61
Work-in-progress	247.82	186.56
Processed chemicals	-	1.75
Finished goods (Includes in transit- Rs. 63.86 crores, 2009-Rs. 20.40 crores)	1,059.42	1,099.46
Property Development Activity - Work-in-progress	0.49	0.49
	<b>2,179.93</b>	<b>2,528.86</b>
<b>8 SUNDRY DEBTORS (unsecured)</b>		
Considered good		
Over 6 months old	61.57	26.47
Others	616.87	510.42
	678.44	536.89
Considered doubtful		
Over 6 months old	71.87	68.76
Others	-	-
	71.87	68.76
	750.31	605.65
Less: Provision for doubtful debts	(71.87)	(68.76)
	<b>678.44</b>	<b>536.89</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash on hand	1.06	0.88
Cheques on hand	49.11	-
With Scheduled banks	181.20	189.72
- on current accounts	1,660.84	1,586.75
- on deposit accounts		
	<b>1,892.21</b>	<b>1,777.35</b>
<b>10 OTHER CURRENT ASSETS</b>		
Income accrued on investments and deposits	13.10	15.74
Fixed assets held for sale (at lower of cost and net realisable value)	3.52	-
	<b>16.62</b>	<b>15.74</b>
<b>11 LOANS AND ADVANCES</b> (Unsecured, considered good unless otherwise stated)		
Advances and loans to subsidiaries		
Considered good	30.29	24.47
Considered doubtful	6.70	48.80
	36.99	73.27
Less: Provision for doubtful advances	(6.70)	(48.80)
	<b>30.29</b>	<b>24.47</b>

# Schedules

## To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
Advances recoverable in cash or in kind or for value to be received including :-	439.34	561.15
Rs. 117.14 Crores (2009 - Rs. 133.83 Crores) not due within one year		
Considered doubtful	35.54	39.98
	474.88	601.13
Less: Provision for doubtful advances	(35.54)	(39.98)
	439.34	561.15
Deposits with Customs, Port Trust, Excise, etc.	130.93	138.95
Current taxation (payments in excess of provision, including tax on distributed profits)	-	12.69
Fringe Benefit Taxation (payments in excess of provision)	-	4.86
	600.56	742.12
<b>12 LIABILITIES</b>		
Acceptances	849.28	883.60
Sundry creditors (Schedule 21)	4,373.71	3,305.00
Security advances	16.78	18.36
Dividends declared pending payment / encashment	51.89	48.86
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund	5,291.66*	4,255.82*
<b>13 PROVISIONS</b>		
Provision for retirement/post retirement benefits and other employee benefits	569.35	598.55
Proposed dividend	763.59	871.95
Current taxation (provisions in excess of payments) including tax on distributed profits	58.52	-
Miscellaneous provisions (Schedule 19)	50.09	57.48
	1,441.55	1,527.98
<b>14 DEFERRED TAX ASSETS</b>		
On employee separation and retirement	223.68	216.46
On other timing differences	143.02	146.19
Other items	84.43	76.44
	451.13	439.09
<b>15 DEFERRED TAX LIABILITIES</b>		
On fiscal allowances	202.31	184.26
	202.31	184.26

**16** Certain demands for increased wages, etc. received from workmen have been referred to adjudication. In the opinion of the Company's management, the ultimate liability to the Company, if any, with respect to such demands would not have a material effect on the accounts.



# Schedules

## To Balance Sheet (Contd.)

### 17 DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st March, 2010 and recognised in the financial statements in respect of Employee Benefit Schemes :

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>I Components of Employer Expense</b>								
(a) Current Service Cost	6.19	5.89	12.41	15.31	1.13	1.43	1.13	3.31
(b) Interest Cost	6.71	8.85	35.12	49.37	1.75	2.57	9.60	13.78
(c) Expected Return on Plan Assets	(5.64)	(7.92)	(7.03)	(9.81)	(4.57)	(5.51)	-	-
(d) Curtailment Cost/(Credit)	-	-	-	-	-	-	-	-
(e) Settlement Cost/(Credit)	-	-	-	(3.22)	-	-	-	-
(f) Past Service Cost	31.54	-	-	-	-	-	-	-
(g) Actuarial (Gain)/Loss	(14.61)	14.56	(66.48)	53.53	(5.99)	(0.43)	4.44	(4.77)
<b>(h) Total expense/(gain) recognised in the Profit &amp; Loss Account</b>	<b>24.19</b>	<b>21.37</b>	<b>(25.98)</b>	<b>105.18</b>	<b>*(7.68)</b>	<b>*(1.94)</b>	<b>15.17</b>	<b>12.32</b>
Note: * (Gain not recognised in Profit and loss account as the funds are lying in an Income Tax approved irrevocable trust fund)								
<b>II Net Asset /(Liability) recognised in Balance Sheet as at 31st March, 2010</b>								
(a) Present Value of Obligation as at 31st March, 2010	123.21	101.78	476.85	545.88	23.10	27.98	159.31	148.52
(b) Fair Value of Plan Assets as at 31st March, 2010	(99.02)	(101.78)	(108.50)	(115.00)	(70.22)	(67.43)	-	-
(c) (Asset)/Liability recognised in the Balance Sheet (Refer note)	24.19	-	368.35	430.88	- *	- *	159.31	148.52
Note: * The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.								
<b>III Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2010</b>								
(a) Present Value of Obligation as at 31st March, 2009	101.78	99.21	545.88	519.85	27.98	26.89	148.52	141.45
(b) Current Service Cost	6.19	5.89	12.41	15.31	1.13	1.43	1.13	3.31
(c) Interest Cost	6.71	8.84	35.12	49.37	1.75	2.57	9.60	13.78
(d) Curtailment Cost/(Credit)	-	-	-	-	-	-	-	-
(e) Settlement Cost/(Credit)	-	-	(0.09)	(51.06)	-	-	-	-
(f) Plan Amendments	31.54	-	-	-	-	-	-	-
(g) Acquisitions	-	-	(3.76)	-	(0.18)	-	-	-
(h) Actuarial (Gain)/Loss	(11.22)	16.32	(50.91)	63.83	(4.14)	1.67	4.44	(4.77)
(i) Benefits Paid	(11.79)	(28.48)	(61.80)	(51.42)	(3.44)	(4.58)	(4.38)	(5.25)
<b>(j) Present Value of Obligation as at 31st March, 2010</b>	<b>123.21</b>	<b>101.78</b>	<b>476.85</b>	<b>545.88</b>	<b>23.10</b>	<b>27.98</b>	<b>159.31</b>	<b>148.52</b>
<b>IV Changes in the Fair value of Plan Assets</b>								
(a) Present Value of Plan Assets as at 31st March, 2009	101.78	100.62	115.00	129.53	67.42	64.40	-	-

# Schedules

## To Balance Sheet (Contd.)

### 17 DEFINED BENEFIT PLANS (Contd)

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2010	2009	2010	2009	2010	2009	2010	2009
(b) Acquisition Adjustment	-	-	-	-	(0.18)	-	-	-
(c) Expected Return on Plan Assets	5.64	7.92	7.03	9.81	4.57	5.51	-	-
(d) Actuarial Gain/(Loss)	3.39	1.76	11.80	10.30	1.85	2.10	-	-
(e) Assets distributed on settlements	-	-	(0.09)	(47.84)	-	-	-	-
(f) Actual Company Contribution	-	19.96	36.56	64.62	-	-	4.38	5.25
(g) Benefits Paid	(11.79)	(28.48)	(61.80)	(51.42)	(3.44)	(4.58)	(4.38)	(5.25)
<b>(h) Fair Value of Plan Assets as at 31st March, 2010</b>	<b>99.02</b>	<b>101.78</b>	<b>108.50</b>	<b>115.00</b>	<b>70.22</b>	<b>67.43</b>	<b>-</b>	<b>-</b>
<b>V Actuarial Assumptions</b>								
(a) Discount Rate (per annum)	7.75%	6.50%	7.75%	6.50%	7.75%	6.50%	7.75%	6.50%
(b) Expected Rate of Return on Assets (per annum)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.00%	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.								
<b>VI Effect of Increase or Decrease in Healthcare costs</b>								
Effect of 1% increase in Healthcare Costs on								
- the aggregate of service cost and interest cost							1.12	0.90
- Defined Benefit Obligation							14.34	13.37
Effect of 1% decrease in Healthcare Costs on								
- the aggregate of service cost and interest cost							(1.16)	(0.96)
- Defined Benefit Obligation							(13.15)	(12.26)
<b>VII Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2010</b>								
(a) Government of India Securities	16.00%	20.00%	-	-	-	-	-	-
(b) Corporate Bonds	13.00%	22.00%	-	-	-	-	-	-
(c) Bank Deposits (Special Deposit Scheme, 1975)	-	-	-	-	-	-	-	-
(d) Administered by Life Insurance Corporation of India	71.00%	58.00%	100.00%	100.00%	100.00%	100.00%	-	-
(e) Others	-	-	-	-	-	-	-	-
<b>VIII Experience Adjustments</b>								
Defined Benefit Obligation	123.21	101.78	476.85	545.88	23.10	27.98	159.31	148.52
Plan Assets	99.02	101.78	108.50	115.00	70.22	67.43	-	-
Deficit/(Surplus)	24.19	-	368.36	430.89	(47.12)	(39.44)	159.31	148.52
Experience adjustments on plan liabilities	7.17	3.62	(33.52)	11.84	(2.26)	(0.45)	6.34	8.09
Experience adjustments on plan assets	3.39	1.76	11.80	10.30	1.85	2.10	-	-

# Schedules

## To Balance Sheet (Contd.)

### 18 DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2010 are as under :

Currency exchange	GBP/ INR	USD/ INR	THB/ USD	AUD/ USD	EUR/ USD	GBP/ USD	JPY/ USD	CAD/ USD	SGD/ USD	SEK/ USD
a Number of 'buy' contracts	-	88	-	15	18	4	-	2	-	2
	-	(105)	(1)	(3)	(15)	(1)	-	(5)	(1)	-
b Aggregate currency amount (crores)	-	7.45	-	1.08	0.72	0.04	-	0.04	-	0.02
	-	(13.69)	(0.85)	(0.32)	(0.50)	(0.01)	-	(0.10)	(0.01)	-
c Number of 'sell' contracts	2	45	-	-	23	-	3	1	-	-
	(2)	(38)	-	-	(19)	(4)	(2)	-	-	-
d Aggregate currency amount (crores)	0.87	4.09	-	-	0.60	-	6.91	0.01	-	-
	(0.91)	(5.84)	-	-	(0.48)	(0.03)	(6.23)	-	-	-

The foreign currency exposures not hedged as at the year end are as under:

Currency exchange	GBP	USD	THB	AUD	EUR	CHF	JPY	CAD	SGD	SEK
Net Unhedged Exposure in currency (crores)	0.02 (0.01)	0.03 (0.01)	- -	0.01 (0.01)	0.02 (0.01)	0.01 -	0.09 (0.05)	0.01 -	- (0.01)	0.01 -

(figures in bracket pertain to 2009)

	As at 1st April, 2009	Provision made during the year	Amounts utilised/ reversed during the year	Rs. Crores As at 31st March, 2010
<b>19 PROVISIONS</b>				
Miscellaneous provisions	57.48	6.13	(13.52)	50.09
2008-09	38.39	25.00	(5.91)	57.48

Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events.

	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>20 CONTINGENT LIABILITIES</b>		
Claims made against the Company not acknowledged as debts		
Income-tax matters	295.29	274.46
Sales tax matters-gross Rs. 178.25 Crores (2009-Rs. 202.91 Crores) net of tax	119.04	133.94
Excise and Customs duty matters-gross Rs. 67.69 Crores (2009 - Rs. 86.33 Crores) net of tax	45.20	56.99
Other matters-gross Rs. 13.42 Crores (2009 - Rs. 12.61 Crores) net of tax	8.96	8.32

Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

# Schedules

## To Balance Sheet (Contd.)

### 21 MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 22 Interests in Joint Ventures :

The Company's interests, as a venturer, in jointly controlled entities (Incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2010	Percentage of ownership interest as at 31st March, 2009
Kimberly - Clark Lever Private Limited	India	50%	50%

The Company's interests in these Joint Ventures are reported as Long Term Investments (Schedule 6) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of, the effect of transactions between the Company and the joint venture) related to its interests in these joint ventures, based on audited financial statements are:

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>I ASSETS</b>		
1 Fixed Assets (including CWIP)	18.58	18.54
2 Current Assets, Loans and Advances		
a) Inventories	17.00	21.66
b) Sundry Debtors	3.91	4.51
c) Cash and Bank Balances	35.59	26.77
d) Other Current Assets	0.93	0.22
e) Loans and Advances	4.90	21.12
<b>II LIABILITIES</b>		
1 Secured Loans	-	-
2 Deferred Tax Net	(1.29)	(1.38)
3 Current Liabilities and Provisions		
a) Liabilities	(37.27)	(28.45)
b) Provisions	-	(16.58)
	Rs. Crores	
	For the 12 month period ended on 31st March, 2010	For the 15 month period ended on 31st March, 2009
<b>III INCOME</b>		
1 Sales (net of excise duty)	93.29	101.89
2 Other Income	5.30	5.77
<b>IV EXPENSES</b>		
1 Operating Expenses	(97.76)	(101.31)
2 Depreciation	(2.10)	(1.83)
3 Provision for Taxation (including deferred taxation)	0.17	(0.15)

23 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

# Statements

Forming Part Of The Profit And Loss Account

	Licensed / IEM Capacity		Installed Capacity	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
	Tonnes	Tonnes	Tonnes	Tonnes
<b>1 Licensed/Installed annual capacities on single shift basis (unless otherwise stated)</b>				
Soaps	397,138	383,471	170,250	169,744
Synthetic detergents (f)	1,209,172	1,170,853	313,347	294,013
Personal products	307,524	336,529	128,358	108,624
Glycerine	15,286	13,953	6,667	5,000
Fabric softener	2,833	2,833	-	-
Fatty acids	96,833	90,000	81,667	65,000
Perfumery and cosmetic products (units) *	299,000,000	299,000,000	55,000,000	55,000,000
Perfumery and cosmetic products *	3,022	3,022	-	-
Packet Tea below 1kg. and tea bags *	5,000	5,000	-	-
Instant Tea / Coffee	9,833	9,833	4,553	4,553
Frozen Surimi, Fresh and Frozen fish, Molluscs etc. *	16,500	16,500	16,500	16,500
Ice-cream/Frozen desserts (Million Litres) * (g)	61	61	20	17
Packed Tea *	N.A.	N.A.	160,750	157,000
Packed Coffee *	N.A.	N.A.	22,060	22,060
Scourers	N.A.	N.A.	43,569	43,569
Surface Cleaners (Litres) *	N.A.	N.A.	10,000,000	10,000,000
Water Batteries (Million units)	17	17	4	-
Processed Foods	7,269	3,935	1,667	1,667
Canned and Processed Fruits and Vegetables	42,969	9,635	14,983	6,650

- N.A. - Signifies the Non Scheduled activities for which Industrial License / IEMs are not required.
- Licensed capacities include registered capacities of industrial activities existing prior to the Industries (Development and Regulation) Act, 1951 and capacities as shown in the Industrial Entrepreneurs Memorandum (IEM) filed with the Government pursuant to notification no. 477(E) dt. 27.07.1991 under the said act.
- The installed capacities are as per certificate given by a Director on which the auditors have relied.
- The capacity mentioned is annual capacity based on maximum utilisation of plant and machinery.
- Licensed and installed capacities for the year indicated above include capacities of entities post merger and closed units.
- Synthetic detergents includes Laundry Soap Capacities.
- Ice-creams and Frozen Desserts are alternate capacities.
- Figures of Licensed / IEM Capacities have been corrected based on the available Licenses / IEMs.
- \* Represent capacities on 3 shift basis.



# Statements

Forming Part Of The Profit And Loss Account (Contd.)

	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
	Tonnes	Tonnes
<b>2 Production</b>		
Soaps ('Million nos.)	3,216 **	4,364 **
Synthetic detergents	789,674 **	1,106,915 **
Personal Products ('000 nos.)	6,440,022	6,548,242
Glycerine : Refined	4,898 **	4,166 **
Packed Tea	69,263 **	80,140 **
Instant Tea	810	1,508
Packed Coffee	13,631 **	20,126 **
Processed Foods	20,841	28,624
Canned and Processed Fruits and Vegetables	36,249 **	44,567 **
Frozen Desserts & Ice cream (Million Litres.)	16	16
Water Batteries (units)	3,070	-

\*\* Includes:

a) Third party processing :

Soaps - 229 Million Nos (2009 - 382 Million Nos), Synthetic detergents - 367,486 tonnes (2009 - 527,686 tonnes), Personal Products ('000 nos.) - 618,155 (2009 - 296,691) Glycerine: Refined - 2,506 tonnes (2009 - 2,325 tonnes), Packed Tea - 9,399 tonnes (2009 - 4,917 tonnes), Packed Coffee - 5,138 tonnes (2009 - 12,119 tonnes), Canned and Processed Fruits and Vegetables - 21,475 tonne (2009 - 25,879 tonnes).

	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
	Tonnes Rs.Crores	Tonnes Rs.Crores
<b>3 Sales (including exports)</b>		
Soaps ('Million nos.)	3,554 3,727.28	4,535 4,301.90
	17 *	13 *
Synthetic detergents	1,184,997 3,909.23	1,528,391 4,908.46
	4,004 *	2,225 *
Personal Products ('000 nos.)	15,027,047 5,107.33	16,759,728 5,616.13
	128,351 *	181,624 *
Tea	93,924 1,925.14	127,878 2,156.72
Coffee	16,682 513.49	26,173 645.14
Frozen Desserts & Ice Creams (Million Litres.)	22 228.94	22 229.45
Processed triglycerides/hydrogenated oils/vanaspati	1,683 14.99	2,380 18.48
Canned and Processed Fruits and Vegetables	41,252 427.27	47,175 483.06
Branded Staple Foods (a)	187,214 324.22	265,996 385.37
Speciality Chemicals (b)	3,075 12.49	8,514 54.20
	4,782 *	1,486 *
Others (c)	1,333.42	1,440.42
	<b>17,523.80</b>	<b>20,239.33</b>

Notes:

a) Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs.

b) Speciality Chemicals comprises Glycerine and Fine Chemicals.

c) Others includes Scourers, Marine products, Agri commodities, Water, Ayush services etc.

\* Figures denote quantities used for captive consumption/reprocessing/sales promotion.



# Statements

Forming Part Of The Profit And Loss Account (Contd.)

	As at 31st March, 2010		As at 31st March, 2009		As at 31st December, 2007	
	Tonnes	Rs.Crores	Tonnes	Rs.Crores	Tonnes	Rs.Crores
<b>4 Closing stocks (including processed chemicals)</b>						
Processed triglycerides	-	-	-	-	282	1.17
Soaps ('Million nos.)	403	306.20	400	270.30	275	202.12
Synthetic detergents	62,693	179.34	65,302	180.97	51,937	153.47
Personal Products ('000 nos.)	1,409,927	302.48	1,677,502	378.66	1,562,692	303.72
Tea	7,323	105.87	8,471	109.03	6,337	60.02
Coffee	1,609	30.77	1,594	25.89	1,239	20.26
Others		134.76		136.36		71.21
		<b>1,059.42</b>		<b>1,101.21</b>		<b>811.97</b>

	12 Months Ended 31st March, 2010		15 Months Ended 31st March, 2009	
	Tonnes	Rs.Crores	Tonnes	Rs.Crores
<b>5 Raw materials consumed @</b>				
Oils, fats and rosins	212,851	829.25	339,192	1,440.86
Chemicals and perfumes	1,082,781	2,514.26	1,411,011	3,292.49
Tea	93,543	1,070.32	117,606	1,059.66
Coffee	16,609	153.04	27,247	268.44
Others		685.39		635.92
		<b>5,252.26</b>		<b>6,697.37</b>

@ Relates to the Company's main products and principal raw materials.

	12 Months Ended 31st March, 2010		15 Months Ended 31st March, 2009	
	%	Rs.Crores	%	Rs.Crores
<b>6 Value of imported and indigenous materials consumed</b>				
Raw materials				
- Imported	19	977.72	22	1,456.19
- Indigenous	81	4,274.54	78	5,241.18
Spare parts and components (including stores)				
- Imported	14	14.97	8	10.03
- Indigenous	86	88.39	92	110.53

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>7 Value of imports on CIF basis (excluding purchases from canalising agencies and imported items purchased locally)</b>		
Raw and packing materials	822.27	1,442.12
Spare parts and components	14.21	17.93
Capital goods	114.99	30.62
	<b>951.47</b>	<b>1,490.67</b>

# Statements

Forming Part Of The Profit And Loss Account (Contd.)

	12 Months Ended 31st March, 2010		15 Months Ended 31st March, 2009	
	Tonnes	Rs.Crores	Tonnes	Rs.Crores
<b>8 Purchase of goods</b>				
Processed triglycerides	1,682	10.55	2,098	14.54
Soaps ('Million nos.)	358	366.15	309	371.59
Synthetic detergents	396,719	868.37	437,065	1,065.13
Personal Products ('000 nos.)	8,447,802	619.76	10,507,919	889.84
Frozen Desserts & Ice-creams (Million Ltrs.)	6	23.14	7	23.42
Others (Scourers, edible oils and fats, etc.)		603.12		848.20
Total		2,491.09		3,212.72
Less : Excise duty on purchases		(199.35)		(367.65)
		<b>2,291.74</b>		<b>2,845.07</b>

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>9 Earnings in foreign exchange</b>		
Exports at FOB (including exports to Nepal and Bhutan)	955.14	1,554.49
Others (income from services, freight, insurance, claims, etc)	345.12	387.40
	<b>1,300.26</b>	<b>1,941.89</b>

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>10 Expenditure in foreign currency</b>		
(on payment basis) (subject to deduction of tax where applicable)		
Consultancy	26.32	24.28
Royalty	85.20	130.93
Other matters:		
(a) Imports of goods for resale	139.32	203.23
(b) Others	104.43	145.15
	<b>355.27</b>	<b>503.59</b>

	Rs. Crores USD Crores		Rs. Crores USD Crores	
	12 Months Ended 31st March, 2010		15 Months Ended 31st March, 2009	
<b>11 Net dividend remitted in foreign currency</b>				
2007 Final to 7 shareholders on 1,13,48,49,460 shares of Re.1 each			340.45	8.50
2008-09 Interim to 7 shareholders on 1,13,48,49,460 shares of Re.1 each			397.20	9.38
2008-09 Final to 7 shareholders on 1,13,48,49,460 shares of Re.1 each	453.94	9.17		
2009-10 Interim to 7 shareholders on 1,13,48,49,460 shares of Re.1 each	340.45	7.23		
	<b>794.39</b>	<b>16.40</b>	<b>737.65</b>	<b>17.88</b>

# Statements

## Forming Part Of The Profit And Loss Account (Contd.)

12 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>13 Directors' remuneration</b>		
Salaries	11.31	6.27
Performance Linked Bonus/Commission to Wholetime Directors	2.43	6.07
Commission to Non-Wholetime Directors	0.25	0.35
Contribution to provident fund	0.51	0.48
Other perquisites	1.43	0.25
	<b>15.93</b>	<b>13.42</b>

### Notes :

- Provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations done on an overall Company basis are excluded above.
- Performance bonus is for the year 2009, paid subsequent to period end.

Computation of net profits in accordance with Section 198 of the Companies Act, 1956 and the commission payable to directors

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Net Profit after taxation	2,202.03	2,496.45
Add:		
Depreciation (as per accounts)	184.03	195.30
Directors' remuneration	15.93	13.42
Directors' fees	0.13	0.14
Provision/(write back) for doubtful debts and advances (net)	(1.33)	25.30
Book deficit/(surplus) on fixed assets sold, scrapped, etc.(net)	7.19	9.27
Loss / (Surplus) on disposal of investments (net)	(19.54)	(53.90)
Provision for diminution in value of investment/advances in subsidiaries	(52.10)	9.80
Provision / (write back) for diminution in value of investments and excess of cost over fair value of current investments (net), included in miscellaneous expenses	-	(3.09)
Profit arising on disposal of a long-term investments	(95.99)	(18.86)
Profit arising on disposal of brands	-	(1.50)
Profit arising on disposal of land and building	(91.01)	(167.63)
Write-down of fixed assets for closed units.	-	15.69
Profit on disposal of assets of business	(2.20)	-
Taxation for the year (after considering exceptional items)	617.48	504.07
	<b>562.59</b>	<b>528.01</b>
	<b>2,764.62</b>	<b>3,024.46</b>
Less :		
Depreciation	184.03	201.89
Deficit / (Surplus) on disposal of fixed assets (net)	7.19	16.57
	<b>191.22</b>	<b>218.46</b>
Net profit for Section 198 of the Companies Act, 1956	<b>2,573.40</b>	<b>2,806.00</b>
Commission to Non-Wholetime Directors at 1 %	25.73	28.06
Commission to wholetime directors	128.67	140.30
Commission payable for the year	2.68	6.42

# Notes

## To The Cash Flow Statement

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" notified under section 211 (3C) of the Companies Act, 1956.
2. Figures in brackets indicate Cash Outgo.
3. The previous year's figures have been regrouped / restated wherever necessary to conform to this period's classification.
4. In view of note 17.i to the profit and loss account, the current year's figures are not comparable with that of the previous period's figures.



# Segment Information

For The Year Ended 31st March, 2010

## Information About Primary Business Segments

Rs. Crores

	12 Months ended 31st March, 2010			15 Months ended 31st March, 2009		
	External	Intersegment	Total	External	Intersegment	Total
<b>REVENUE</b>						
Soaps and Detergents	8,265.64		8,265.64	9,884.63		9,884.63
Personal Products	5,047.90		5,047.90	5,384.53		5,384.53
Beverages	2,142.43		2,142.43	2,299.51		2,299.51
Foods	730.78		730.78	808.30		808.30
Ice Creams	231.00		231.00	235.32		235.32
Exports	1,005.25		1,005.25	1,576.08		1,576.08
Other Operations	342.87	3.85	346.72	350.62	7.92	358.54
<b>Total Segment</b>	<b>17,765.87</b>	<b>3.85</b>	<b>17,769.72</b>	<b>20,538.99</b>	<b>7.92</b>	<b>20,546.91</b>
Eliminations			(3.85)			(7.92)
<b>Total Revenue (see note 3 to Segment Information)</b>			<b>17,765.87</b>			<b>20,538.99</b>
<b>RESULT</b>						
Soaps and Detergents			1,185.27			1,481.73
Personal Products			1,296.52			1,428.96
Beverages			319.75			308.15
Foods			4.44			1.45
Ice Creams			12.69			8.62
Exports			58.58			108.20
Other Operations			(72.02)			(134.47)
<b>Total Segment</b>			<b>2,805.23</b>			<b>3,202.64</b>
<b>Total Consolidated</b>			<b>2,805.23</b>			<b>3,202.64</b>
Un-allocated expenditure net of un-allocated income			(239.29)			(360.84)
<b>Operating Profit</b>			<b>2,565.94</b>			<b>2,841.80</b>
Interest expenses			(6.98)			(25.32)
Interest / dividend income and surplus on disposal of investments (net of provision / write back for diminution in long term investments and mark down of current investment)			148.11			208.64
Taxation for the year (including adjustments of previous years)			(604.39)			(524.41)
<b>Profit after taxation and before exceptional / extra-ordinary items</b>			<b>2,102.68</b>			<b>2,500.71</b>
Exceptional items - income / (expenditure) - Segment						
Soaps and Detergents		(119.65)			(84.77)	
Personal Products		0.27			(29.31)	
Beverages		(1.15)			(32.63)	
Foods		(1.20)			(3.58)	
Ice Creams		(0.09)			(1.05)	
Exports		(4.67)			(15.55)	
Other Operations		(0.13)			(1.61)	
			(126.62)			(168.50)
Exceptional items - income / (expenditure) - Unallocated/Corporate			182.07			152.19
Extra-ordinary item - income / (expenditure) - Segment						
Foods						1.50
Extra-ordinary item - income / (expenditure) - Unallocated/Corporate			56.99			(9.80)
Tax charge (net)			(13.09)			20.34
<b>Net Profit</b>			<b>2,202.03</b>			<b>2,496.44</b>

# Segment Information

For The Year Ended 31st March, 2010 (Contd.)

## Information About Primary Business Segments

OTHER INFORMATION	Rs. Crores			
	Segment Assets		Segment Liabilities	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
Soaps and Detergents	2,221.37	2,535.80	(2,516.09)	(1,942.31)
Personal Products	1,317.98	1,051.20	(1,163.23)	(1,028.26)
Beverages	783.74	808.89	(534.09)	(482.28)
Foods	209.20	230.05	(224.50)	(186.03)
Ice Creams	153.79	135.60	(105.22)	(89.50)
Exports	470.58	519.22	(281.66)	(198.23)
Other Operations	81.20	59.46	(131.17)	(110.09)
<b>Total</b>	<b>5,237.86</b>	<b>5,340.22</b>	<b>(4,955.96)</b>	<b>(4,036.70)</b>
Unallocated Corporate Assets / (Liabilities)	4,281.18	3,111.29	(1,979.56)	(2,353.30)
<b>Total Assets / (Liabilities)</b>	<b>9,519.04</b>	<b>8,451.51</b>	<b>(6,935.52)</b>	<b>(6,390.00)</b>

	Rs. Crores					
	Capital Expenditure		Depreciation		Non - Cash Expenses other than Depreciation	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Soaps and Detergents	74.78	168.47	75.42	96.97	32.96	9.98
Personal Products	272.35	82.66	36.46	25.40	19.38	4.51
Beverages	17.21	29.12	8.93	8.66	7.41	2.58
Foods	12.31	35.79	4.00	5.54	7.01	0.85
Ice Creams	10.01	16.62	6.63	6.91	0.81	0.20
Exports	2.77	27.69	14.72	19.81	8.87	2.17
Other Operations	0.20	0.14	0.69	0.54	2.63	0.18
Unallocated Corporate Assets / (Liabilities)	182.05	248.89	37.18	31.47	-	-

Information about Secondary Business Segments		Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009	
Revenue by Geographical Market			
India	16,530.85	18,679.51	
Outside India	1,235.02	1,859.48	
Total	17,765.87	20,538.99	
Additions to Fixed Assets and Intangible Assets			
India	389.63	360.49	
Outside India	-	-	
Total	389.63	360.49	
Carrying Amount of Segment Assets			
India	5,227.09	5,332.85	
Outside India	10.77	7.37	
Total	5,237.86	5,340.22	



# Segment Information

For The Year Ended 31st March, 2010 (Contd.)

Notes :

## 1. Business Segments

The Company has considered business segment as the primary segment for disclosure. The products included in each of the reported domestic business segments are as follows:

- Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services, etc.
- Beverages include tea and coffee.
- Foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.)
- Ice Creams include Ice Creams and Frozen Desserts.
- Others include Chemicals, Water business, etc.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided, where applicable. In addition, the Company's Exports business segment includes sales of Marine Products etc. as well as sales of Soaps and Detergents, Personal Products, Beverages and Foods, etc. by the Exports Division.

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the organisation structure, and
- d) the internal financial reporting systems

Note:

The current year's figures are not comparable to those of previous year which relates to 15 months period ended 31st March, 2009

## 2. Geographical Segments

The geographical segments considered for disclosure are as follows :

- Sales within India includes sales to customers located within India.
- Sales outside India includes sales to customers located outside India.

## 3. Revenue comprises :

	Rs. Crores	
	2010	2009
Sales	17,523.80	20,239.33
Income from services rendered (included in Other Income)	242.07	299.66
	<b>17,765.87</b>	<b>20,538.99</b>

4. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

# Related Party Disclosures

For The Year Ended 31st March, 2010

## A. Enterprises where control exists

(i) **Holding Company :** Unilever PLC

(ii) **Subsidiaries :** Bon Limited (upto 31st March, 2009)  
 Brooke Bond Real Estates Private Limited  
 Daverashola Estates Private Limited  
 Hindlever Trust Limited  
 Hindustan Field Services Private Limited (formerly known as Hindustan Unilever Field Services Private Limited)  
 Jamnagar Properties Private Limited  
 Lakme Lever Private Limited (with effect from 19th December, 2008)  
 Levers Associated Trust Limited  
 Levindra Trust Limited  
 Pond's Exports Limited  
 Shamnagar Estates Private Limited (upto 13th May, 2009)  
 Unilever India Exports Limited  
 Unilever Nepal Limited

(i) **Fellow Subsidiaries :** Lever Brothers Bangladesh Limited  
 Lever Brothers Nigeria Limited  
 Lever Brothers Pakistan Limited  
 Lever Chile S.A.  
 Lever Egypt SAE  
 Lever Faberge Deutschland GmbH  
 Lever Faberge France  
 Lever Faberge UK  
 Lever Israel  
 Lipton Limited (Head Office) / Lipton Tea Supply Limited  
 Lipton Soft Drinks (Ireland)  
 Nippon Lever K.K.  
 PT Unilever Indonesia TBK  
 Sagit SPA, Italy  
 Severn Gulf FZE  
 Unilever (China) Limited  
 Unilever (Malaysia) Holdings Sdn Berhad  
 Unilever Algeria  
 Unilever Asia Private Limited  
 Unilever Australia Export Pty. Limited  
 Unilever Australia Limited  
 Unilever Best Foods, Vietnam  
 Unilever Bestfoods & Elida P/S (Vietnam) Limited  
 Unilever Bestfoods Benelux B.V. Netherlands  
 Unilever Brasil Limited.  
 Unilever Canada Inc  
 Unilever Ceylon Limited  
 Unilever Cote d'Ivoire  
 Unilever De Argentina SA  
 Unilever De Mexico De RL  
 Unilever Deutschland GmbH  
 Unilever Ethiopia  
 Unilever Foods Espana, S.A Division Frigo  
 Unilever France S.A.  
 Unilever Ghana Limited

## B. Other Related Parties with whom the Company had transactions, etc.

(i) **Fellow Subsidiaries :** Binzagr Lever Limited, Arabia  
 Brooke Bond Assam Estates Limited  
 Brooke Bond Group Limited  
 Brooke Bond South India Estates Limited  
 Conopco, Inc.  
 Digital Securities Private Limited  
 Fine Tea Company  
 Fine Tea Egypt  
 Hefei Lever Detergents Co. Limited, China  
 Lever Arabia Limited

# Related Party Disclosures

For The Year Ended 31st March, 2010 (Contd.)

<p>(i) <b>Fellow Subsidiaries :</b> Unilever Gulf Free Zone Establishment, Arabia Unilever Hellas Unilever Hong Kong Limited Unilever Industries Private Limited Unilever International Paris Unilever Iran P.J.S.C Unilever Japan Unilever Kenya Limited Unilever Korea Unilever Maghreb Export SA, Tunisia Unilever Market Development SA Unilever Market Limited Unilever Mashreq - Foods Unilever N.V. Unilever New Zealand Limited Unilever Nigeria Unilever Overseas Holdings AG Unilever Overseas Holdings B.V. Unilever Pakistan Unilever Philipines (Prc), Inc. Unilever Polska Unilever Port Sunlight Unilever Research Laboratory, Colworth House Unilever Research Laboratory, Port Sunlight Unilever Sanayi ve Ticaret Turk A.S Unilever Singapore Pte Limited Unilever SNG, Russia Unilever South Africa (Pty.) Limited Unilever South Central Europe Unilever South Korea Unilever Supply Chain Company Unilever Taiwan Limited</p>	<p>(i) <b>Fellow Subsidiaries :</b> Unilever Tanzania Limited Unilever Tea Kenya Limited Unilever Thai Holding Limited Unilever Thai Trading Limited Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S. Unilever U.K. Central Resources Limited Unilever Uganda Limited Unilever UK &amp; CN Holdings, UK Unilever Vietnam Unilex Cameroon S.A.</p> <p>(ii) <b>Joint Ventures :</b> Kimberly- Clark Lever Private Limited</p> <p>(iii) <b>Associate :</b> Capgemini Business Services (India) Limited (upto 25th March, 2010)</p> <p>(iv) <b>Key Management Personnel :</b> Harish Manwani Douglas Baillie (upto April, 2008) D. Sundaram (upto July, 2009) Leena Nair Hemant Bakshi (from September, 2008) Dhaval Buch (upto February, 2010) Pradeep Banerjee (from March, 2010) Nitin Paranjpe Ashok Gupta (upto March, 2010) Shrijeet Mishra Sridhar Ramamurthy (from February, 2009) Gopal Vittal (from July, 2008) Sanjiv Kakkar (upto August, 2008)</p> <p>(v) <b>Employees' Benefit Plans where there is significant influence :</b> Hindustan Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund</p>
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# Related Party Disclosures

For The Year Ended 31st March, 2010 (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2010

		Rs. Crores	
		12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Holding Company</b>	: Dividend paid	556.36	516.62
	Royalty expense	124.78	116.17
	Income from services rendered	238.79	267.73
	Outstanding as at the year end :		
	- Receivables	12.90	42.76
<b>Subsidiaries</b>	: Sale of finished goods / raw materials etc.	17.54	33.76
	Income from services rendered	0.40	0.65
	Sale of fixed assets	1.45	13.39
	Royalty received	0.14	-
	Management fees paid	7.74	-
	Non Compete fees received	1.10	-
	Expenses shared by subsidiary companies	0.72	1.03
	Expenses for services received	51.01	63.47
	Consultancy charges	0.82	-
	Dividend received	20.80	14.95
	Deposits transferred to	0.78	-
	Employee loans transferred to	0.01	0.16
	Employee loans transferred from	0.05	-
	Interest received	0.75	2.70
	Rent received	0.42	0.54
	Purchase of finished goods / raw materials etc.	-	1.27
	Purchase of DEPB Licences	1.44	1.41
	Rent paid	0.12	0.15
	Inter Corporate Deposits advanced during the year	9.65	14.55
	Investment in equity shares	5.15	13.61
	Outstanding as at the year end :		
	- Deposits	16.57	16.57
	- Receivables	18.62	60.86
	- Payables	6.53	4.15
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc.	570.55	983.25
	Rent Received	1.10	1.38
	Income from services rendered	-	8.61
	Expenses shared by fellow subsidiaries	32.58	0.08
	Purchase of finished goods / raw materials etc.	252.66	257.45
	Dividend paid	238.03	221.03
	Royalty expense	2.60	2.20
	Purchase of Tangible Fixed Assets	-	0.01
	Software development and procurement of licenses	16.61	38.73
	Maintenance and support costs for licences and software	3.42	4.46
	Outstanding as at the year end :		
	- Receivables	97.41	110.16
	- Payables	128.33	61.54
<b>Joint Ventures</b>	: Purchase of finished goods / raw materials etc.	199.34	225.34
	Other income	5.13	2.92
	Dividend received	2.54	5.98
	Outstanding as at the year end :		
	- Receivables	5.09	5.27
<b>Associate</b>	: Expenses for services received	43.61	49.27
	Outstanding as at the year end :		
	- Receivables	-	2.99
<b>Key Management Personnel</b>	: Remuneration	21.98	20.42
	Rent paid	0.44	0.26
	Dividend paid	0.08	0.12
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	44.53	75.06
	Outstanding receivables at the year end	6.67	7.52

# Related Party Disclosures

For The Year Ended 31st March, 2010 (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Gulf Free Zone Establishment, Arabia	134.64	252.52
Unilever Australia Limited	73.96	-
<b>Sale of fixed assets</b>		
Brooke Bond Real Estate Private Limited	-	12.94
Lakme Lever Private Limited	1.42	-
<b>Expenses shared by subsidiary companies / fellow subsidiary companies</b>		
Unilever Supply Chain Company	32.52	-
Pond's Exports Limited	0.66	1.03
<b>Dividend received</b>		
Unilever Nepal Limited	20.70	14.95
Kimberly Clark Lever Private limited	2.54	5.98
<b>Interest received</b>		
Pond's Exports Limited	0.60	1.84
Lakme Lever Private Limited	0.10	-
Unilever India Exports Limited	-	0.83
<b>Rent received</b>		
Unilever Industries Private Limited	1.10	1.38
Hindustan Field Services Private Limited	0.42	-
Unilever India Exports Limited	-	0.54
<b>Royalty received</b>		
Lakme Lever Private Limited	0.14	-
<b>Management fees received</b>		
Lakme Lever Private Limited	7.74	-
<b>Non Compete fees received</b>		
Lakme Lever Private Limited	1.10	-
<b>Purchase of Tangible Fixed Assets</b>		
Unilever Home & Personal Care USA	-	0.01
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private limited	199.34	225.34
Unilever Supply Chain Company	86.85	62.35
Unilever Australia Limited	64.87	62.33
Unilever Asia Private Limited	49.37	-
<b>Rent paid</b>		
Ashok Gupta	0.43	0.18
Unilever India Exports Limited	0.12	0.15
D. Sundaram	0.01	0.08
<b>Investment in equity shares</b>		
Lakme Lever Private Limited	5.15	0.05
Brooke Bond Real Estate Private Limited	-	12.94
<b>Inter Corporate Deposits advanced during the year</b>		
Lakme Lever Private Limited	9.50	-
Bon Limited	-	11.00
Pond's Exports Limited	-	2.60

# Related Party Disclosures

For The Year Ended 31st March, 2010 (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Other income</b>		
Kimberly Clark Lever Private limited	5.13	2.92
<b>Dividend paid</b>		
Unilever PLC	556.36	516.62
<b>Royalty expense</b>		
Unilever PLC	124.78	116.17
<b>Income from services rendered</b>		
Unilever PLC	238.79	267.73
<b>Expenses for services received</b>		
Hindustan Field Services Private Limited	50.38	63.47
Capgemini Business Services (India) Limited	43.61	49.27
<b>Consultancy charges</b>		
Lakme Lever Private Limited	0.71	-
Pond's Exports Limited	0.11	-
<b>Remuneration</b>		
D. Sundaram	6.38	3.47
Nitin Paranjpe	3.19	3.27
Gopal Vittal	2.48	2.32
Dhaval Buch	1.76	2.26
<b>Purchase of DEPB Licences</b>		
Pond's Exports Limited	1.44	1.41
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	2.39	4.46
Unilever Asia Private Limited	1.03	-
<b>Software development and procurement of licenses</b>		
Unilever Asia Private Limited	11.14	27.87
Unilever N.V.	5.47	10.85
<b>Employee loans transferred to</b>		
Hindustan Field Services Private Limited	0.01	0.16
<b>Employee loans transferred from</b>		
Hindustan Field Services Private Limited	0.05	-
<b>Deposits transferred to</b>		
Lakme Lever Private Limited	0.78	-
<b>Contributions during the year</b>		
The Union Provident Fund	23.93	29.23
The Hind Lever Pension Fund	20.46	25.88
Hind Lever Gratuity Fund	0.14	19.96
<b>Outstanding as at the year end - Deposits</b>		
Unilever India Exports Limited	16.57	16.57
<b>Outstanding as at the year end - Receivables</b>		
Unilever PLC	12.90	42.76
Bon Limited	-	46.44
<b>Outstanding as at the year end - Payables</b>		
Unilever N.V.	33.78	24.89
Unilever Supply Chain Company	26.67	15.92
Unilever Asia Private Limited	21.43	9.12
Unilever Australia Limited	20.04	-
Lipton Limited UK	15.05	9.39



# Statement Pursuant to Part IV

Of the Companies Act, 1956

## Balance Sheet Abstract and Company's General Business Profile

### I. REGISTRATION DETAILS

Registration No.

State Code

Balance Sheet Date

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue  Rights Issue

Bonus Issue  Private Placement

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities  Total Assets

#### SOURCES OF FUNDS

Paid-up Capital  Reserves and Surplus

Secured Loans  Unsecured Loans

#### APPLICATION OF FUNDS

Net Fixed Assets  Investments

Net Current Assets  Deferred Tax

Miscellaneous Expenditure  Accumulated Losses

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Total Income)  Total Expenditure

Profit/(Loss) Before Tax and Exceptional Items  Profit/(Loss) After Tax and Exceptional Items

Earnings Per Share (in Rs.)  Dividend Rate (%)

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)  Product Description

Item Code No. (ITC Code)  Product Description

Item Code No. (ITC Code)  Product Description

# Auditors' Report

## To the Members of Hindustan Unilever Limited

- 1 We have audited the attached Balance Sheet of Hindustan Unilever Limited (the "Company") as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the directors as on 31st March, 2010 and other information and explanations obtained, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**  
Partner  
Membership No: 43229

Mumbai: 25th May, 2010



# Auditors' Report

## Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hindustan Unilever Limited on the financial statements for the year ended 31st March, 2010]

- 1 a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The fixed assets are physically verified by the Management according to a phased programme designed to cover items at all the locations once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- 2 a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3 The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
- 4 In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5 a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding Rs. five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8 We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9 a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute, and the particulars of excise duty, sales tax, customs duty, income-tax, service tax and cess as at 31st March, 2010 which have not been deposited on account of a dispute are as follows:

# Auditors' Report

## Annexure to the Auditors' Report (Contd.)

Name of the statute	Nature of dues	Amount under dispute not yet deposited Rs. Crores	Periods to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	57.35	1982, 1987 1991 to 1995	Appellate Authority-upto Commissioner's level
		46.88	1997 to 2008 1983 to 1986 1989 to 1991 1994 to 2006	Tribunal
		0.26	1979 to 1983	Supreme Court
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	97.80	1976, 1977 1983 to 2008	Appellate Authority-upto Commissioner's level
		14.93	1984 to 2004	Tribunal
		95.98	1983 to 2001 1986 to 1998 1999 to 2008	High Courts
Customs Act, 1962	Customs duty including interest and penalty, as applicable	0.56	1995	Appellate Authority-upto Commissioner's level
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	4.39	1979-80 1995-96	Appellate Authority-upto Commissioner's level
		9.69	1985-86 1991-92 2004-05	Tribunal
		0.31	2005-06 1988-89 1991-92	High Courts
Service Tax (Finance Act, 1994)	Service tax including interest and penalty, as applicable	0.65	2004 to 2006	Appellate Authority-upto Commissioner's level
		3.62	2005 to 2009	Tribunal
Bombay Provincial Municipal Corporations Act, 1949 [Amended]	Cess on entry of goods	0.05	2000-01	Appellate Authority-upto Commissioner's level

- 10 The Company has no accumulated losses as at 31st March, 2010, and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- 14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 16 In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 17 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and

explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

- 18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19 The Company has not issued any debentures during the year.
- 20 The Company has not raised any money by public issue during the year.
- 21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For Lovelock & Lewes**  
Firm Registration  
Number: 301056E  
Chartered Accountants  
**Sharmila A. Karve**  
Partner  
Membership No: 43229

Mumbai: 25th May, 2010

# Statement of Expenditure On Scientific Research and Development at the Company's in-house R&D Facilities

We certify, to the best of our knowledge and belief, that the details of expenditure incurred on scientific research and development at Company's in-house R&D facilities during the financial year ended March 31, 2010 and eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961, are as given below:

## 1. Bangalore R&D Facility

- A. Total capital expenditure i.e. capital equipments included under Schedule 5 of Fixed Assets to the Balance Sheet as at March 31, 2010 on page 74 of the Financial statements in the Annual Report 2009 -10, aggregates to Rs. 0.46 crores.
- B. Total revenue expenditure (net of recoveries) included in Note 9(c) to the Profit and Loss Account for the year ended March 31, 2010 on page 69 of the Financial statements in the Annual Report 2009 -10, aggregates to Rs. 10.12 crores, comprising of:
  - (a) Salaries & wages - Rs. 6.46 crores
  - (b) Materials, consumables and spares - Rs. 1.00 crores
  - (c) Utilities (Steam, water, electricity, etc.) - Rs. Nil
  - (d) Other expenditure directly related to R&D - Rs. 2.66 crores

## 2. Andheri R&D Facility

- A. Total capital expenditure i.e. capital equipments included under Schedule 5 of Fixed Assets to the Balance Sheet as at March 31, 2010 on page 74 of the Financial statements in the Annual Report 2009 -10, aggregates to Rs. 0.59 crores.
- B. Total revenue expenditure (net of recoveries) included in Note 9(c) to the Profit and Loss Account for the year ended March 31, 2010 on page 69 of the Financial statements in the Annual Report 2009 -10, aggregates to Rs. 17.43 crores, comprising of:
  - (a) Salaries & wages - Rs. 11.73 crores
  - (b) Materials, consumables and spares - Rs. 2.39 crores
  - (c) Utilities (Steam, water, electricity, etc.) - Rs. Nil
  - (d) Other expenditure directly related to R&D - Rs. 3.31 crores

**NITIN PARANJPE**  
*Managing Director and CEO*

**SRIDHAR RAMAMURTHY**  
*Executive Director (Finance & IT) and CFO*

Mumbai: 11th June, 2010

# Statement of Expenditure On Scientific Research and Development at the Company's in-house R&D Facilities (Contd.)

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

## Report to the Directors in connection with the Statement of Expenditure on Scientific Research and Development at in-house R&D Facilities of Hindustan Unilever Limited (the 'Company')

We have examined the accompanying 'Statement of Expenditure on Scientific Research and Development at the Company's in-house R&D Facilities' of the Company for the year ended March 31, 2010 (the 'Statement'), which has been prepared by Directors and Management of the Company and has been initialled by us for identification purposes only, with the relevant books and records of the in-house R&D facilities at Bangalore and Mumbai.

The annual accounts of the Company for the year ended March 31, 2010 have been audited by us, as required under Section 224 (1) of the Companies Act, 1956 (1 of 1956).

### Director's Responsibility

The accompanying Statement is the responsibility of the Directors of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the accompanying Statement and applying an appropriate basis of making estimates that are reasonable in the circumstances.

### Auditor's Responsibility

It is our responsibility to form a conclusion on the accompanying Statement based on our work performed and to report our conclusion to you.

We conducted our examination, on a test basis, in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India, to obtain reasonable assurance whether the accompanying Statement has been properly prepared in agreement with the underlying books and records, and is free of material misstatement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Conclusion

Based on our examination as above, and information and explanations given to us, we report that the accompanying Statement has been properly prepared and is in agreement with the books and records of the Company, and fairly presents, in all material respects, the eligible expenditure on scientific research and development at the Company's in-house R&D facilities incurred during the year ended March 31, 2010.

### Restrictions on Use

Our report has been prepared at the request of the Company solely for inclusion as part of the Annual Report of the Company for 2009-10, and should not be used for any other purpose.

For Lovelock & Lewes  
Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**  
Partner  
Membership No: 43229

Mumbai: 16th June, 2010

# Economic Value Added

## Additional Information : Economic Value Added (EVA)

### What is EVA?

Traditional approaches to measuring 'Shareholder's Value Creation' have used parameters such as earnings capitalisation, market capitalisation and present value of estimated future cash flows. Extensive equity research has established that it is not earnings per se, but VALUE that is important. A measure called 'Economic Value Added' (EVA) is increasingly being applied to understand and evaluate financial performance.

**\* EVA = Net Operating Profit after Taxes (NOPAT) - Cost of Capital Employed (COCE), where,**

NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungeared basis to provide a return to lenders and shareholders, and

COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed

\* Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated Company like HUL for a short term debt, net of taxes. We have considered a pre tax rate of 5.99% for 2009-10 (5.92% for 2008-09).

\* Cost of Equity is the return expected by the investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 7.22% for 2009-10)

(+)

Market risk premium (taken at 11%) (x) Beta variant for the Company, (taken at 0.481) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity = 7.22% + 11% (x) 0.481 = 12.51%

### What does EVA show?

EVA is residual income after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

### When will EVA increase?

EVA will increase if:

- Operating profits can be made to grow without employing more capital, i.e. greater efficiency.
- Additional capital is invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.
- Capital is curtailed in activities that do not cover the cost of capital, i.e. liquidate unproductive capital.

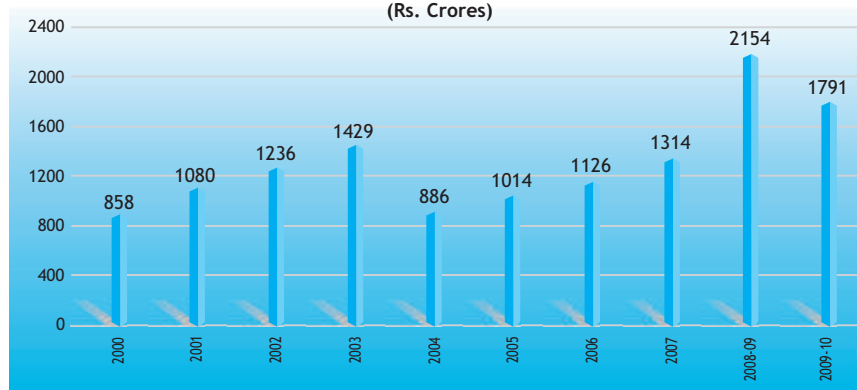
### EVA in practice at Hindustan Unilever Ltd.

In Hindustan Unilever, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

### EVA Trends:2000-2010 (Unaudited)

	Rs. Crores									
	2000	2001	2002	2003	2004	2005	2006	2007	2008-09	2009-10
<b>Cost of Capital Employed (COCE)</b>										
1 Average Debt	93	50	45	881	1588	360	163	382	342	119
2 Average Equity	2296	2766	3351	2899	2116	2200	2515	2402	1928	2497
3 Average Capital Employed : (1) +(2)	2389	2816	3396	3780	3704	2560	2678	2784	2270	2616
4 Cost of Debt, post-tax %	8.46	7.72	6.45	4.88	5.19	3.38	5.90	6.24	3.91	3.95
5 Cost of Equity %	19.70	16.70	14.40	12.95	14.77	15.50	16.38	17.59	14.47	12.51
6 Weighted Average Cost of Capital % (WACC)	19.27	16.54	14.30	11.07	10.66	13.80	15.74	16.03	12.88	12.12
7 COCE : (3) x (6)	460	466	486	418	395	353	421	446	*365	317
<b>Economic Value Added (EVA)</b>										
8 Profit after tax, before exceptional items	1310	1541	1716	1804	1199	1355	1540	1,743	2501	2103
9 Add : Interest, after taxes	8	5	6	43	82	12	7	17	17	5
10 Net Operating Profits After Taxes (NOPAT)	1318	1546	1722	1847	1281	1367	1547	1760	2518	2108
11 COCE, as per (7) above	460	466	486	418	395	353	421	446	365	317
12 EVA : (10) - (11)	858	1080	1236	1429	886	1014	1126	1314	2154	1791

**Economic Value Added (EVA)**  
(Rs. Crores)



# Significant Accounting Policies

## Basis for preparation of accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956.

## Revenue Recognition

Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced) but include, where applicable, export incentives such as duty drawbacks and premiums on sale of import licences. It does not include inter-divisional transfers.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Incomes from services rendered are booked based on agreements/arrangements with the concerned parties.

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

Dividend incomes on investments are accounted for when the right to receive the payment is established.

## Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities. Advertising expenses are charged against the profit of the year to which the activities relate.

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

## Goodwill and other Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. Goodwill and other intangible assets (except computer software) are amortised over the assets useful life not exceeding 10 years. Computer software is amortised over a period of 5 years on the straight line method.

Goodwill arising on consolidation in accordance with AS-21 is amortised over 4 years at quarterly rests commencing from the quarter of recognition of goodwill.

## Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable

amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

## Fixed Assets

Fixed assets are stated at cost less depreciation.

Depreciation is provided (except in the case of leasehold land which is being amortised over the period of the lease) on the Straight Line Method (SLM) and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. However,

- certain employee perquisite-related assets are depreciated over four to six years, the period of the perquisite scheme
- computers and related assets are depreciated over four years
- certain assets of the cold chain are depreciated over four / seven years
- motor vehicles are depreciated over six years and
- assets of certain subsidiaries are depreciated on the Written Down Value Method (WDV). The difference between the SLM basis and WDV basis is not significant.
- Certain assets lying at Saloons and Training centers are depreciated over 5 to 9 years on SLM basis. The impact on such differential treatment is not significant.

Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable values.

## Investments

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

## Interests in Joint Ventures

Interests in Jointly controlled entities (Incorporated Joint Ventures) are accounted for using proportionate consolidation method.

## Inventories

Inventories are valued at the lower of cost, computed on a weighted average basis, and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.



# Significant Accounting Policies (Contd.)

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## Sundry Debtors and Loans and Advances

Sundry debtors and Loans and Advances are stated after making adequate provisions for doubtful balances.

## Provisions

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

## Retirement / Post Retirement Benefits

Contributions to Defined Contribution schemes such as Provident Fund, etc. are charged to the Profit and Loss account as incurred. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions. The Company also provides for retirement / post-retirement benefits in the form of gratuity, pensions, leave encashment and medical. Such benefits are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as an expense as and when incurred.

## Taxes on Income

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

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

## Foreign Currency Translations

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

Forward exchange contracts outstanding as at the period end on account of firm commitment/highly probable forecast transactions are marked to market and the resultant gain/loss is dealt in the profit and loss account.

## Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in consolidated financial statements with the following additional policies being considered for segment reporting:

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

# Profit and Loss Account

For the year ended 31st March, 2010

Figures in brackets represent deductions

	Notes	12 Months Ended 31st March, 2010	Rs. Crores 15 Months Ended 31st March, 2009
<b>INCOME</b>			
Sales (net of excise)	1	17,764.27	20,501.10
Other income (current year net of mark to market loss-refer note 8.ii)	2	343.97	580.06
<b>Total</b>		<b>18,108.24</b>	<b>21,081.16</b>
<b>EXPENDITURE</b>			
Operating expenses	3 - 5	(15,188.36)	(17,820.13)
Depreciation		(191.94)	(199.97)
Interest	6	(7.47)	(26.45)
<b>Total</b>		<b>(15,387.77)</b>	<b>(18,046.55)</b>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL/EXTRAORDINARY ITEMS</b>		<b>2,720.47</b>	<b>3,034.61</b>
Taxation for the year - current tax		(637.05)	(544.64)
- deferred tax		(20.15)	(4.74)
- fringe benefit tax		-	(38.17)
- adjustments of previous years (net)	16	41.93	48.35
<b>PROFIT AFTER TAXATION, BEFORE EXCEPTIONAL/EXTRAORDINARY ITEMS</b>		<b>2,105.20</b>	<b>2,495.41</b>
Exceptional/Extraordinary items (net of tax)	11	59.41	14.53
<b>PROFIT BEFORE MINORITY INTERESTS</b>		<b>2,164.61</b>	<b>2,509.94</b>
Minority Interests		(7.98)	(5.43)
<b>NET PROFIT</b>		<b>2,156.63</b>	<b>2,504.51</b>
Balance brought forward		518.12	176.92
<b>Available for distribution</b>		<b>2,674.75</b>	<b>2,681.43</b>
<b>Dividends :</b>			
On equity shares:			
Interim - Rs. 3.00 per share - declared on 31st October, 2009 (2009 : Rs. 3.50 per share) (includes Rs. 0.08 crores on Final Dividend for 2009)		(654.35)	(762.56)
Final - Rs. 3.50 per share - proposed (2009 : Rs. 4.00 per share)		(763.59)	(871.95)
Tax on distributed profits (includes Rs. 0.01 crores on final dividend for 2009)		(238.50)	(278.80)
Transfer to General Reserve		(220.22)	(250.00)
<b>Balance carried forward</b>		<b>798.09</b>	<b>518.12</b>
<b>Earnings Per Share (Rs.)- Basic (Face value of Re.1 each)</b>	13	9.89	11.50
- Diluted (Face value of Re.1 each)		9.87	11.47

For notes, statements, additional information, segment information, related party disclosures and accounting policies See pages: 106,107, 112 to 115 and 129 to 135

Signatures to pages : 106 to 108, 112 to 115 and 129 to 135

In terms of our report of even date

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

Sharmila A. Karve  
Partner  
Membership No. 43229

Mumbai : 25th May, 2010

NITIN PARANJPE  
Managing Director and CEO

D.S. PAREKH  
Chairman - Audit Committee

Mumbai : 25th May, 2010

SRIDHAR RAMAMURTHY  
CFO & Company Secretary

VIVEK SUBRAMANIAN  
Group Controller

# Balance Sheet

As at 31st March, 2010

Figures in brackets represent deductions

	Schedule	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
Shareholders' funds			
Capital	1	218.17	217.99
Reserves and surplus	2	2,450.76	1,919.48
		2,668.93	2,137.47
Minority Interests		10.46	7.78
Loan funds			
Secured loans	3	10.49	156.29
Unsecured loans	4	0.35	277.84
		10.84	434.13
		<b>2,690.23</b>	<b>2,579.38</b>
<b>APPLICATION OF FUNDS</b>			
Fixed assets			
Gross block		3,667.24	2,959.14
Depreciation and impairment loss		(1,452.88)	(1,301.15)
Net block	5	2,214.36	1,657.99
Capital work-in-progress		279.98	477.85
		2,494.34	2,135.84
Investments	6	1,224.42	287.64
Deferred Tax			
Deferred Tax Assets	7	455.50	443.70
Deferred Tax Liabilities	8	(207.30)	(190.65)
		248.20	253.05
Current assets, loans and advances			
Inventories	9	2,226.41	2,580.53
Sundry debtors	10	691.67	560.57
Cash and bank balances	11	2,012.38	1,864.11
Other current assets	12	19.29	19.70
Loans and advances	13	589.53	745.29
		<b>5,539.28</b>	<b>5,770.20</b>
Current liabilities and provisions			
Liabilities	14	(5,352.18)	(4,332.45)
Provisions	15	(1,463.83)	(1,534.90)
		<b>(6,816.01)</b>	<b>(5,867.35)</b>
Net current assets		<b>(1,276.73)</b>	<b>(97.15)</b>
		<b>2,690.23</b>	<b>2,579.38</b>

For schedules, contingent liabilities, additional information, Signatures to pages: 106, 107, 109, 116 to 127 and 129 to 135  
segment information, related party disclosures and accounting policies  
See pages: 106, 107, 116 to 127 and 129 to 135

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**For Lovelock & Lewes**  
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**VIVEK SUBRAMANIAN**  
Group Controller

# Cash Flow Statement

For the year ended 31st March, 2010

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>A Cash Flow from Operating Activities :</b>		
Profit before taxation and exceptional items	2,720.47	3,034.61
<i>Adjustments for :</i>		
Depreciation	191.94	199.97
Surplus on disposal of investments (net)	(19.54)	(53.91)
Reversal of provision for diminution in value of investments and excess of cost over fair value of current investments (net)	-	(3.09)
Deficit / (surplus) on fixed assets sold, scrapped, etc. (net)	(7.35)	9.28
Interest income	(96.48)	(84.32)
Dividend income	(11.32)	(51.43)
Interest expenditure	7.47	26.45
	64.72	42.95
Operating Profit before Working Capital Changes	2,785.19	3,077.56
<i>Adjustments for :</i>		
Trade and Other Receivables	30.19	(164.86)
Inventories	354.12	(576.75)
Trade Payables and Other Liabilities	1,078.38	425.49
	1,462.69	(316.12)
Cash generated from operations	4,247.88	2,761.44
Taxes paid (net of refunds)	(673.52)	(648.48)
<b>Cash flow before exceptional / extraordinary items</b>	<b>3,574.36</b>	<b>2,112.96</b>
<b>Exceptional :</b>		
Compensation paid under Voluntary Separation Schemes and amount paid for an industrial dispute relating to a closed factory	(87.76)	(39.76)
Transitional cost due to consolidation of offices / factories	(6.65)	(16.41)
Amounts paid for other restructuring activities	(0.38)	(4.24)
<b>Extraordinary :</b>		
Consideration received on disposal of Bertolli brand	-	1.50
<b>Net Cash from Operating Activities.....A</b>	<b>3,479.57</b>	<b>2,054.05</b>
<b>B Cash Flow from Investing Activities :</b>		
Purchase of fixed assets	(581.47)	(645.84)
Sale of fixed assets	29.39	6.24
Purchase of investments	(6,128.94)	(12,488.63)
Sale of investments	5,207.16	13,682.46
Interest received	98.69	83.14
Dividend received	11.32	51.43

# Cash Flow Statement

For the year ended 31st March, 2010 (Contd.)

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Cash flow before exceptional items</b>	(1,363.85)	688.80
<b>Exceptional :</b>		
Consideration received on disposal of unused land and building (including residential properties)	109.32	176.19
Consideration received on disposal of long term investment	91.13	20.38
Consideration received on disposal of a subsidiary	19.89	-
<b>Net Cash (used in)/from Investing Activities.....B</b>	<b>(1,143.51)</b>	<b>885.37</b>
<b>C Cash Flow from Financing Activities :</b>		
Dividends paid	(1,528.44)	(1,439.76)
Tax on distributed profits	(259.86)	(241.63)
Interest paid	(7.47)	(26.45)
Bank overdrafts (net)	(49.57)	(37.71)
Proceeds from borrowings	-	1,281.45
Proceeds from share allotment under Employee Stock option scheme	31.27	38.12
Repayments of borrowings	(373.72)	(911.75)
<b>Net Cash used in Financing Activities.....C</b>	<b>(2,187.79)</b>	<b>(1,337.73)</b>
<b>Net Increase in Cash and Cash equivalents..... (A+B+C)</b>	<b>148.27</b>	<b>1,601.69</b>
<b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>	<b>1,864.11</b>	<b>262.42</b>
<b>Cash and Cash equivalents as at Period end (Closing Balance)</b>	<b>2,012.38</b>	<b>1,864.11</b>

For Notes see page: 128

Signatures to pages : 110, 111 and 128

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229

Mumbai : 25th May, 2010

**NITIN PARANJPE**  
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Chairman - Audit Committee

Mumbai : 25th May, 2010

**SRIDHAR RAMAMURTHY**  
CFO & Company Secretary

**VIVEK SUBRAMANIAN**  
Group Controller

# Notes

## To Profit and Loss Account

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>INCOME</b>		
<b>1 Sales</b>	18,367.79	21,810.13
Less: Excise duty	(696.81)	(1,410.92)
	17,670.98	20,399.21
Share of Joint Ventures - Schedule 20 (b)	93.29	101.89
	<b>17,764.27</b>	<b>20,501.10</b>
Sales include duty drawback and licence premium on exports	26.70	43.15
<b>2 Other income</b>		
Income from services rendered	261.30	303.58
Interest income-bank and other accounts (gross)	92.35	61.59
Interest income-non trade (gross) (Note 7)	4.13	18.48
Dividend income - trade - long term (gross)	5.74	5.75
Dividend income - non trade - long term (gross)	-	1.65
Dividend income - non trade - current (gross)	5.58	44.03
Surplus on disposal of current investments (net)	19.54	53.91
Miscellaneous income (Current year: net of Mark to Market loss-refer note 8.ii)	(49.97)	85.30
	338.67	574.29
Share of Joint Ventures - Schedule 20 (b)	5.30	5.77
	<b>343.97</b>	<b>580.06</b>
<b>OPERATING EXPENSES</b>		
<b>3 Materials consumed and Purchase of goods</b>		
Raw materials consumed	5,381.82	6,856.56
Packing materials consumed	1,380.94	1,715.31
Purchase of goods	2,173.11	2,714.82
<b>4 General expenditure</b>		
Salaries, wages, bonus, etc.	847.02	1,043.44
Contribution to provident and other funds	58.90	73.99
Workmen and staff welfare expenses	65.02	71.54
Processing charges	193.53	228.29
Consumption of stores and spare parts	103.98	121.15
Repairs and maintenance - Buildings	7.70	13.75
- Plant	76.15	88.10
- Others	7.43	10.47
Power, light, fuel and water	247.06	304.47
Rent	193.10	203.26
Rates and taxes	54.51	81.05
Insurance	4.55	5.18
Advertising and sales promotion	2,423.04	2,153.82
Carriage and freight	874.01	1,145.12
Agents' commission and brokerage	3.58	11.27



# Notes

## To Profit and Loss Account (Contd.)

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Provision / (write back) for doubtful debts and advances (net)	(1.20)	16.05
Travelling and motor car expenses	134.50	209.97
Deficit on fixed assets sold, scrapped, etc. (net)	7.35	9.28
Miscellaneous expenses (Note 8.ii and 10)	876.61	1,063.96
<b>5 Stocks</b>		
Opening stocks: - Work-in-progress	189.50	43.06
- Processed chemicals	1.75	0.12
- Finished goods	1,105.11	818.24
Closing stocks: - Work-in-progress	(249.05)	(189.50)
- Processed chemicals	-	(1.75)
- Finished goods	(1,066.30)	(1,105.11)
Excise Duty on Increase/(Decrease) of Finished goods	(3.12)	12.91
Share of Joint Ventures - Schedule 20 (b)	97.76	101.31
	<b>15,188.36</b>	<b>17,820.13</b>

**6** Interest paid on bank and other accounts Rs. 7.47 Crores (2009 - Rs. 26.45 Crores), including on fixed period loan Rs. 3.62 Crores (2009 - Rs. 1.01 Crores)

**7** Interest income - non trade (gross) comprises of Rs. 4.13 Crores (2009 - Rs. 17.11 Crores) and Rs. Nil (2009 - Rs. 1.37 Crores) in respect of long term and current investments respectively.

**8** i The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled / appropriate rates applicable at the year end) debited to the Profit and Loss Account is Rs. 50.29 Crores (2009 - credit Rs. 32.31 Crores).

ii The above includes loss of Rs. 56.33 Crores (2009 - gain Rs. 60.00 Crores) included under miscellaneous income on account of mark to market valuation of open forward contracts' and monetary items (viz. foreign currency receivables and payable) in line with AS-11.

**9** Operating expenses include research and development expenses of Rs. 67.02 Crores (2009 Rs. 74.47 Crores).

### 10 Miscellaneous expenses

i) is net of credit for write back of charge in respect of excess of cost over fair value of current investments Rs. Nil [2009 - credit Rs. 3.09 Crores (net)]

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>11 Exceptional / Extraordinary Items</b>		
<b>A) Exceptional Items</b>		
i) Profit arising from disposal of unused land and building (including residential properties)	98.87	170.67
ii) Profit arising on disposal of a long term investment	86.58	15.67
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes, mainly due to higher interest rates (net of impact on account of revised gratuity limits)	53.36	-
iv) Reversal of provision on account of settlement of legal cases	-	3.23
<b>Total exceptional income</b>	<b>238.81</b>	<b>189.57</b>

## Rs. Crores

	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
v) Provision for remediation of a site	-	(25.00)
vi) Incremental provision for retirement benefits arising out of change in actuarial assumptions, due to lower interest rates	-	(60.52)
vii) Restructuring costs across businesses comprising:		
a) Compensation under Voluntary Separation Schemes and settlement amount payable in an industrial dispute relating to a closed factory	(177.18)	(70.91)
b) Transitional cost due to consolidation of offices / factories	(7.46)	(19.05)
c) Write-down of fixed assets for closed units	-	(15.69)
d) Other Costs	(0.38)	(6.12)
<b>Total exceptional expenditure</b>	<b>(185.02)</b>	<b>(197.29)</b>
<b>Net</b>	<b>53.79</b>	<b>(7.72)</b>
Taxation on the above - Credit / (Charge) on current tax	(29.08)	(22.17)
- Credit / (Charge) on deferred tax	16.11	43.43
<b>Total tax credit / (charge) - net</b>	<b>(12.97)</b>	<b>21.26</b>
<b>Exceptional items (net of tax)</b>	<b>40.82</b>	<b>13.54</b>
<b>B) Extraordinary Items</b>		
i) Profit arising on disposal of a brand	-	1.50
ii) Profit on disposal of a subsidiary (Shamnagar Property)	19.70	-
<b>Total extraordinary income</b>	<b>19.70</b>	<b>1.50</b>
Taxation on the above - Credit / (Charge) on current tax	(1.11)	(0.51)
<b>Total tax credit / (charge) - net</b>	<b>(1.11)</b>	<b>(0.51)</b>
<b>Extraordinary items (net of tax)</b>	<b>18.59</b>	<b>0.99</b>
<b>Total of Exceptional / Extraordinary Items (A+B)</b>	<b>59.41</b>	<b>14.53</b>

12 Pursuant to the Scheme of amalgamation of erstwhile subsidiary Bon Limited with Hindustan Unilever Limited, as sanctioned by the Honourable High Court of Bombay on 16th April, 2010, the assets and liabilities of Bon Limited were transferred to and vested in Hindustan Unilever Limited with effect from 1st April, 2009. The scheme has accordingly been given effect to in these accounts. The amalgamation has been accounted for under the pooling of interests method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and other reserves of the erstwhile subsidiary as at the aforementioned date have been taken over at their book values. There has been no adjustment required to be made for the differences in the accounting policies between the Companies.

# Notes

## To Profit and Loss Account (Contd.)

	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>13</b> Earnings Per Share has been computed as under:		
Net Profit (Rs. crores)	2,156.63	2,504.51
Weighted average number of Equity shares outstanding	2,180,819,678	2,178,639,191
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	9.89	11.50
Weighted average number of Equity shares (including dilutive) outstanding	2,183,954,984	2,183,140,719
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	9.87	11.47
<b>14</b> The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the profit and loss account (Note 4).		
<b>15</b> The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Ventures", notified under Section 211 (3C) of the Companies Act, 1956. Refer Schedule 20 to the Balance Sheet.		
<b>16</b> Taxation adjustments of previous years include interest, etc.		
<b>17</b> i) The current year's figures are not comparable to those of the previous year which relate to 15 months period ended 31st March, 2009.		
ii) Previous period's figures have been regrouped / restated wherever necessary to conform to this year's classification.		

		Rs. Crores	
		As at 31st March, 2010	As at 31st March, 2009
<b>1 CAPITAL</b>			
<b>Authorised</b>			
2,250,000,000 equity shares of Re. 1 each		225.00	225.00
<b>Issued and subscribed</b>			
2,181,686,781 (2009 : 2,179,876,077) equity shares of Re. 1 each fully called and paid up		218.17	217.99
Of the above shares			
(i) 1,134,849,460	Shares of Re. 1 each are held by Unilever PLC., the holding company, and its subsidiaries including 794,806,750 shares of Re. 1 each held by Unilever PLC.		
(ii) 795,379,675	Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.		
(iii) 1,316,854,620	Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.		
		218.17	217.99

**Note:**

- Hindustan Unilever Limited has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st March, 2010 are 3,135,306 (2009 - 4,762,792). Of these 545,005 (2009 - 823,005) options have vested in 2004, 874,597 (2009 - 1,192,733) have vested in 2005, 810,160 (2009 - 1,303,310) have vested in 2006, 403,744 have vested in 2007 (2009 - 627,744) and 501,800 have vested in 2008 (2009 - 816,000). During the year 1,810,704 (2009 - 24,12,722) options were exercised and equivalent shares were issued.

				Rs. Crores
				As at 31st March, 2010
	As at 31st March, 2009	Additions	Deductions	
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserves</b>				
Capital Reserve	4.22	-	-	4.22
Capital Subsidy	5.05	-	-	5.05
Capital Redemption Reserve	4.17	-	-	4.17
Share Premium Account	39.19	(d) 32.00	-	71.19
Revaluation Reserve	0.67	-	-	0.67
Other Reserves (c)	2.51	-	-	2.51
Employee Stock Options (e)	4.05	-	(d) (0.91)	3.14
<b>Total Capital Reserves</b>	<b>59.86</b>	<b>32.00</b>	<b>(0.91)</b>	<b>90.95</b>
<b>Revenue Reserves</b>				
Export Profit Reserve	12.26	-	-	12.26
Development Allowance Reserve	0.27	-	-	0.27
General Reserve	1,328.97	220.22	-	1,549.19
<b>Total Revenue Reserves</b>	<b>1,341.50</b>	<b>220.22</b>	<b>-</b>	<b>1,561.72</b>
<b>Profit and Loss Account Balance</b>	<b>518.12</b>	<b>(a) 798.09</b>	<b>(b) (518.12)</b>	<b>798.09</b>
<b>TOTAL RESERVES - 31st March, 2010</b>	<b>1,919.48</b>	<b>1,050.31</b>	<b>(519.03)</b>	<b>2,450.76</b>
<b>TOTAL RESERVES - 31st March, 2009</b>	<b>1,290.41</b>	<b>807.31</b>	<b>(178.24)</b>	<b>1,919.48</b>

# Schedules

## To the Balance Sheet (Contd.)

### 2 RESERVES AND SURPLUS (Contd.)

- a) Transfer from profit and loss account
- b) Transfer to profit and loss account
- c) Not available for capitalisation / declaration of dividend / share valuation.
- d) Represents additions arising from allotment of Shares under Employees Stock Options / Performance Share Plan Rs. 31.09 crores ( 2009 : Rs. 37.88 crores) and a transfer as stated in (e) below ( 2009 : Rs. 1.31 Crores)
- e) Employee Stock Options

	As at 31st March, 2009	Additions	Deductions	Rs. Crores As at 31st March, 2010
Employee Stock Options Outstanding	7.52	-	-	7.52
Less:- Transfer to share premium on exercise of Options	(3.47)	-	(0.91)	(4.38)
Employee Stock Options	4.05	-	(0.91)	3.14

f) Including share of Joint Venture Rs. 38.52 Crores (2009 : Rs. 39.62 Crores)

	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>3 SECURED LOANS</b>		
Loans and Advances from Banks:		
- Bank overdrafts	-	25.65
Secured by hypothecation of stocks and book debts		
- Export Packing Credit	10.49	130.64
Secured by a pari passu charge on stocks and book debts		
	10.49	156.29
Share of Joint Venture - Schedule 20 (b)	-	-
	10.49	156.29
<b>4 UNSECURED LOANS</b>		
Short- term loans & advances:		
From Banks		
- Working Capital loan	-	250.00
- Overdrawn book balance on current account	0.35	24.27
- Export Packing Credit	-	3.23
Other loans and advances		
- Other than from Banks	-	0.34
[repayable within one year Rs. Nil (2009 - Rs. 0.24 crores)]		
	0.35	277.84
Share of Joint Venture - Schedule 20 (b)	-	-
	0.35	277.84

# Schedules

To Balance Sheet (Contd.)

CONSOLIDATED

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost/ Valuation as at 31st March, 2009	Additions	Deduc- tions/ Transfers	Cost/ Valuation as at 31st March, 2010	As at 31st March, 2009	Additions	Deduc- tions/ Transfers	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land - Freehold	57.63	21.82	(0.22)	79.23	-	-	-	79.23	79.23	57.63
- Lease hold	33.70	-	(0.57)	33.13	3.88	0.40	(0.08)	4.20	28.93	29.82
Buildings	692.22	269.98	(23.40)	938.80	163.48	20.20	(6.54)	177.14	761.66	528.74
Plant & machinery	1,737.78	435.36	(34.12)	2,139.02	841.03	136.67	(20.31)	957.39	1,181.63	896.75
Railway sidings	0.01	-	-	0.01	0.01	-	-	0.01	-	-
Furniture, fittings & office equipments	158.00	41.16	(14.06)	185.10	96.50	11.82	(12.77)	95.55	89.55	61.50
Trade Marks	144.85	-	-	144.85	144.85	-	-	144.85	-	-
Goodwill	6.34	-	-	6.34	6.34	-	-	6.34	-	-
Software	101.20	5.77	-	106.97	31.24	20.52	-	51.76	55.21	69.96
Motor vehicles	3.38	-	(0.46)	2.92	3.00	0.23	(0.44)	2.79	0.13	0.38
<b>Total</b>	<b>2,935.11</b>	<b>774.09</b>	<b>(72.83)</b>	<b>3,636.37</b>	<b>1,290.33</b>	<b>189.84</b>	<b>(40.14)</b>	<b>1,440.03</b>	<b>2,196.34</b>	<b>1,644.78</b>
Share of Joint Ventures Schedule-20(b)	24.03	6.92	(0.08)	30.87	10.82	2.10	(0.07)	12.85	18.02	13.21
<b>Total-31st March, 2010</b>	<b>2,959.14</b>	<b>781.01</b>	<b>(72.91)</b>	<b>3,667.24</b>	<b>1,301.15</b>	<b>191.94</b>	<b>(40.21)</b>	<b>1,452.88</b>	<b>2,214.36</b>	<b>1,657.99</b>
<b>Total-31st March, 2009</b>	<b>2,727.26</b>	<b>330.03</b>	<b>(98.16)</b>	<b>2,959.14</b>	<b>1,168.36</b>	<b>199.97</b>	<b>(67.18)</b>	<b>1,301.15</b>	<b>1,657.99</b>	

a) Capital expenditure commitments - Rs. 190.73 Crores (2009 - Rs. 132.30 Crores)

b) The title deeds of immovable properties aggregating Rs. 54.19 Crores (2009 - Rs. 57.49 Crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.

c) Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Company's interest.



# Schedules

## To Balance Sheet (Contd.)

			As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>6 INVESTMENTS</b> (Long term, Unquoted, unless otherwise stated)				
<b>A INVESTMENTS IN GOVERNMENT SECURITIES</b>				
7 Year National Savings Certificates - II Issue			0.01	0.01
7.55 % Government of India Stock of Face Value Rs. 50.00 Crores (2008-09 - Nil) (Stock aggregating Face Value of Rs. 515.00 Crores purchased during the year)  (Stock aggregating Face Value of Rs. 465.00 Crores sold during the year) (Current Investments) (Quoted)			51.26	-
Treasury Bills of Face Value aggregating Rs. 346.89 Crores (2008-09 - Nil) (Bills aggregating Face Value of Rs. 3,670.64 Crores purchased during the year)  (Bills aggregating Face Value of Rs. 3,323.75 Crores sold during the year) (Current Investments) (Quoted)			341.07	-
<b>TOTAL - A</b>			<b>392.34</b>	<b>0.01</b>
<b>B TRADE INVESTMENTS AT COST SHARES</b>				
Tata Chemicals Limited	5,032,000	Equity shares of Rs. 10 each fully paid (Quoted)	47.46	47.46
Capgemini Business Services (India) Limited	-	Ordinary shares of Rs. 100 each fully paid (2,450 shares sold during the year)	-	4.55
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs. 100 each fully paid (Cost Rs. 5,000)	-	-
Hi Tech Surfactants Limited	58,400	Equity shares of Rs. 10 each fully paid	0.06	0.06
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs. 100 each fully paid	2.66	2.66
	913,000	7% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid	9.13	9.13
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	-	-
Coffee Futures India Exchange Limited	1	Equity share of Rs. 10,000 each fully paid (Cost Rs. 10,000)	-	-
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs. 100 each fully paid	0.02	0.02
<b>TOTAL - B</b>			<b>59.33</b>	<b>63.88</b>

# Schedules

## To Balance Sheet (Contd.)

			As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>6 INVESTMENTS (Contd.)</b> (Long term, Unquoted, unless otherwise stated)				
<b>C NON-TRADE INVESTMENTS AT COST SHARES, DEBENTURES, BONDS &amp; OTHERS</b>				
Comfund Financial Services India Limited	240,000	Equity shares of Rs. 10 each fully paid	0.24	0.24
Assam Bengal Cereals Limited	8,284	Equity shares of Rs. 10 each fully paid	0.01	0.01
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs. 1,000 : Cost Rs. 17,000)	0.00	0.00
Woodlands Hospital and Medical Research Centre Limited	1	5% Non-redeemable Registered Debenture stock (Face value Rs. 100 : Cost Rs. 591)	0.00	0.00
	44	1/2% Debentures of Rs. 100 each (Face value Rs. 100 : Cost Rs. 26,009)	0.00	0.00
Shillong Club Limited	56	5% Debentures of Rs. 100 each (Cost Rs. Nil)	0.00	0.00
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs. 100 each fully paid (Cost Rs. 20,000)	0.00	0.00
Biotech Consortium India Limited	100,000	Equity shares of Rs. 10 each fully paid	0.10	0.10
Scooters India Limited	10,000	Equity shares of Rs. 10 each fully paid (Quoted)	0.01	0.01
S.C. Johnson Products Private Limited	1,104,000	Equity shares of Rs. 5 each fully paid	0.07	0.07
Annamallais Ropeway company Limited	1,150	Ordinary shares of Rs. 100 each fully paid(Cost Rs. Nil)	-	-
Saraswat Co-operative Bank Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	-	-
Rural Electrification Board	-	5.50% Capital Gains Bonds of Rs. 10,000 each (2008-09-213,000)(213,000 bonds Redeemed during the year)	-	213.00
	500	5.50% Capital Gains Bonds of Rs. 10,000 each	0.50	0.50
<b>OTHERS</b>				
Certificates of Deposit	-	State Bank of Bikaner & Jaipur of the Face Value of Rs. 25.00 Crores (2008-09-Rs. 10.00 Crores) (Rs. 125.00 Crores purchased during the year) (Rs. 110.00 Crores sold during the year) (Current Investments) (Quoted)	24.59	9.91

# Schedules

## To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2010	As at 31st March, 2009
<b>6 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS (Contd.)</b>			
- State Bank of Mysore of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 65.00 Crores purchased during the year) (Rs. 40.00 Crores sold during the year) (Current Investments) (Quoted)		24.62	-
- State Bank of Indore (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)		-	-
- Canara Bank of the Face Value of Rs. 45.00 Crores (2008-09-Nil) (Rs. 70.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)		44.39	-
- Bank of India (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)		-	-
- Bank of Baroda of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Current Investments) (Quoted)		24.42	-
- Standard Chartered Bank of the Face Value of Rs. 175.00 Crores (2008-09-Nil) (Rs. 175.00 Crores purchased during the year) (Current Investments) (Quoted)		173.22	-
- ICICI Bank of the Face Value of Rs. 50.00 Crores (2008-09-Nil) (Rs. 50.00 Crores purchased during the year) (Current Investments) (Quoted)		49.08	-
- Citi Bank of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 25.00 Crores purchased during the year) (Current Investments) (Quoted)		24.90	-
- State Bank of Trivancore of the Face Value of Rs. 25.00 Crores (2008-09-Nil) (Rs. 75.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)		24.75	-

			As at 31st March, 2010	Rs. Crores As at 31st March, 2009
6 INVESTMENTS (Contd.) (Long term, Unquoted, unless otherwise stated)				
Birla Sun Life Mutual Fund	123,285,364	Units Birla Sun Life Short Term Fund - Institutional - Daily Dividend (207,885,663 Units Purchased, 2,351,877 Units cumulated, 86,952,176 Units sold during the year) (Current Investments)	123.35	-
ICICI Prudential Mutual Fund	5,298,004	Units ICICI Prudential Floating Rate- Plan D - Daily Dividend (Face Value - Rs. 100) (67,358,257 Units Purchased, 290,756 Units cumulated, 62,351,009 Units sold during the year) (Current Investments)	52.99	-
		- Units ICICI Prudential Floating Rate - Plan D - Daily Dividend (Face Value - Rs. 10) (207,956,329 Units Purchased, 224,601 Units cumulated, 208,180,930 Units sold during the year) (Current Investments)	-	-
IDFC Mutual Fund	144,868,017	Units IDFC Money Manager Fund -Investment Plan- Inst Plan B - Daily Dividend (144,782,826 Units Purchased, 85,191 Units cumulated during the year) (Current Investments)	145.09	-
Kotak Mahindra Mutual Fund	60,028,309	Units Kotak Floater Long Term - Daily Dividend (60,021,032 Units Purchased, 7,276.50 Units cumulated during the year) (Current Investments)	60.51	-
Unit Trust of India	5,000	Master Gain 92 of Rs. 10 each (cost Rs. 50,000)	-	-
TOTAL-C			772.84	223.84
TOTAL A+B+C			1,224.51	287.73
Provision for diminution in value of Long term investments			(0.09)	(0.09)
TOTAL			1,224.42	287.64
Aggregate book value of investments	Unquoted		394.65	230.26
		Quoted - Market Value Rs. 953.58 Crores (2008-09 - Rs. 71.09 Crores)	829.77	57.38
TOTAL			1,224.42	287.64

# Schedules

## To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>7 DEFERRED TAX ASSETS</b>		
On Employee Separation and Retirement	225.57	219.06
On Other Timing Differences	144.40	146.74
Other Items	85.42	77.81
	<b>455.39</b>	<b>443.61</b>
Share of Joint Venture - Schedule 20 (b)	0.11	0.09
	<b>455.50</b>	<b>443.70</b>
<b>8 DEFERRED TAX LIABILITIES</b>		
On Fiscal Allowances	(205.90)	(189.18)
	<b>(205.90)</b>	<b>(189.18)</b>
Share of Joint Venture - Schedule 20 (b)	(1.40)	(1.47)
	<b>(207.30)</b>	<b>(190.65)</b>
<b>9 INVENTORIES</b> (at lower of cost and net realisable value)		
Stores and spare parts, etc.	46.29	39.87
Raw materials (Includes in transit- Rs. 51.65 Crores, 2009 - Rs. 45.48 Crores)	761.91	1,096.74
Packing materials	85.37	124.36
Work-in-progress	249.05	189.50
Processed chemicals	-	1.75
Finished goods (Includes in transit- Rs. 63.86 Crores, 2009 - Rs. 20.40 Crores)	1,066.30	1,106.16
Property Development Activity-Work in Progress	0.49	0.49
	<b>2,209.41</b>	<b>2,558.87</b>
Share of Joint Venture - Schedule 20 (b)	17.00	21.66
	<b>2,226.41</b>	<b>2,580.53</b>
<b>10 SUNDRY DEBTORS</b>		
Considered good		
Over 6 months old	66.75	28.32
Others	621.01	527.74
	<b>687.76</b>	<b>556.06</b>
Considered doubtful		
Over 6 months old	72.46	69.21
Others	-	-
	<b>72.46</b>	<b>69.21</b>
	<b>760.22</b>	<b>625.27</b>
Less: Provision for doubtful debts	(72.46)	(69.21)
	<b>687.76</b>	<b>556.06</b>
Share of Joint Venture - Schedule 20 (b)	3.91	4.51
	<b>691.67</b>	<b>560.57</b>
<b>11 CASH AND BANK BALANCES</b>		
Cash on hand	1.07	0.90
Cheques on hand	49.11	-
With Scheduled banks	208.58	208.56
- on current accounts	1,718.03	1,627.88
- on deposit accounts		
	<b>1,976.79</b>	<b>1,837.34</b>
Share of Joint Ventures - schedule 20 (b)	35.59	26.77
	<b>2,012.38</b>	<b>1,864.11</b>

# Schedules

## To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>12 OTHER CURRENT ASSETS</b>		
Income accrued on investments and deposits	13.75	15.96
Fixed assets held for sale (at lower of cost and net realisable value)	4.61	3.52
	<b>18.36</b>	<b>19.48</b>
Share of Joint Ventures - Schedule 20 (b)	0.93	0.22
	<b>19.29</b>	<b>19.70</b>
<b>13 LOANS AND ADVANCES</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received Rs. 117.14 Crores (2009 - Rs. 133.83 Crores) not due within one year	440.63	579.38
Considered doubtful	36.58	40.01
	477.21	619.39
Less: Provision for doubtful advances	(36.58)	(40.01)
	440.63	579.38
Deposits with Customs, Port Trust, Excise, etc.	130.94	139.02
Current taxation (payments in excess of provisions, including tax on distributed profits)	-	17.53
Fringe Benefit Taxation (payments in excess of provision)	-	4.82
	<b>571.57</b>	<b>740.75</b>
Share of Joint Venture - Schedule 20 (b)	17.96	4.54
	<b>589.53</b>	<b>745.29</b>
<b>14 LIABILITIES</b>		
Acceptances	849.28	883.60
Sundry creditors (Schedule 19)	4,395.96	3,352.34
Security advances	17.08	18.63
Dividends declared pending payment / encashment	52.59	49.43
	<b>5,314.91</b>	<b>4,304.00</b>
Share of Joint Venture - Schedule 20 (b)	37.27	28.45
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund	<b>5,352.18*</b>	<b>4,332.45*</b>
<b>15 PROVISIONS</b>		
Current taxation (provisions in excess of payments) including tax on distributed profits	55.21	-
Fringe Benefit Taxation	-	-
Provision for retirement/post retirement benefits and other employee benefits	577.81	603.34
Proposed dividend	763.59	871.95
Miscellaneous provisions (Schedule 18)	54.17	59.61
	<b>1,450.78</b>	<b>1,534.90</b>
Share of Joint Venture - Schedule 20 (b)	13.05	-
	<b>1,463.83</b>	<b>1,534.90</b>



# Schedules

## To Balance Sheet (Contd.)

- 16 Certain demands for increased wages, etc. received from workmen have been referred to adjudication. In the opinion of Hindustan Unilever Limited's management, the ultimate liability to the Company, if any, with respect to such demands would not have a material effect on the accounts.

	As at 31st March, 2010	Rs. Crores As at 31st March, 2009
<b>17 CONTINGENT LIABILITIES</b>		
a) Claims made against Companies not acknowledged as debts and other matters		
Income-tax matters	297.68	278.90
Sales tax matters-gross Rs. 182.45 Crores (2009 - Rs. 211.68 Crores) net of tax	121.81	139.73
Excise and Custom Duty Matters- gross Rs. 67.69 Crores (2009 - Rs. 86.38 Crores) net of tax	45.25	57.04
Other Matters-gross Rs. 13.42 Crores (2009 - Rs. 12.61 Crores) net of tax	8.96	8.32
Share of Joint Venture - Schedule 20 (b)	-	-

Note:

Future cash outflows in respect of (a) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

	As at 1st April, 2009	Provision made during the year	Amounts utilised/ reversed during the year	Rs. Crores As at 31st March, 2010
<b>18 PROVISIONS</b>				
Miscellaneous Provisions	59.61	8.07	(13.51)	54.17
2008-09	41.56	25.00	(6.95)	59.61

Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events.

## 19 MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small Enterprises, to whom the Companies owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Companies.

# Schedules

## To Balance Sheet (Contd.)

20 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Ventures", notified under Section 211 (3C) of the Companies Act, 1956.

a) The subsidiaries (which along with Hindustan Unilever Limited, the parent, constitute the Group) considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2010	% voting power held as at 31st March, 2009
Unilever India Exports Limited	India	100	100
Unilever Nepal Lever Limited	Nepal	80	80
Davershola Estates Private Limited	India	100	100
Ponds Exports Limited	India	100	100
Levers Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Brooke Bond Real Estates Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100
Hindustan Field Services Private Limited	India	51	51
Bon Limited (Amalgamated w.e.f. 1st April, 2009)	India	-	100
Shamnagar Estates Private Limited (sold w.e.f. 13th May, 2009)	India	-	100

### b) Interest in Joint Venture

The Group's interest, in jointly controlled entity (incorporated Joint Venture) are :

Name of the Company	Country of Incorporation	% of ownership Interest as at 31st March, 2010	% Ownership Interest as at 31st March, 2009
Kimberly - Clark Lever Private Limited	India	50%	50%

The Financial Statements of the Joint Ventures as certified by the auditors of the Joint Venture are drawn upto 31st March, 2010.

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>I ASSETS</b>		
1 Fixed Assets	18.02	13.21
2 Capital Work-in-progress	0.57	5.33
3 Current Assets, Loans and Advances		
a) Inventories	17.00	21.66
b) Sundry Debtors	3.91	4.51
c) Cash and Bank Balances	35.59	26.77
d) Other Current Assets	0.93	0.22
e) Loans and Advances	4.90	4.54

# Schedules

## To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2010	As at 31st March, 2009
<b>II LIABILITIES</b>		
1 Shareholders Funds	(42.35)	(46.42)
2 Deferred Tax - Net	(1.29)	(1.38)
3 Current Liabilities and Provisions		
a) Liabilities	(37.27)	(28.45)
b) Provisions	-	-
	Rs. Crores	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
<b>III INCOME</b>		
1 Sales (net of excise duty)	93.29	101.89
2 Other Income	5.30	5.77
<b>IV EXPENSES</b>		
1 Operating expenses	(97.76)	(101.31)
2 Depreciation	(2.10)	(1.83)
3 Profit before Taxation	(1.27)	4.53
4 Provision for Taxation (including deferred taxation)	0.17	(0.15)
5 Net Profit	(1.10)	4.37
<b>V OTHER MATTERS</b>		
1 Contingent Liabilities	-	-
2 Capital Commitments	-	-
The movement of the aggregate reserves of the joint ventures are as under:		
Reserves as at 1st April, 2009	39.62	35.25
Add: Group share of Profits for the year	(1.10)	4.37
Reserves as at 31st March, 2010	38.52	39.62

21 Previous period's figures have been regrouped wherever necessary to conform to this year's classification.

# Notes

## To the Cash Flow Statement

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

- 1 The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" notified under Section 211 (3C) of the Companies Act, 1956.
- 2 Figures in brackets indicate cash outgo
- 3 The previous period's figures have been regrouped/restated wherever necessary to conform to this year's classification.
4. In view of note 17.(i) to the profit and loss account, the current year's figures are not comparable with that of the previous period's figures.

# Segment Information

For the year ended 31st March, 2010

## Information about Primary Business Segments

Rs. Crores

	12 Months ended 31st March, 2010			15 Months ended 31st March, 2009		
	External	Intersegment	Total	External	Intersegment	Total
<b>REVENUE</b>						
Soaps and Detergents	8,265.64		8,265.64	9,884.64		9,884.64
Personal Products	5,055.07		5,055.07	5,387.83		5,387.83
Beverages	2,142.43		2,142.43	2,299.51		2,299.51
Foods	730.78		730.78	808.30		808.30
Ice Creams	231.00		231.00	235.31		235.31
Exports	1,070.71	-	1,070.71	1,647.16	33.64	1,680.80
Other Operations	529.94	3.85	533.79	541.93	7.93	549.86
<b>Total Segment</b>	<b>18,025.57</b>	<b>3.85</b>	<b>18,029.42</b>	<b>20,804.68</b>	<b>41.57</b>	<b>20,846.25</b>
Eliminations			(3.85)			(41.57)
<b>Total (see note 3 to Segment Information)</b>			<b>18,025.57</b>			<b>20,804.68</b>
<b>RESULT</b>						
Soaps and Detergents			1,185.27			1,482.32
Personal Products			1,285.94			1,429.61
Beverages			319.75			308.30
Foods			4.44			1.50
Ice Creams			12.69			8.64
Exports			61.64			104.66
Other Operations			(26.44)			(101.51)
<b>Total Segment</b>			<b>2,843.29</b>			<b>3,233.52</b>
<b>Total</b>			<b>2,843.29</b>			<b>3,233.52</b>
Un-allocated expenditure net of un-allocated income			(244.39)			(365.20)
<b>Operating Profit</b>			<b>2,598.90</b>			<b>2,868.32</b>
Interest expenses			(7.47)			(26.45)
Interest / dividend income and surplus on disposal of investments (net) (net of provision / write back for diminution in long term investments and mark down of current investments)			129.04			192.74
Taxation for the year (including adjustments of previous years)			(615.27)			(539.20)
<b>Profit after taxation, before exceptional/extraordinary items and share of Associates Profits</b>			<b>2,105.20</b>			<b>2,495.41</b>
Exceptional items - income/expenditure -Segment						
Detergents		(119.65)			(84.77)	
Personal Products		(1.92)			(29.30)	
Foods		(1.20)			(3.58)	
Beverages		(1.15)			(32.63)	
Ice-Creams		(0.09)			(1.05)	
Exports		(7.46)			(19.34)	
Other Operations		(0.13)			(1.61)	
Exceptional items - income and expenditure (Unallocated/Corporate)			(131.60)			(172.28)
Extra-ordinary item - income/ expenditure -Segment			185.39			164.56
Foods			-			1.50
Extra-ordinary item - income/ expenditure Unallocated/Corporate			19.70			-
Taxation on the above			(14.08)			20.75
<b>Profit after exceptional/ extraordinary items before share of Associates Profits</b>			<b>2,164.61</b>			<b>2,509.94</b>
Share of Associates net profit			-			-
<b>Profit before Minority Interests</b>			<b>2,164.61</b>			<b>2,509.94</b>

# Segment Information

For the year ended 31st March, 2010 (Contd.)

## Information about Primary Business Segments

OTHER INFORMATION	Rs. Crores			
	Segment Assets		Segment Liabilities	
	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2009
Soaps and Detergents	2,221.36	2,539.57	(2,516.09)	(1,947.69)
Personal Products	1,367.88	1,117.04	(1,205.77)	(1,054.07)
Beverages	783.76	808.89	(534.09)	(482.28)
Foods	209.20	230.05	(224.50)	(186.03)
Ice Creams	153.79	135.60	(105.22)	(89.50)
Exports	492.02	548.32	(299.82)	(210.74)
Other Operations	120.99	102.25	(135.25)	(131.41)
<b>Total</b>	<b>5,349.00</b>	<b>5,481.72</b>	<b>(5,020.74)</b>	<b>(4,101.72)</b>
Unallocated Corporate Assets / (Liabilities)	4,364.53	3,170.89	(2,013.40)	(2,405.63)
<b>Total Assets / (Liabilities)</b>	<b>9,713.53</b>	<b>8,652.61</b>	<b>(7,034.14)</b>	<b>(6,507.35)</b>

	Rs. Crores					
	Capital Expenditure		Depreciation/Amortisation		Non-Cash Expenses other than Depreciation/Amortisation	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Soaps and Detergents	74.78	168.47	75.42	96.97	32.96	9.98
Personal Products	279.69	90.32	38.71	27.23	19.39	4.51
Beverages	17.21	29.12	8.93	8.66	7.41	2.58
Foods	12.31	35.79	4.00	5.54	7.01	0.85
Ice Creams	10.01	16.62	6.63	6.91	0.81	0.20
Exports	2.81	27.92	15.01	20.19	9.00	2.23
Other Operations	4.67	2.02	1.51	2.17	2.63	0.18
Unallocated Corporate Assets / (Liabilities)	181.66	248.83	41.74	32.31	-	-

## Information about Secondary Business Segments

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Revenue by Geographical Market</b>		
India	16,537.74	18,682.97
Outside India	1,487.83	2,121.71
<b>Total</b>	<b>18,025.57</b>	<b>20,804.68</b>
<b>Additions to Fixed Assets and Intangible Assets</b>		
India	399.65	369.21
Outside India	1.83	1.05
<b>Total</b>	<b>401.48</b>	<b>370.26</b>
<b>Carrying Amount of Segment Assets</b>		
India	5,298.44	5,431.56
Outside India	50.56	50.16
<b>Total</b>	<b>5,349.00</b>	<b>5,481.72</b>



# Segment Information

For the year ended 31st March, 2010 (Contd.)

Notes :

## 1. Business Segments

The business segment has been considered as the primary segment for disclosure. The products included in each of the reported domestic business segments are as follows:

- Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services etc.
- Beverages include tea and coffee.
- Foods include Branded Staples (Atta, Salt, etc.), Culinary Products (tomato based Products, fruit based Products, soups, etc.), Wheat based products (Bread, Supplementary Nutritional Products, etc.).
- Ice Creams include Ice Creams and Frozen Desserts.
- Others include Chemicals, Agri seeds, Property Development, Water business etc. and the operations of Nepal Lever Limited, Nepal.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided, where applicable.

In addition, the Exports business segment includes sales of Marine Products, Leather Products etc. as well as sales of Soaps and Detergents, Personal Products, Beverages and Foods, etc. by the Exports Division.

The above business segments have been identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the organisation structure, and
- d) the internal financial reporting systems.

Note :

The current year's figures are not comparable to those of previous year which relates to 15 months period ended 31st March, 2009.

## 2 Geographical Segments

The geographical segments considered for disclosure are as follows :

- Sales within India includes sales to customers located within India.
- Sales outside India includes sales to customers located outside India.

## 3 Revenue comprise

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
Sales	17,764.27	20,501.10
Income from services rendered (included in Other Income)	261.30	303.58
<b>Total</b>	<b>18,025.57</b>	<b>20,804.68</b>

4 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

# Related Party Disclosures

For the year ended 31st March, 2010

## A Enterprises where control exists

### (i) Holding Company:

Unilever PLC

## B Other Related Parties with whom the company had transactions, etc.

### (i) Fellow Subsidiaries:

Binzagr Lever Limited, Arabia

Brooke Bond Assam Estates Limited

Brooke Bond Group Limited

Brooke Bond South India Estates Limited  
Conopco, Inc.

Digital Securities Private Limited

Fine Tea Company

Fine Tea Egypt

Hefei Lever Detergents Co. Limited, China

Lever Arabia Limited

Lever Brothers Bangladesh Limited

Lever Brothers Nigeria Limited

Lever Brothers Pakistan Limited

Lever Chile S.A.

Lever Egypt SAE

Lever Faberge Deutschland GmbH

Lever Faberge France

Lever Faberge UK

Lever Israel

Lipton Limited (Head Office) /  
Lipton Tea Supply Limited

Lipton Soft Drinks (Ireland)

Nippon Lever K.K.

PT Unilever Indonesia TBK

Sagit SPA, Italy

Severn Gulf FZE

TIGI Linea, LP

Unilever (China) Limited

Unilever (Malaysia) Holdings Sdn Berhad

Unilever Algerie

Unilever Asia Private Limited

Unilever Australia Export Pty. Limited

Unilever Australia Limited

### (i) Fellow Subsidiaries (contd.)

Unilever Best Foods, Vietnam

Unilever Bestfoods & Elida P/S (Vietnam) Limited

Unilever Bestfoods Benelux B.V. Netherlands

Unilever Brasil Limited.

Unilever Canada Inc

Unilever Ceylon Limited

Unilever Cote d'Ivoire

Unilever De Argentina SA

Unilever De Mexico De RL

Unilever Deutschland GmbH

Unilever Ethiopia

Unilever Foods Espana, S.A Division Frigo

Unilever France S.A.

Unilever Ghana Limited

Unilever Gulf Free Zone Establishment, Arabia

Unilever Hellas

Unilever Hong Kong Limited

Unilever Industries Private Limited

Unilever International Paris

Unilever Iran P.J.S.C

Unilever Japan

Unilever Kenya Limited

Unilever Korea

Unilever Maghreb Export SA, Tunisia

Unilever Market Development SA

Unilever Market Limited

Unilever Mashreq - Foods

Unilever N.V.

Unilever New Zealand Limited

Unilever Nigeria

Unilever Overseas Holdings AG

Unilever Overseas Holdings B.V.

Unilever Pakistan

Unilever Philipines (Prc), Inc.

Unilever Polska

Unilever Port Sunlight

Unilever Research Laboratory, Coleworth House

# Related Party Disclosures

For the year ended 31st March, 2010 (Contd.)

**(i) Fellow Subsidiaries (contd.)**

Unilever Research Laboratory, Port Sunlight  
 Unilever Sanayi ve Ticaret Turk A.S  
 Unilever Singapore Pte Limited  
 Unilever SNG, Russia  
 Unilever South Africa (Pty.) Limited  
 Unilever South Central Europe  
 Unilever South Korea  
 Unilever Supply Chain Company  
 Unilever Taiwan Limited  
 Unilever Tanzania Limited  
 Unilever Tea Kenya Limited  
 Unilever Thai Holding Limited  
 Unilever Thai Trading Limited  
 Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S.  
 Unilever U.K. Central Resources Limited  
 Unilever Uganda Limited  
 Unilever UK & CN Holdings, UK  
 Unilever Vietnam  
 Unilex Cameroon S.A.

**(ii) Joint Ventures:**

Kimberly-Clark Lever Private Limited

**(iii) Associate :**

Capgemini Business Services (India) Limited  
 (upto 25th March, 2010)

**(iv) Key Management Personnel:**

Harish Manwani  
 Douglas Baillie (upto April, 2008)  
 D. Sundaram (upto July, 2009)  
 Leena Nair  
 Hemant Bakshi (from September, 2008)  
 Dhaval Buch (upto February, 2010)  
 Pradeep Banerjee (from March, 2010)  
 Nitin Paranjpe  
 Ashok Gupta (upto March, 2010)  
 Shrijeet Mishra  
 Sridhar Ramamurthy (from February, 2009)  
 Gopal Vittal (from July, 2008)  
 Sanjiv Kakkar (upto August, 2008)

**(v) Employees' Benefit Plans where there is significant influence :**

Hindustan Lever Gratuity Fund  
 The Hind Lever Pension Fund  
 The Union Provident Fund

# Related Party Disclosures

For the year ended 31st March, 2010 (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2010

		Rs. Crores	
		12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Holding Company</b>	: Dividend paid	556.36	516.62
	Royalty expense	124.78	116.17
	Income from services rendered	238.79	267.73
	Outstanding as at the year end :		
	- Receivables	12.90	42.76
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc.	570.55	983.25
	Rent Received	1.10	1.38
	Income from services rendered	-	8.61
	Expenses shared by fellow subsidiaries	32.58	0.08
	Purchase of finished goods / raw materials etc.	252.82	257.45
	Dividend paid	238.03	221.03
	Royalty expense	2.60	2.20
	Purchase of Tangible Fixed Assets	-	0.01
	Software development and procurement of licenses	16.61	38.73
	Maintenance and support costs for licences and software	3.42	4.46
	Outstanding as at the year end :		
	- Receivables	97.41	110.16
	- Payables	128.40	61.54
<b>Joint Ventures</b>	: Purchase of finished goods / raw materials etc.	199.34	225.34
	Other income	5.13	2.92
	Dividend received	2.54	5.98
	Outstanding as at the year end :		
	- Receivables	5.09	5.27
<b>Associate</b>	: Expenses for services received	43.61	49.27
	Outstanding as at the year end :		
	- Receivables	-	2.99
<b>Key Management Personnel</b>	: Remuneration	21.98	20.42
	Rent paid	0.44	0.26
	Dividend paid	0.08	0.12
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	44.53	75.06
	Outstanding receivables at the year end	6.67	7.52

# Related Party Disclosures

For the year ended 31st March, 2010 (Contd.)

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	Rs. Crores	
	12 Months Ended 31st March, 2010	15 Months Ended 31st March, 2009
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Gulf Free Zone Establishment, Arabia	134.64	252.52
Unilever Australia Limited	73.96	-
<b>Expenses shared by fellow subsidiary companies</b>		
Unilever Supply Chain Company	32.52	-
Digital Securities Private Limited	0.06	0.08
<b>Dividend received</b>		
Kimberly Clark Lever Private limited	2.54	5.98
<b>Rent received</b>		
Unilever Industries Private Limited	1.10	1.38
<b>Purchase of Tangible Fixed Assets</b>		
Unilever Home & Personal Care USA	-	0.01
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private limited	199.34	225.34
Unilever Supply Chain Company	86.85	62.35
Unilever Australia Limited	64.87	62.33
Unilever Asia Private Limited	49.37	-
<b>Rent paid</b>		
Ashok Gupta	0.43	0.18
D. Sundaram	0.01	0.08
<b>Other income</b>		
Kimberly-Clark Lever Private limited	5.13	2.92
<b>Dividend paid</b>		
Unilever PLC	556.36	516.62
<b>Royalty expense</b>		
Unilever PLC	124.78	116.17
<b>Income from services rendered</b>		
Unilever PLC	238.79	267.73
<b>Expenses for services received</b>		
Capgemini Business Services (India) Limited	43.61	49.27
<b>Remuneration</b>		
D. Sundaram	6.38	3.47
Nitin Paranjpe	3.19	3.27
Gopal Vittal	2.48	2.32
Dhaval Buch	1.76	2.26
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	2.39	4.46
Unilever Asia Private Limited	1.03	-
<b>Software development and procurement of licenses</b>		
Unilever Asia Private Limited	11.14	27.87
Unilever N.V.	5.47	10.85
<b>Contributions during the year</b>		
The Union Provident Fund	23.93	29.23
The Hind Lever Pension Fund	20.46	25.88
Hind Lever Gratuity Fund	0.14	19.96
<b>Outstanding as at the year end - Receivables</b>		
Unilever PLC	12.90	42.76
Unilever Philippines (Prc), Inc	1.32	19.02
<b>Outstanding as at the year end - Payables</b>		
Unilever N.V.	33.78	24.89
Unilever Supply Chain Company	26.67	15.92
Unilever Asia Private Limited	21.43	9.12
Unilever Australia Limited	20.04	-
Lipton Limited UK	15.05	9.39

# Auditors' Report

To the Board of Directors of Hindustan Unilever Limited

1. We have audited the attached consolidated Balance Sheet of Hindustan Unilever Limited (the 'Company') and its subsidiaries, its jointly controlled entity; hereinafter referred to as the 'Group' (refer Schedule 20 to the attached consolidated financial statements) as at 31st March, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary and a jointly controlled entity whose share, as included in the consolidated financial statements, constitute total assets of Rs. 38.61 crores as at 31st March, 2010, total revenue of Rs. 194.85 crores, net loss of Rs. 50.78 crores and net cash outflows amounting to Rs. 76.45 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Consolidated Financial Statements, and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
  - ii) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Lovelock & Lewes**  
Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**  
Partner  
Membership No: 43229

Mumbai: 25th May, 2010



# Statement Pursuant to Section 212

of the Companies Act, 1956

Rs. Crores

Name of the subsidiary Company	Financial year ending of the subsidiary	Number of equity share held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 6)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 8)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Unilever India Exports Limited	31-03-10	2,510,000	100%	6.87	-	87.49	60.87
Pond's Exports Limited	31-03-10	9,800,147	100%	(1.25)	-	(13.97)	-
Hindustan Field Services Private Limited	31-03-10	637,500	51%	1.55	0.10	0.13	-
Brooke Bond Real Estates Private Limited	31-03-10	12,946,000	100%	(2.52)	-	(3.01)	-
Jamnagar Properties Private Limited	31-03-10	5,000,000	100%	(0.11)	-	(0.29)	-
Daverashola Estates Private Limited	31-03-10	221,700	100%	-	-	(0.34)	-
Unilever Nepal Limited - Nepalese Rs.	15-07-09 (Ashaad 31, 2066)	736,560	80%	35.52	33.12	135.44	121.16
- Indian Rs.	-	-	-	22.20	20.72	84.65	75.73
[Refer Note (ii)]							
Lakme Lever Private Limited	31-03-10	520,000	100%	(9.62)	-	-	-

Changes in Company's interest in Unilever Nepal Limited between 16th July, 2009 and 31st March, 2010 : Nil

Material changes between 16th July, 2009 and 31st March, 2010 in respect of fixed assets of, investments of, moneys lent and moneys borrowed (other than meeting current liabilities) by Unilever Nepal Limited : NIL

Note: i) Hindustan Unilever Limited held the whole of the paid-up capital of Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited which were non-profit making organisations  
 ii) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

Mumbai : 25th May, 2010

NITIN PARANJPE  
 SRIDHAR RAMAMURTHY  
 D.S. PAREKH  
 VIVEK SUBRAMANIAN

Managing Director & CEO  
 CFO & Company Secretary  
 Chairman - Audit Committee  
 Group Controller

# Subsidiary

## Companies' Particulars

CONSOLIDATED

Particulars regarding subsidiary companies, pursuant to letter no.47/277/2010-CL-III dated 15th April, 2010 from Ministry of Corporate Affairs

Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investment	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed Dividend
Unilever India Exports Limited	2.51	32.18	58.12	(23.43)	-	-	0.24	0.15	0.39	-
Pond's Exports Limited	9.80	(15.11)	24.79	(30.11)	0.01	66.91	1.95	(0.80)	1.15	-
Hindustan Field Services Private Limited	1.25	3.05	27.27	(22.97)	-	50.38	4.65	(1.61)	3.03	-
Brooke Bond Real Estates Private Limited	12.95	(5.52)	8.73	(1.30)	-	-	(4.10)	1.58	(2.52)	-
Jamnagar Properties Private Limited	5.00	(0.40)	4.60	-	-	-	0.11	-	0.11	-
Daverashola Estates Private Limited	0.22	3.96	4.47	(0.29)	-	-	-	-	-	-
Unilever Nepal Limited										
- Nepalese Rs.	9.20	57.86	119.46	(52.40)	-	290.24	68.93	(17.01)	51.92	(41.42)
- Indian Rs.	5.75	36.16	74.66	(32.75)	-	181.40	43.08	(10.63)	32.45	(25.89)
Levers Associated Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Levindra Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Hindlever Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Lakme Lever Private Limited	5.20	(9.62)	10.35	(14.77)	-	14.18	(8.78)	0.26	(8.52)	-

Note: i) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees  
ii) The aforesaid data in respect of the subsidiaries are as on 31st March, 2010

NITIN PARANJPE  
SRIDHAR RAMAMURTHY  
D.S. PAREKH  
VIVEK SUBRAMANIAN

Managing Director & CEO  
CFO & Company Secretary  
Chairman - Audit Committee  
Group Controller

Mumbai : 25th May, 2010

# Investor Safeguards

In order to serve you better and avoid risks while dealing in securities, you are requested to follow the general safeguards as detailed hereunder:

## Update your Address

To receive all communications promptly, please update your address with the Company or Depository Participants, as the case may be.

## Prevention of Frauds

Certain instances of fraudulent transactions relating to dormant folios have been observed in the cases where the shareholder has either passed away or has gone abroad. Hence we urge you to exercise due diligence and notify us of any change in address, stay abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants (DP) and holdings should be verified.

## Confidentiality of Security Details

Do not disclose your Folio Nos./DP ID/Client ID to unknown persons. Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown persons.

## Dealing of Securities with Registered Intermediaries

Member must ensure that they deal with only SEBI registered intermediaries and must obtain a valid Contract Note/Confirmation Memo from the broker/sub-broker, within 24 hours of execution of the trade and it should be ensured that the Contract Note/Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.

## PAN Requirement for Transfer of Shares in Physical Form

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market/private transactions involving transfer of shares in physical form of listed companies. Therefore, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/Registrar and Share Transfer Agent for registration of such transfers. Members/Investors are therefore requested to make note of the same and submit their PAN card copy to the Company/Registrar and Share Transfer Agent.

## Consolidate your Multiple Folios

Members are requested to consolidate their shareholdings held under multiple folios to save them from the burden of receiving multiple communications and corporate benefits.

## Demat/Exchange

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat/electronic form through a Depository Participant of their choice. The Company also offers help to its shareholders to demat their physical shares. Members who are still holding the share certificates of the face value of Rs. 10/- each are requested to forward their old share certificates (which are no longer tradable in market and will not be accepted by the DPs for demat) to M/s. Karvy Computershare Private Limited, along with a request letter signed by all the holders for exchange of shares. The exchanged share certificate(s) of face value of Re. 1/- each will help you demat your shares expeditiously.

## Register your ECS Mandate and Nomination

Your Company had sent communications to the relevant shareholders, requesting them to register their ECS Mandates and Nominations. Those members who have not registered their ECS Mandate or Nomination are requested to send their requests to the Company. The relevant forms are available on Company's website [www.hul.co.in](http://www.hul.co.in).

If your bank particulars have changed either due to your banker having migrated their operation to core banking solutions and/or merged with another bank, please arrange to register the ECS Mandate with the revised bank particulars.

## Unclaimed Dividend

To ensure maximum disbursement of unclaimed dividends, the Company sends reminders to the relevant investors, before transfer of dividends to IEPF. Members are requested to encash outstanding dividend on time, by sending their requests to the Company/Registrar and Share Transfer Agent.

# Corporate Information

**REGISTERED OFFICE** : 165/166, Backbay Reclamation, Mumbai - 400 020.

**CORPORATE OFFICE & RESEARCH CENTRE** : Uniliver House, B. D. Sawant Marg,  
Chakala, Andheri East,  
Mumbai - 400 099

**SOLICITORS** : Crawford Bayley & Co.

**AUDITORS** : Lovelock & Lewes

**BANKERS** : ABN AMRO Bank  
Bank of America  
Bank of Baroda  
Citibank N. A.  
Corporation Bank  
Deutsche Bank  
HDFC Bank  
Hongkong & Shanghai Banking Corporation  
ICICI Bank  
Indian Bank  
Punjab National Bank  
Standard Chartered Bank  
State Bank of Hyderabad  
State Bank of India  
Union Bank of India

## PLANT LOCATIONS

Location	Address
<b>NORTHERN REGION</b>	
BAROTIWALA	Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil Kasauli, District Solan, Himachal Pradesh - 174 103
KHALILABAD	Plot no. D34-D38, Road No.4, UPSIDC Industrial Area, District Sant Kabir Nagar, Khalidabad -271 175, Uttar Pradesh
ETAH - BEVERAGES	G. T. Road, Etah - 207 001, Uttar Pradesh
ETAH - INSTANT TEA EXPORTS	Kasganj Road, Etah - 207 001, Uttar Pradesh
HARIDWAR	Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttaranchal
NALAGARH	Hudbust No. 143, Khasra no. 182, 183, 187/1, Village - Kirpalpur, Tehsil Nalagarh, District Solan - 174 101, Himachal Pradesh Khasra No. 1350 - 1318, Bhatoli Kalan, Hill Top industrial Area, Jharmajri, Tehsil Nalagarh, District Solan - 173 295, Himachal Pradesh
ORAI	A-1, Industrial Area, UPSIDC, Orai, Jalaun - 285 001, Uttar Pradesh
RAJPURA	A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab
SUMERPUR	A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

# Corporate Information

## PLANT LOCATIONS (Contd.)

Location	Address
<b>EASTERN REGION</b>	
TINSUKIA	Dag No. 21 of 122 FS Grants, Mouza-Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, Tinsukia - 786 151, Assam
HALDIA	PO Durgachak, Haldia - 721 602, Midnapore, West Bengal
KOLKATA	1, Transport Depot Road, Kolkata - 700 088, West Bengal 63, Garden Reach, Kolkata - 700 024, West Bengal P10 Taratola Road, Kolkata - 700 088, West Bengal
<b>SOUTHERN REGION</b>	
COCHIN	Tatapuram PO, Cochin - 682 014, Kerala Edapally, Cochin - 682 024, Kerala
DHARWAD	Plot No.125/126, KIADB Industrial Area, Dharwad, Belur - 580 011, Karnataka
HOSUR	Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 109, Tamilnadu
MANGALORE	Sultan Batter Road, Bloor, Mangalore - 575 003, Karnataka
MYSORE	Plot No. 424, Hebbal Industrial Area, Mysore - 570 016, Karnataka
PONDICHERRY	Off NH 45-A, Vadamangalam, Pondicherry - 605 102 No. 3, Cuddalore Road, Kirumambakkam, Pondicherry - 607 402
<b>WESTERN REGION</b>	
KHAMGAON	C-9, MIDC, Khamgaon - 444 303, District Buldhana, Maharashtra
CHHINDWARA	5/6 KM stone, Narsinghpur Road, Lehgadua, Chhindwara - 480 002, Madhya Pradesh
CHIJLUN	Plot no. B-7, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun - 415 722, Maharashtra
GOA	Plot Nos. 132-139, Kundaim Industrial Estate, Kundaim, Goa - 403 115
KALWA	Plot No.7 & 7A, MIDC Industrial Area, Thane - Belapur Road, Post Airoli, Maharashtra
KANDLA	Shed Nos. 177 & 178, Sector -1, Plot Nos. 253-257, Sector IV Kandla Special Economic Zone, Gandhidham - 370 230, Gujarat
MUMBAI	Aarey Milk Colony, Goregaon, Mumbai - 400 065, Maharashtra
NASIK	Plot No. A 8/9, MIDC, Malegaon, Sinnar - 422 103, Maharashtra
PUNE	Pune Saswad Road, Fursungi, Pune - 412 308, Maharashtra
SILVASSA	Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230 Survey No.907, Kilwali Road, Amla Village, Near Gandhidham Bus Stop, Silvassa - 396 230 Orient Press Complex, Survey No. 297/1/2, Dungrapada, Village Saily, Silvassa - 396 230 Survey No. 46/11, Plot No. 16, Naroli Road, Village Athal, Silvassa - 396 230

## Notes





Hindustan Unilever Limited

Registered Office : 165/166, Backbay Reclamation, Mumbai - 400 020.

## Proxy Form

I/We.....  
of.....being  
a Member/Members of the above named Company, hereby appoint Mr./Ms.....  
.....of.....or failing him/her  
Mr./Ms.....of.....  
.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 77th  
Annual General Meeting of the Company, to be held on Tuesday, 27th July, 2010 at 3.00 P.M. and at any adjournment thereof.

I wish my/our above Proxy to vote in the manner as indicated in the box below\*:

Reso. No.	Description	For	Against
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2010.		
2.	Declaration of Dividend.		
3.	Re-election of the following persons as Director : a) Mr. Harish Manwani b) Mr. Sridhar Ramamurthy c) Mr. D. S. Parekh d) Mr. A. Narayan e) Mr. S. Ramadorai f) Dr. R. A. Mashelkar g) Mr. Gopal Vittal		
4.	Appointment of M/s. Lovelock & Lewes as Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2011.		
5.	Appointment of Mr. Pradeep Banerjee as a Director of the Company.		
6.	To appoint Mr. Pradeep Banerjee as a Wholetime Director of the Company and to fix his remuneration.		
7.	Revision in overall limits of remuneration of Non-Executive Directors.		

Signed this.....day of.....2010.

Reference Folio No./DP ID & Client ID.....

No. of shares.....

Signature

Affix  
Revenue  
Stamp

### Notes :

- The Proxy, to be effective, should be deposited at the Registered Office of the Company at 165/166, Backbay Reclamation, Mumbai 400 020 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
- A Proxy need not be a Member of the Company.
- \*3. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the Meeting.



# Awards and Accolades



## CSR Awards

- HUL's Project Shakti has won the Silver Trophy of the EMPI-Indian Express Indian Innovation Awards.



## Corporate Awards

- HUL has won **Dun & Bradstreet-Rolta Corporate Awards 2009** for being the top Indian company in the 'FMCG' sector for the fourth consecutive year.
- HUL has received two prestigious awards as part of the **Global HR Excellence Awards 2009-10** at World HRD Congress this year:
  - 'The Most Admired & Best HR Team Award'
  - 'HR Super Achiever of the Year' award for our Executive Director - HR, Leena Nair.
- HUL has ranked fourth in the **Top Companies for Leaders, 2009** for the Asia Pacific region and bagged the 10th place in the global rankings. The Global Top Companies for Leaders study is conducted by Hewitt Associates.
- HUL has been felicitated for receiving the highest number of patents in the year 2009 at the **Annual Intellectual Property Awards 2010**. The award was instituted by CII in association with Department of Industrial Policy & Promotion and Intellectual Property India.



## Brand Awards

- HUL has won the **Customer and Brand Loyalty Award** in the consumer non-durables sector for second consecutive year in 2010.
- HUL has won **7 EMVIES Awards** across categories; the only company with maximum wins.
- HUL brands continue to dominate India's **Most Trusted Brands Survey** rankings. Three of our brands (Lux, Lifebuoy and Pepsodent) feature in the top 10 and seven in the top 20. All together there are 16 brands of the Company among the country's 100 most trusted brands.
- HUL has been awarded the **CNBC Awaaz Consumer Awards 2009** in three categories: Most Preferred Personal Care Company, Most Preferred Home Care Company and Value for Money Brand of the Year.



## Individual Recognitions

- Vindi Banga, President - Global Foods, Home and Personal Care for Unilever, member of the Unilever Executive and former Chairman of Hindustan Unilever Limited, has received highest civilian award **Padma Bhushan** from Government of India.
- Our former Chairman Dr. A. S. Ganguly, has been nominated to the Rajya Sabha. The year 2009 has been a very special one with many prestigious recognitions coming his way like **Padma Vibhushan** and the **ET Award for Corporate Excellence for Lifetime Achievement**.
- Our Executive Director - HR, Leena Nair, was felicitated by Business Today as amongst the **30 Most Powerful Women in Indian business** for the third consecutive year.

Registered Office:  
165/166, Backbay Reclamation,  
Mumbai - 400 020.  
[www.hul.co.in](http://www.hul.co.in)