

DIRECTORS' REPORT

and Management Discussion and Analysis

To the Members,

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

1. FINANCIAL PERFORMANCE (STANDALONE)

1.1 Results

(₹ crores)

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

1.2 Category Wise Turnover

(₹ crores)

	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
	Sales	Others*	Sales	Others*
Home Care	11,123	223	10,585	228
Personal Care	16,078	226	15,791	220
Foods	1,102	22	1,078	18
Refreshments	4,795	53	4,434	48
Others (including Exports, Infant and Feminine Care)	797	22	1,043	9
TOTAL	33,895	546	32,930	524

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

1.3 Summarised Profit and Loss Account

(₹ crores)

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

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

2. DIVIDEND

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

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

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

4. ECONOMY AND MARKETS

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

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

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

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

5. PERFORMANCE OF BUSINESSES AND CATEGORIES

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

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

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

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

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

5.1 Home Care

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

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

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

difficulties and hardship associated with the practice of open defecation, thereby driving the need for improved access to toilets.

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

5.2 Personal Care

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

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

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

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

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

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

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

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

5.3 Foods

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

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

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

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

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

5.4 Refreshments

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

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

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

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

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

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

5.5 Subsidiaries and Joint Venture

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

Unilever India Exports Limited

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

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

Lakme Lever Private Limited

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

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

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

Pond's Exports Limited

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

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

Unilever Nepal Limited

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

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

Hindustan Unilever Foundation

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

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

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

Bhavishya Alliance Child Nutrition Initiatives

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

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

Other Subsidiaries

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

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

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

Joint Venture

Kimberly Clark Lever Private Limited

Kimberly Clark Lever Private Limited (KCLL) is a joint venture between your Company and Kimberly-Clark Corporation (KCC), USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex. The business continued to face tough competitive environment especially on pricing and trade spends. There is a continuing shift in the market from regular diaper to the pants version which had an adverse impact on the growth. During the year, your Company announced its intention to divest its stake

in KCLL to the JV partner KCC. This decision is in line with the Company's objective to focus on the core business. In the interim, both parties remain committed in ensuring that the business operations continue as usual and the transition is smooth.

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

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

6. CUSTOMER DEVELOPMENT

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

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

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

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

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

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

7. SUPPLY CHAIN

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

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

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

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

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

Your Company has increased its renewable energy share to 28% in line with the Unilever Sustainable Living Plan commitments. This was achieved by converting agricultural process waste from its operations into fuel, besides increasing the utilisation of traditional biofuels like agri-waste. Your Company installed equipment to convert process wastes such as spent coffee and tea from beverages factories into fuel for boilers and air-heaters. Specialised burners were installed to utilise heavy vegetable oil residue from DFA operations as fuel, substituting furnace oil. Factory teams also worked to reduce specific energy consumption by eliminating idle operation of equipment, rightsizing of drives and installation of digital controllers. This has also contributed to reduction in your Company's CO₂ footprint by 13% over the previous year.

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

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

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

8. RESEARCH & DEVELOPMENT

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

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

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

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

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

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

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

In the Water business, your Company launched 'Classic RO' - a range of five product variants in the 'affordable reverse osmosis (RO) devices' segment of the market. The R&D team developed a novel manufacturing process for making carbon filters, which resulted in a 60% reduction in CO₂ emissions with a significant reduction in electricity consumption, manpower and water-use compared to the earlier process.

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

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

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

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

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

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

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

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

8.1 Technology Absorption

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

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

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

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

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

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

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

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

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

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

As part of Unilever Sustainable Living Plan (USLP), your Company strives to grow the business whilst reducing environmental footprint and increasing positive social impact. Accordingly, your Company has taken ambitious targets of year-on-year reductions in CO₂ emissions (kg per tonne of production), groundwater abstraction (cubic meter per tonne of production) and waste generation (kg per tonne of production) in its operations. Some of the sustainability initiatives undertaken during the year were:

- In order to reduce groundwater usage, factories are working on direct use of rainwater in plants and processes. In several sites, make-up water for utilities is taken from rainwater harvested during monsoons. 2016 saw an impressive increase of 22% in rainwater re-use in operations over 2015. Water consumption, in cubic meter per tonne of production, reduced by 53% as compared to 2008 baseline and by 9% over 2015.
- In continuation of your Company's successful trials of using vegetable oil residue as fuel in Orai, similar equipment was installed in Pondicherry and Bhuj to maximise in-house use of such residue as source of renewable energy.
- Amla and Kandla factories installed solar thermal plants for heating of process water, utilising the high solar insolation. The project at Amla has also received partial subsidy from Ministry of New and Renewable Energy (MNRE). More such installations have been planned.
- Biogas plants for utilisation of canteen waste for gas generation were installed in five factories.
- The contribution of renewable energy in total energy consumed for the year was 28.5%. This was supported by sustained usage of biogenic fuels across factories. CO₂ emissions (kg per tonne of production) reduced by 49% versus 2008 baseline and by over 13% versus 2015.
- Over 23 million units (KWH) were reduced from your Company's energy footprint during the financial year 2016-17 due to execution of various capital projects ranging from installation of energy efficient

chillers and motors, condensate recoveries, air compressor heat recoveries, etc. Your Company has made investments totalling ₹ 17 crores in such projects in the above period.

- Total waste generated from the factories reduced by 21.5% in 2016 as compared to 2015. Factories identified newer avenues for re-use and energy recovery from waste, in addition to the current reduction and recycling streams, within the purview of statutory guidelines of waste disposals. Your Company maintained the status of 'zero non-hazardous waste to landfill' from all factories and offices.

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

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

10. HUMAN RESOURCES

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

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

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

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

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

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

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

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

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

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

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

11. FINANCE, ACCOUNTS & IT

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

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

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

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

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

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

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

Indian Accounting Standards (IND AS) – IFRS Converged Standards

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

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

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

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

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

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

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

Segment-wise results

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

Your Company identified five business segments, in line with the Accounting Standard on Segment Reporting (IND AS-107),

which comprises: (i) Home Care, (ii) Personal Care, (iii) Foods, (iv) Refreshments, and (v) Others, including Exports, Infant and Feminine Care, etc. The audited financial results of these segments are provided as a part of financial statements.

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

11.1 Risk and Internal Adequacy

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

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

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

	(₹ In crores)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Foreign Exchange earnings	541	559
Foreign Exchange outgo	1,214	1,084

11.2 Mergers, Acquisitions and Divestments

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

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

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

11.3 Goods and Service tax

Goods and Services Tax (GST) is a landmark reform which will have a lasting impact on the economy and on businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business

and contribute to the Prime Minister's mission of 'Make in India'. Your Company has been preparing for migrating to GST for the past year; changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST would bring in. While there are a few areas that need to be addressed, the Government has announced an intention to go live on GST on 1st July, 2017 and your Company will be ready for this transformative reform.

11.4 Scheme of Arrangement

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

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

12. LEGAL, GOVERNANCE AND BRAND PROTECTION

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

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

12.1 Update on Kodaikanal Soil Remediation

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

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

12.2 Corporate Governance

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

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

12.3 Related Party Transactions

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

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

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

12.4 Prevention of Sexual Harassment at Workplace

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

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

13. SUSTAINABLE LIVING

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

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

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

14. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

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

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

15. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

16. MANAGEMENT COMMITTEE

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

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

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

17. AUDITORS

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

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

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

18. OUTLOOK

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

The Indian GDP growth rate continues to be one of the fastest growing large economies of the world. Economic growth is expected to further improve on

the strengthening consumer sentiment. The medium to long term secular trends based on urbanisation, rising aspirations, low level of penetration for most of our categories and improving consumption levels are positive for the FMCG sector. Your Company, with its brands, talent and investment in capabilities, is well placed to leverage this opportunity.

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

18.1 Cautionary Statement

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

19. APPRECIATIONS AND ACKNOWLEDGMENTS

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

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

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

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

On behalf of the Board

Harish Manwani

Chairman

(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

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

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

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

*Governed under remuneration structure, impacted by currency fluctuations.

- ii The percentage increase in the median remuneration of Employees for the financial year was 3.42%.
- iii The Company has 5976** permanent Employees on the rolls of Company as on 31st March, 2017.
- iv Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 5.57% whereas the increase in the managerial remuneration was 3.1%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.
- v It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.
- b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2016-17.
- c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.

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

Particulars of Loans, Guarantees or Investments

Amount outstanding as at 31st March, 2017

Particulars	(₹ crores)
	Amount
Loans given	198
Guarantee given	8
Investments made	3,779

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

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

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

On behalf of the Board
Harish Manwani

Chairman

(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

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

I. REGISTRATION AND OTHER DETAILS:

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

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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

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

i) Category-wise Shareholding

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

ii) Shareholding of Promoters

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

iii) Change in Promoters' Shareholding

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

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

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

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

Notes:

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

v) Shareholding of Directors and Key Managerial Personnel:

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

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

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

*Shares allotted under ESOP

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

B. Remuneration to other Directors:

(₹ lakhs)

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

*Non-Executive Non-Independent Director

[#]The commission for the Financial Year ended 31st March, 2017 will be paid after adoption of accounts by the shareholders at the AGM to be held on 30th June, 2017**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

On behalf of the Board

Harish Manwani

Chairman

(DIN : 00045160)

Mumbai, 17th May, 2017

Annexure to the Directors' Report

Annual Report on Corporate Social Responsibility

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

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

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

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

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

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

Improving Health and Well-being

- **Handwashing Behaviour Change Programme:** Every year, in India, 1.3 million children die before they reach the age of five, many due to preventable infections. Handwashing with soap has been cited as one of the most cost-effective solutions to address this challenge¹. A review of several studies show that the simple act of handwashing in institutions, such as primary schools and day care centres, reduces the incidence of diarrhoeal diseases by an average of 30 per cent. Lifebuoy handwashing behaviour change initiatives of your Company, helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to sustain good handwashing behaviours. Till date, your Company has reached over 63 million people in India.
- **Safe Drinking Water:** In the developing world, 80% diseases are water-related. The World Health Organization states that the provision of safe water alone will reduce diarrhoeal diseases by up to 50%. Your Company's Pureit water purifiers have been working towards making safe water accessible and affordable to millions. Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paise per litre without the hassles of boiling, or need of electricity or a continuous tap water supply. In India, Pureit has provided over 74 billion litres of safe drinking water till date.
- **Domex Toilet Academy (DTA):** Domex Toilet Academy (DTA) is a unique market-based entrepreneurial model launched by your Company in 2014. Currently operational in Bihar, the DTA programme trains entrepreneurs and masons to help build and maintain toilets; provides access to micro-financing and creates demand for sanitation in low-income households. Since its inception, the DTA has trained more than 500 micro-entrepreneurs.

To date, over a lakh of toilets have been built, benefiting over six lakh people.

- **Swachh Aaad Swachh Bharat:** Your Company's 'Swachh Aaad, Swachh Bharat' (SASB) programme is in line with Government of India's *Swachh Bharat Abhiyan* to promote good health and hygiene practices. In 2016, the programme continued to stress upon the need to adopt three simple good habits ('Swachh Aaad') –
 - washing hands five times a day,
 - using a toilet for defecation and keeping it clean, and
 - adopting safe drinking water practices.
- **Swachhata Doot (Messenger of Cleanliness):** This is a mobile-led rural behaviour change communication model, wherein the factory workers become agents of behaviour change in their villages. They share two-minute audio stories on clean habits through their mobile phones. They reach out to school children, parents and community members thereby positively impacting rural communities. Your Company has successfully reached over 30 lakh people since inception through this programme.
- **Suvidha, the Community Hygiene Centre:** Your Company has built a first-of-its-kind urban water, hygiene and sanitation community centre named 'Suvidha' in Azad Nagar, Ghatkopar, one of the largest slums in Mumbai. The community centre provides water, sanitation, handwashing, shower facilities and laundry services at significantly lower costs than market rates. Suvidha uses circular economy principles to reduce water use. Fresh water is first used for brushing teeth, bathing, handwashing and laundry. The waste water from these activities becomes the input for flushing toilets. Your Company built the Centre in 2016 with its partners, the Municipal Corporation of Greater Mumbai and Pratha Samajik Sanstha, a community-based organisation. The project was devised, developed and built in close consultation with the local community. The community centre caters to over 1,500 people.
- **Asha Daan:** Asha Daan is a home in Mumbai for abandoned and differently-abled children, the HIV-positive people and the destitute. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. Your Company takes care of over 400 infants, destitute men and women and HIV-positive patients at Asha Daan.
- **Sanjeevani:** Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project, each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3,10,000 patients have been treated in these service camps since its inception in 2003. In 2016 alone, nearly 20,000 patients were treated through this programme.

Reducing Environmental Impact

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

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

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

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

Enhancing Livelihoods

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

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

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

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

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

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

Fair & Lovely Foundation has partnered with edX.org, a non-profit Massive Open Oline Course Platform founded by Harvard University and MIT, NIIT and English Edge to launch a mobile education programme for women. This partnership will enable your Company, via Fair & Lovely Foundation, to leverage

edX's online courses to provide a holistic, career guidance-driven learning to enable higher employability for young women.

- **Prabhat:** 'Prabhat' is a USLP-linked programme which contributes to the development of local communities around your Company's manufacturing locations. The key areas of 'Prabhat' programme are - Enhancing Livelihoods, Water Conservation and Health and Hygiene. From its launch in December 2013 in eight locations, project Prabhat is now live in over 30 locations across the country and has directly impacted over six and a half lakh people.
- **Rin Career Ready Academy:** Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. In 2016, your Company re-launched the academy with two key new initiatives: Introduction of the 'Tele-Conferencing' module where students can speak to a teacher instead of an automated voice and second is a web course available on www.rin.in. So far, over three and half lakh people have been reached through this programme. In 2016 alone, nearly two lakh people benefited from this programme.
- **Ankur:** Ankur was set up in 1993 as a centre by your Company's Plantations Division for special education for differently-abled children at Doom Dooma in Assam. Ankur provided educational, vocational and recreational activities to 33 differently-abled children.

Others:

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

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

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

2. Composition of the CSR Committee

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

3. Details of CSR Spend

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

Note 1:

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga;
- (x) Rural development projects.

Note 2 [i]:

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

Note 2 [ii]:

LabourNet Services India Private Limited, Mann Deshi Foundation, TARA (Technology & Action for Rural Advancement) and IMRB International.

Note 3:

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

4. CSR Committee Responsibility Statement

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

On behalf of the CSR Committee

Sanjiv Mehta

Managing Director and
Chief Executive Officer
(DIN: 06699923)

O.P. Bhatt

Chairman, CSR Committee
(DIN: 00548091)

Annexure to the Directors' Report

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

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

(₹ Lakhs)

SECTION B – FINANCIAL DETAILS OF THE COMPANY

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

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

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

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

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

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

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

*Chairman

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

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

This purpose is supported by the Code of Business Principles (CoBP) of

the Company which describes the operational standards that everyone at Hindustan Unilever Limited follows.

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

The National Voluntary Guidelines provide the following nine principles.

Principle 1: Ethics, Transparency and Accountability [P1]

Principle 2: Products Lifecycle Sustainability [P2]

Principle 3: Employees' Well-being [P3]

Principle 4: Stakeholder Engagement [P4]

Principle 5: Human Rights [P5]

Principle 6: Environment [P6]

Principle 7: Policy Advocacy [P7]

Principle 8: Inclusive Growth [P8]

Principle 9: Customer Value [P9]

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders'?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y

The Code of Business Principles (CoBP) of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles. The Unilever Sustainable Living Plan Progress Report conforms to Global Reporting Initiative (GRI) indicators.

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

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

GOVERNANCE RELATED TO BR

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

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

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

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

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

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

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

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

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

Sustainable purpose, sustainable products

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

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

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

Product safety

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

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

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

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

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

Vision 'Zero Strategy'

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

Holistic well-being

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

Capability building

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

- **Sparkle:** It is a technology tool designed for capability management of blue-collar workers.

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

Diversity and inclusion

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

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

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

Affirmative action and prevention from sexual harassment

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

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

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

Fair labour practices

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

Freedom of association, participation and collective bargaining

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

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

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

Managing grievances

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

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

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

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

The Company engages in multiple ways with specific important stakeholders:

Consumers and customers

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

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

their needs, expectations and aspirations. It helps consumers voice their queries, grievances and offer suggestions / ideas. Levercare has leveraged technology to deliver personalised service that helps to build one-on-one relationships with consumers and customers to delight them. Detailed description of more such initiatives is given in Principle 9 (Customer Value).

Shareholders and investors

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

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

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

Government

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

NGOs

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

Media

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

Employee engagement

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

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

Other key opinion formers

Every year, the Company organises an event and provides an update on

the progress of the USLP to key opinion formers representing various stakeholder groups such as NGOs, IGOs, Government bodies, industry bodies and consumer organisations.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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

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

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

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

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

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

PRINCIPLE 6: ENVIRONMENT

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

As part of USLP, your Company strives to grow the business whilst decoupling environmental footprint. Accordingly, your Company has taken ambitious targets of year-on-year reductions in CO₂ emissions (kg/tonne of production), groundwater abstraction (m³/tonne of production) and waste generation (kg/tonne of production) in its operations. Some of the key reductions in CO₂, water, and waste in your Company's manufacturing operations with 2008 as the baseline are:

- CO₂ emissions (kg/tonne of production) reduced by 49%.
- Water consumption (m³/tonne of production) reduced by 53%.
- Total waste (kg/tonne of production) generated from the factories reduced by 45%.

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

Monitoring procedures

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

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

team engages periodically to review environment performance and define the implementation strategy.

Risk Assessment

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

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

PRINCIPLE 7: POLICY ADVOCACY

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

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

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

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

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

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

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

Improving livelihoods of smallholder farmers

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

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

Empowering women micro-entrepreneurs

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

Empowering communities through Prabhat

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

Rin Career Ready Academy

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

PRINCIPLE 9: CUSTOMER VALUE

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

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

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

Responsible marketing and communication

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

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.

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

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

Ombudsman

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

Labels and Pack Information

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

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

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

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

On behalf of the Board

Harish Manwani

Chairman

(DIN : 00045160)

Mumbai, 17th May, 2017

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