DIRECTORS' REPORT
and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 83rd Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2016.

1. FINANCIAL PERFORMANCE (STANDALONE)
1.1 Results

(Rs. crores)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from operations, net of excise	31,987.17	30,805.62
Profit before exceptional items and tax	5,909.62	5,523.12
Profit for the year	4,082.37	4,315.26
Dividend (including tax on distributed profits)	(4,139.51)	(3,881.22)
Transfer to General Reserve	-	-
Profit & Loss Account balance carried forward	1,119.96	1,177.09

1.2 Category Wise Turnover

(Rs. crores)

	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Sales	Others*	Sales	Others*
Soaps and Detergents	14,809.16	244.14	14,640.66	235.95
Personal Products	9,507.02	149.47	8,865.03	141.50
Beverages	3,847.16	40.53	3,581.31	50.18
Packaged Foods	2,088.05	29.02	1,863.42	28.38
Others (including Exports, Chemicals, Infant Care Products, Water, etc.)	1,173.88	60.68	1,220.29	92.61
TOTAL	**31,425.27**	**523.84**	**30,170.71**	**548.62**

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

1.3 Summarised Profit and Loss Account

(Rs. crores)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Sale of products less excise duty	31,425.27	30,170.50
Other operational income	561.90	635.12
Total Revenue	**31,987.17**	**30,805.62**
Operating Costs	(26,257.25)	(25,597.38)
Profit Before Depreciation, Interest, Tax (PBDIT)	5,729.92	5,208.24
Depreciation	(320.75)	(286.69)
Profit Before Interest & Tax (PBIT)	5,409.17	4,921.55
Other Income (net)	500.45	601.57
Profit before exceptional items	5,909.62	5,523.12
Exceptional items	(39.03)	664.30
Profit Before Tax (PBT)	5,870.59	6,187.42
Taxation	(1,788.22)	(1,872.16)
Profit for the year	4,082.37	4,315.26
Basic EPS (Rs.)	18.87	19.95

2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs. 9.50 per equity share of face value of Re. 1/- each for the year ended 31st March, 2016. The Interim Dividend of Rs. 6.50 per equity share was paid on 2nd November, 2015.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 30th June, 2016, will be paid on or after 5th July, 2016 to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Friday, 24th June, 2016 to Thursday, 30th June, 2016 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to Rs. 16/- per equity share and will absorb Rs. 4,139.51 crores, including Dividend Distribution Tax of Rs. 677.25 crores.

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

4. ECONOMY AND MARKETS

The trend of slowdown in global growth continued during the year. The below par performance of global economy was reflected in a continued growth deceleration in most emerging and developing economies, driven by low commodity prices, weaker capital inflows and subdued global trade.

Against this global backdrop, the growth in India stayed fairly resilient. India was the fastest growing large economy with a stable currency that performed better than most other emerging market currencies. The domestic macro-economic conditions also remained stable. A significant drop in commodity costs led by crude oil and other interventions resulted in lower consumer inflation which allowed easing of interest rates in the economy. However, a second consecutive year of drought and a low increase in support prices have led to a sharply slower growing rural economy compared to earlier years.

Consumer spending remained muted and this was reflected in moderate growth rates across FMCG categories. Given the backdrop of a slowing market, a 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 2015-16 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 consistent, competitive and profitable growth aided by strong marketing and trade investments, a robust innovation pipeline, stepped up market development and sharper in-market execution. Across the portfolio, your Company sustained a strong focus on innovation and continued to delight consumers with a range of exciting offerings. The investment in non-television and digital media was significantly stepped up during the year. Your Company continued to leverage and benefit from the inputs received from Unilever across various aspects of the business, including technology, innovation and communication that enabled your Company to launch several new offerings to serve and meet the needs of consumers.

The year began with a sharp drop in commodity prices including crude and vegetable oils and these markets continued to remain volatile which posed a major challenge during the year. Learning from the previous years, your Company proactively passed on the benefits of lower commodity costs to the consumers thereby successfully securing the consumer franchise. Additionally, your Company had embarked on an ambitious cost savings programme that delivered record savings during the year. These cost saving programmes along with the judicious pricing, without compromising on the competitiveness of brand investments, helped deliver profitable volume led growth for the year once again.

Driving competitiveness in trade channels particularly Rural, Modern Trade and e-commerce continued to be a focus area for your Company. During the year, your Company further built upon the "Winning in Many Indias" drive that was launched last year to benefit from geographical focus while leveraging scale and this will continue to be a key strategic thrust in the future. Your Company continued its focus on driving innovation and building markets of the future to deliver value to consumers.

To build awareness and demonstrate the consumer benefits of its brands and product formats, your Company continued to invest in consumer connect programmes. The school contact programme run by your Company's brands, Lifebuoy and Pepsodent, encouraged and educated children on the importance and correct method of washing their hands and brushing their teeth.

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

5.1 Soaps and Detergents

The year saw a significant reduction in raw material prices for the Soaps category. Your Company acted proactively to take decisive pricing actions resulting in growing volumes ahead of the market. The momentum on key brands of Lifebuoy and Dove continued through the year with both brands registering strong volume growth. Lux was relaunched during the year with significantly improved product offering. Market development investments in liquids portfolio of hand wash, body wash and sanitizers also continued during the year.

The Detergent Category delivered volume led growth, driven by accelerated premiumisation and strong growths in categories of the future. Surf continued to lead category premiumisation with double digit growth, led by the continuing momentum of Surf Excel Easy Wash. Rin had a new thematic communication to accentuate the brightness proposition. The new communication drove upgradation in the category. Rin also took a big step aligned to its purpose by launching its social initiative, the 'Rin Career Ready Academy' in select states. The Rin Career Ready Academy offers, to youth from modest backgrounds, mobile accessible courses that educate them on English Speaking, Office Dressing and Interview Skills, thereby equipping them with skills that enhance their career prospects. The programme received a tremendous response with over 2 lakh registrations. The developing segments of Machine Wash - Surf Excel Matic and Comfort Fabric Conditioner continued to perform well.

With the fall in crude oil prices, the category witnessed significant media and competitive intensity during the year. To remain competitive in the market, the Company took the lead in passing the benefits of decline in commodity costs to consumers, while also investing to develop new segments.

In household care, Vim continued to develop and premiumise the category through the liquids portfolio. The expansion of Vim liquid to rural India helped in delivering the double digit growth. The proposition of power of 100 lemons combined with a superior product and great activation helped the product to become more appealing and desired amongst consumers. Domex brand continued to enhance its hygiene credentials in the toilet cleaning category.

5.2 Personal Products

In a challenging market environment, where the growth of discretionary categories has continued to remain under pressure, the Personal Products segment delivered a healthy broad based performance. Your Company continued to invest for competitive growth in its core categories and build the segments of the future.

Skin Care category grew well in a soft market. Face Care delivered robust growth across skin lightening, facial cleansing, anti-ageing and men's formats. Fair & Lovely continued to perform well in its third year of re-launch of the 'Best Ever' Fair & Lovely. The brand continued to drive premiumisation through innovations with the new Fair & Lovely BB cream, which was received well by the consumers. The Face Wash segment continued to do well across brands. Pond's growth was led by an encouraging performance of the skin lightening portfolio. The activation around 'spot removal' buoyed Pond's White Beauty, and continued to be acknowledged by its consumers. During the year, Pond's also strengthened its position in the male grooming segment with the launch of Men's range of facewash. Lakmé sustained its growth momentum during the year. Your Company continued to lead market development of body lotion with Vaseline through the 'healing power' activation on the brand.

Hair Care continued to maintain its growth momentum with strong, consistent growth across brands. Your Company continued to deploy innovations and impactful campaigns on its core brands while leading market development in the emerging conditioners segment. The investment made by your Company in this category over a period of time to strengthen the brand equities and mix in the marketplace is driving preference towards the brands with Dove, Clinic Plus, Sunsilk and Tresemmé performing well.

The year was challenging for Oral Care which saw high competitive and promotional intensity. Closeup continued to grow and garner equity through its proposition around 'confidence to make the first move'. Pepsodent Germi-check has been relaunched at the end of the year. Your Company also continued to invest in building oral health and hygiene, and reached out to children across the country through a school contact programme.

Lakmé Colors performance has been robust as it delivered double digit growth during the year yet again. Lakmé continues to drive premiumisation by upgrading users through long lasting 9 to 5 platform, and bringing the global make-up trends to India under the Absolute platform. The brand has continued to stand out and strengthen its position in the category with its multiple successful launches in premium make up, the latest being the launch of Lakmé Mousse Foundation and Lakmé Absolute eye liner, which have received an encouraging response from its consumers.

In the Deodorants portfolio, through Axe, your Company continued to deploy exciting innovations and impactful campaigns. The perfume spray segment launched under 'Axe Signature' last year continues to perform well and has seen an increase in consumer franchise during the year. The world-class deodorants manufacturing facility commissioned by Unilever in Khamgaon has become operational during the year and will provide a regular supply of high quality deodorant products to cater to the markets across Asia, including India.

Your Company has made strategic foray in the fast evolving Naturals segment by reviving the brand 'Lever Ayush' towards the end of the year. The new range of Lever Ayush products are available on the e-commerce platform. This is an inspiring range of personal care products including hair, skin and pain management. Your Company has signed an agreement to buy 'Indulekha' brand during the year, which brings a premium brand with strong credentials around Ayurveda that will complement the existing portfolio and strengthen the presence of your Company in the Hair Care category. The brand enjoys strong equity amongst consumers with its 'naturals' and therapeutic positioning. Your Company is committed to investing behind the development of both these brands to strengthen its position in the fast evolving Premium Naturals segment.

5.3 Beverages

The Beverages segment delivered broad based growth across both Tea and Coffee. The growth across key brands was driven by a strengthened mix and focused in-market activities.

Taj Mahal Tea has been brought alive at the Brooke Bond Taj Mahal Tea House in Mumbai which celebrates the brand's glorious heritage of great tea and Indian Classical Music. 3 Roses has driven premiumization and strengthened its leadership position in South India. Red Label's journey of "brewing togetherness" over tea has earned fame with its much talked about advertising. Red Label and 3 Roses Natural

Care Tea with its differentiated immunity benefit continues to delight its consumers. Your Company continued to grow the Green Tea category during the year on the back of sustained market development and achieved value market leadership in the Green Tea segment during the year.

The Coffee business delivered strong double digit growth, led by the Instant Coffee franchise. The brand continued its pioneering task of consistently driving penetration of instant coffee in the South through innovative sampling methods and a compelling proposition. The pure coffee franchise of Bru Gold continued its strong run, driving handsome share gain.

5.4 Packaged Foods

The Packaged Foods segment of your Company comprises culinary products such as jams, ketchups and squashes under Kissan; soups, soupy noodles and meal makers under Knorr; branded staples (Atta and Salt) under Annapurna; bakery products under Modern; and frozen desserts / ice creams under Kwality Walls and Magnum. The segment delivered a strong turnover growth and profitability during the year, as your Company continued to drive growth in both topline and bottomline, while continuing to invest in building this business.

Kissan sustained its strong, consistent performance, delivering another year of double digit growth, driven by impactful activation around unlocking everyday relevance for consumers. The brand reinforced its 'real' credentials that Kissan is made from 100% real fruits and vegetables through the 'Kissanpur' activation. The consumer preference, along with a strong distribution increase in both Ketchup and Jam, resulted in the business growing faster than the market. The year also saw the launch of exciting new variants of premium jams and the re-launch of ketchup variants under the "Twist" platform. Kissan ketchup became market leader in the year.

The performance of Knorr was led by soups, with the convenient instant soups single serve format performing particularly well. Your Company expanded its instant soup offerings with exciting new flavors at magic price points. 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. The year also saw the launch of a new range of mixed spices under Knorr Chef's Masala.

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. Foods and Beverages portfolio reached 1 in 12 Indians last year through sampling.

Modern Foods, the division which deals with bakery products continued the good performance both in terms of top line and bottom line. Despite low growth in bread industry due to challenges posed by other breakfast options and low entry rate in the segment, Modern Foods managed to maintain its strong position in most of the markets. In line with its strategy to exit the non- core businesses, your Company signed an agreement during the year and completed a transaction relating to sale and transfer of its bread and bakery business under the brand 'Modern' to Modern Food Enterprises Private Limited, an investee company of Everstone Group.

The Frozen Desserts and Ice Cream business delivered another year of strong performance with double digit growth and improved profitability. With improved distribution, the brands were made more accessible for consumers. The Impulse portfolio continues to grow faster with improved brand equity across Cornetto and Paddle pop. Cornetto and Magnum are connecting with consumers through digital platform in addition to traditional media. Post the successful launch of Magnum, the premium indulgent ice-cream brand, your Company has launched a new flavor 'Magnum Choco Brownie' during the year .

The packaged foods industry faced certain regulatory challenges last year, which resulted in uncertainty on the regulatory regime concerning the foods industry. Subsequently, the uncertainty was removed with orders passed by the judiciary and clarifications issued by the food regulator. The clarifications issued help in fostering innovation in the packaged foods industry. As part of the industry, your Company has partnered with the regulator towards a more balanced approach to foods regulation which takes care of the consumer's interest while fostering innovation.

5.5 Water

Pureit continues to grow with both modern trade and Pureit perfect stores performing well. During the year, Pureit also refreshed its strategy to play in a wider market of salt removal, starting with the introduction of entry level RO in the market. This would help the brand reach newer consumers. At the premium end of salt removal devices, Pureit introduced another innovation in the form of Ultima RO+UV with Oxytube with the proposition of 'eat pure and drink pure'. This is the only purifier that gives both safe drinking water as well as removes chemicals and pesticides from the surface of fruits and vegetables. The Pureit brand continued to lead the self-fill non electric purifiers segment with continued communication focusing on building relevance around safe drinking water. In this segment, Pureit continued its partnership with microfinance institutions to reach the lower income consumers by offering them access to safe drinking water through affordable monthly instalments.

5.6 Non-FMCG Exports

Rice exports continued to do well whilst adding new customers in expanded geographies and improving its mix. Your Company has signed an agreement for sale of the Rice Exports business carried out primarily under the brands 'Gold Seal Indus Valley' and 'Rozana', to LT Foods Middle East DMCC, a group company of LT Foods Limited, in line with its strategy to exit non-core businesses.

5.7 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.

During the year, UIEL achieved a significant milestone of reaching a turnover of Rs. 1000 crores. The top line 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 focused markets while foods and beverages helped to drive profitability. Overall, the business delivered healthy profitability during the year. UIEL continued to be one of the most preferred sourcing companies for other Unilever countries and added new geographies like Korea.

Lakmé Lever Private Limited

Lakmé Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has 280 salons, of which 52 are Company owned / managed and 228 are franchisee salons. In a challenging environment marked by lower discretionary spends. LLPL delivered a robust inorganic growth with a net expansion of 50 salons.

Lakmé Bridal Stylist looks collection, which was showcased in Lakmé Fashion Week Winter Festive 2015 enabled premiumisation of bridal portfolio. Portfolio of services was strengthened with clutter breaking innovations which delighted the consumers and helped to drive growth. Your Company will continue to support LLPL to drive growth in this attractive market opportunity

Pond's Exports Limited

The leather business, under the subsidiary Pond's Exports Limited faced a tough year, due to challenging economic conditions in main market, Europe and further pushed down by a weaker Euro. The Company continued its focus on consolidation of supply chain, bringing in efficiency and improvement in customer service.

Unilever Nepal Limited

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

Nepal had an exceptionally challenging year due to the natural tragedy that hit the country last year. UNL supported relief operations in Nepal through NGO foundations as well as through emergency material supplies such as Lifebuoy, Vaseline and Pureit. The country's economy then suffered due to the blockade of the country's borders during the promulgation of the new constitution, resulting in severe disruption of commercial activities. The blockade impacted the availability of fuel and incoming materials, which resulted in disruption of the factory operations.

The above events in the country had an adverse impact on UNL's business performance resulting in reduction of sales during the year. The Company, however, managed to limit the fall in the profitability aided with the help of low commodity prices and tight cost controls.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit company that acts as a vehicle to anchor water savings 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. The water conservation programme of the Company has achieved the following community benefits:

- Water conservation: Cumulative and collective water potential of 200 billion litres has been created through improved supply and demand management of water
- Crop yield: The projects undertaken by the Company have generated additional agriculture production of 1.5 lakh tonnes.
- Person days: These projects have generated more than 20 lakh person days of employment.
- Capacity building: Over one lakh 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 has launched the 'Bihar Hand Washing Programme' (BHP) – a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. The programme aims to reach 90 million school children across 50,000 schools by 2018. BACNI has partnered with Children's Investment Fund Foundation, a UK based philanthropic fund in this endeavour. BHP won a Silver at the Flame Asia Awards 2016 organized by Rural Marketing Association of India, in the Social Development Campaign of the Year category.

The programme witnessed remarkable momentum through 2015 and first quarter of 2016. Till date, the programme has reached 1.3 million children across 4,000 schools and conducted 3,700 Mother Sessions to influence mothers who are the key habit formers for children. Through sustained efforts, the Government of Bihar has released a directive to include Handwashing Session before Mid Day Meal, thereby ensuring handwashing becomes a mandatory practice. About 3,900 mid-day meal sessions were also covered as part of the BHP programme.

Other Subsidiaries

Daverashola Estates Private Limited and **Jamnagar Properties Private Limited** are subsidiaries of the Company, which have been exploring opportunities to enter into appropriate business activities. **Levers Associated Trust Limited, Levindra Trust Limited** and **Hindlever Trust Limited,** subsidiaries of the Company, act as trustees of the employee benefits trusts of the Company.

Joint Venture

Kimberly Clark Lever Private Limited

Kimberly Clark Lever Private Limited (KCL) is a joint venture between your Company and Kimberly-Clark Corporation, USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex. During the year, the business faced tough competitive environment on pricing and trade spends. Also, there has been a drastic shift of market from regular diaper to pants version which impacted revenue growth.

To meet the growing demand of pants format, investments have been made to increase the production capacity. The competitive intensity in the infant care category remains high and continues to attract both local and global competitors. KCL will continue to drive growth in business through innovations that positively impact consumers.

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

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

6. CUSTOMER DEVELOPMENT

During the year, the most important deliverable for the Customer Development function was to win in the marketplace through great execution, delivering competitive growth by winning with 2,700+ redistribution stockists and shoppers everyday, whilst getting the function future ready for winning across markets.

The year witnessed strong and consistent in-market performance on launches and relaunches, which are key drivers of growth.

Your Company has put in place robust action for 'Building Brands in Stores' in the Modern Trade environment and intends to scale up the initiative based on the learnings. This initiative has helped in growth in the Modern Trade retail, with the business growing in double digits and also gaining market share. The e-commerce opportunity is evident and 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 e-commerce. A strong, high quality team with diverse talent has been put in place, which is working closely with all key e-commerce partners to create competitive advantage for the business.

In the previous year, your Company undertook the ambitious transformation agenda of 'Winning In Many India's' (WIMI) to leverage the diversity of people, culture, habits, economics and demographics that exists across India. This year has been a year of strengthening the WIMI thinking across markets, embedding it into the ways of working. This initiative has helped your Company to improve quality of servicing and in-market execution by getting closer to customers, shoppers and consumers. The creation of the new branch office at Lucknow, covering Central India (UP, Bihar, MP, Chhattisgarh and Rajasthan) has already started yielding results, with these markets leading growth nationally. These markets have seen the benefits of tailor made consumer and customer plans across categories. Your Company is experiencing clear signs of the WIMI approach strengthening connect with customers, consumers and shoppers across geographical clusters, and will be a source of continuing competitive advantage.

Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. Using 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 continues to strengthen this capability every year and will invest aggressively in the power of knowledge and big data, to stay ahead of competition.

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. We now have close to 70,000 Shakti Entrepreneurs (Shakti Ammas) across 16 states, making a respectable living by distributing your Company products. These Shakti Ammas cover 1,62,000 villages, giving access to our brands to over 4 million rural households.

While rural remains a growth opportunity, the large cities are also key drivers of growth. To harness the growth opportunity in these big cites, you Company has initiated the Perfect City programme, which is a set of key projects for large Metros directed at winning with shoppers across all socio-economic strata in these cities.

7. SUPPLY CHAIN

Your Company's Supply Chain agenda was centred on five core areas - Customer Service Excellence, Creating Consumer delight by dedicated focus on quality, End to end cost savings programme, Sustainability and Partner to win through continuous improvement with vendors.

The service delivery standards improved steadily with Customer-Case Fill-On-Time increasing to 95%. This was achieved by developing a segmented approach and deploying it across the business. Under the segmented approach, different combinations of portfolios, geographies and customer channels were made. This resulted in a fit for purpose strategy for each element of Supply Chain. Your Company continued to strengthen the processes of Sales and Operation Planning (S&OP) and Innovation Process Management (IPM), which are the foundation of your Company's operational performance.

Your Company continued its focus on quality by linking all actions to reduce consumer complaints per million units and improving on shelf consumer relevant quality standards thereby bringing together every part of the business to work on improving overall consumer experience. Continued focus on consumer connects have helped further driving the top agenda of 'Delighting consumers'. While the overall engagement with our consumers went up 67% over the previous year, the consumer complaints reduced by 20%.

With a robust funnel of saving programmes, your Company continued on its path of delivering consistent end to end cost savings. Inventory reduction achieved through scientific IT tools helped in releasing a substantial amount of cash for the business.

In line with the USLP commitments, your Company increased its dependence on Biomass as a source of fuel instead of fossil fuels. 25% of the energy requirement was met from renewable resources. Your Company is using locally available agri-waste like paddy straw, cotton stalks, saw dust and rice husk as fuel thereby helping local farming community to realize value out of these materials, which was otherwise wasted and burnt in fields, causing pollution. Besides, small local industries have come up to convert these into briquettes. All factories and warehouses were zero non-hazardous waste to landfill sites. Your Company continues to focus on water conservation by reducing ground water extraction. This is done by lowering process related consumption and reuse of treated effluent through Reverse Osmosis and secondly recharging of ground water table through Rain Water Harvesting.

Your Company progressed well in implementing its long term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. Human resources for factories and Industrial Performance were introduced to drive your Company on the path of manufacturing excellence. World Class Manufacturing principles, which focus on root-cause analysis and elimination of non- value adding activities help lead improvement in efficiencies and cost performance.

There has been a significant improvement in innovation OTIF (On Time in Full) with more than 40 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company launch innovations first time right.

The Partner to Win Program, developed by Unilever globally, 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 in 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.

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

Your Company had entered into a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever in 2012. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical inputs developed by Unilever. The TMLA provides for the payment of trademark royalty, as a percentage of net sales on specific brands, where Unilever owns the trade mark in India. 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 explained below. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

During the year, your Company introduced several innovations in Soaps and Detergents category. In the Soaps category, Lifebuoy continued to leverage its efficacious formulation powered by Activ Naturol Shield (ANS), where the R&D team discovered synergistic combination of sustainable natural actives, to provide superior efficacy against ordinary and evolved germs. Lifebuoy's efforts to reformulate Rs. 5/- mini-bar providing superior skin feel, better value and superior germ protection were recognized externally through prestigious Edison Gold Award for its broad global impact on health and hygiene. A new variant of Dove, without the presence of allergens, Dove sensitive was launched for the care of sensitive skin.

In the Detergents category, Surf Excel Handwash Powders were re-launched claiming "Tough stain removal" owing to improved formulation. Surf Excel Matics powder formulations were improved by increasing stain removal efficacy of the product. Wheel powder was further improved to deliver higher performance with improvement in cleaning and fragrance.

In the Household Care category, the quality of the Vim bar was improved significantly. Product re-engineering was done for both the Vim bar and Vim liquid to improve the value delivered to the consumers and also enlarge consumer base.

In Hair Category, continuing the trend of innovations, Clinic Plus, the largest beauty shampoo brand in the country, was relaunched with new formula, providing stronger hair and new bottle design. The new pack also received external recognition by "India Star Awards" and "Asia Star Awards" for its unique design. Dove, launched a new variant "Oxygen Moisture" catering to the needs of consumers seeking voluminous hair with bounce. TRESemmé launched a new variant "Ionic Strength" with technology to protect hair against styling damage.

The Deodorants Category launched two new variants of Axe signature, Champion and Maverick, in the existing Axe signature range. To enable building antiperspirant market in India, three variants of Rexona Antiperspirant underarm roll-ons, powder dry, shower fresh and Aloe Vera were launched with claims involving prevention of body odour caused by sweat and bacteria.

In the Oral Care category, Pepsodent Germicheck was relaunched with your Company's best ever flavour to provide an improved sensorial experience to the consumer.

In the Skin Care category, Fair & Lovely launched BB cream, an expert product that brings together the benefits of foundation and fairness cream. Fair & Lovely Men launched Max Fairness Oil Control face wash, a product which is specially designed for male consumers. Vaseline relaunched its Intensive Care lotions – Deep Restore, Cocoa Glow and Aloe Soothe lotion variants enriched with micro droplets of Vaseline Jelly TM to restore moisture reserves of skin instantly and helping your dry skin heal. Vaseline also launched Intensive Care Advanced Repair lotion, clinically proven to restore very dry skin in 5 days. Pond's White Beauty launched its first ever pearl cleaning gel which offers a differential sensorial in whitening and freshness space. It is formulated to give glowing and fair skin and the oxy gel technology is effective in oil and dirt removal from deep within the skin without making the skin feel dry. Pond's Men launched Pollution Out Deep Clean face wash. The product is formulated to cater to the hectic lifestyle of male consumers.

In Water business, your Company launched an inline water purifier "Marvella UV+Cold" based on UV purification technology. This point-of-use water purifier is equipped with a cooling feature, which is first of its kind in this product category. In the RO portfolio, "Classic RO+MF", a low cost RO water purifier was launched to cater to lower LSM consumers who do not have access to sweet potable water and to establish leadership in the RO segment. The initial market response for this purifier has been very promising. The R&D team has developed the 'Oxyblast' Technology, enabling the launch of the Pureit Ultima RO+UV with Oxytube. The technology removes chemicals and pesticides from Fruits and Vegetables and also purifies water through its 6-stage RO+UV purification.

In Beverages Category, Tea R&D team focused on re-launch of key brands Taaza, 3Roses and Red Label with superior products. Green tea category growth was accelerated through strong claims substantiated through science and technology. The Tea R&D team continued to build capability for tea and coffee and to dial up processing capability to unlock value across the value chain. Through R&D initiatives, cost savings were also delivered to manage commodity inflation.

The Foods R&D team in its efforts to further develop the Company's Foods business launched a number of new product ranges. The Kissan ketchup and tomato based sauce range was extended with 'Twist' products, to extend the range with sauces to dip into or use as a topping. Kissan mango jam was reformulated, made partly with real Alphonso mangoes, resulting in a delicious taste. The Knorr Soups range, positioned as a great tasting healthy alternative for higher calorie snacks, was further extended with a range of International cook up soups as well as instant soups. Knorr seasoning range was launched towards the end of the year. These products bring restaurant quality to homes in India through global Knorr Chefmanship skills.

In the Ice creams / frozen dessert category, new products, launched across different impulse brands, made significant contribution in driving the category growth. Under Cornetto, two variants of mini Cornetto with chocolate and butter scotch flavor were launched in the affordable snacks range. Launch of bubble gum jelly packed with exciting taste and fun was among kids' favorite ice creams during the year. Under Premium segment, 'Magnum Choco Brownie' made an entry in the market.

R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives. During the year your Company focused on using lighter, stronger and better materials that have a lower environmental impact. This has led to over 10,000 tonnes of paper and board waste reduction; and over 840 tonnes of polymer waste reduction. Your Company has also been successful in reducing glass wastage in Foods packaging by nearly 20 tonnes and wooden stick wastage in ice creams by nearly 11 tonnes.

Your Company is working in partnership with industry, governments and NGOs to increase recycling and recovery rates in our packaging. R&D has contributed significantly through several material efficiency initiatives which resulted in reducing packaging waste footprint by 123 tonnes across Beverage and ice creams without compromising on delivered quality.

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

8.1 Technology Absorption

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

Your Company receives support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which helps 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, 2016, are as follows:

Capital Expenditure	:	Rs. 2.47 crores
Revenue Expenditure	:	Rs. 37.13 crores

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company places utmost importance on ensuring safety of its employees, visitors to our premises and the communities we operate in. Safety is an overarching area of management, being part of your Company's strategic framework (The Compass). Your Company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. The injury rates in 2015 were less than ¼ of the injury rates in 2008. In absolute terms, the injury rate last year was less than 0.5 injuries per million manhours worked. Each and every safety incident at the sites is recorded and investigated. All injuries which require any medical treatment are logged and reported to a global externally audited monitoring system.

One of the key enablers for your Company's vision of Zero Injury and Zero Incident operation is the ability to share knowledge globally and learn from incidents across Unilever sites, preventing repetition of incidents. This is facilitated by regular inputs provided by Unilever Global Safety team on corrective and preventive actions based on learnings not only from Unilever sites across the world but also best practices from other FMCG companies.

Safety receives the highest attention from all levels of management. All official events in the Company, be it a CEO's address to a large group of employees or a small meeting addressed by a factory manager of a remote unit, begin with a safety briefing. Top management regularly use Safety Moments as a technique to share personal safety learnings with team members. All Managing Committee (MC) members personally lead a Safety sub-committee. Performance of the sub-committees led by MC members is periodically reviewed by a Central Safety, Health and Environment sub-committee, which is chaired by the CEO. This provides strong cross-functional support and senior level guidance for safety team.

Your Company also invests resources and efforts in training and hardware upgradation to move the needle on safety. A customised behavioral safety framework called BeSafE is being deployed across factories and offices to improve risk perception of employees. The programme targets change in behaviour patterns and elimination of unsafe acts since these have been found to be the root cause of majority of safety incidents.

Your Company has been leading sustainability initiatives in manufacturing operations for several years. Sustainability is integral to all the operations of your Company ranging from sourcing to manufacturing and logistics. Your Company has been achieving significant year-on-year reduction in use of water, electricity and fuel in manufacturing operations, in line with Unilever Sustainability Living Plan (USLP). Following are some of the milestones of environmental performance during the year:

- A facility at Orai was commissioned to burn vegetable oil residue (by-product from DFA plant operations) for steam generation. Use of vegetable oil residue as fuel helps reduce the CO_2 emissions besides being more cost-effective than furnace oil. This is being evaluated for replication at other DFA plants.

- Special efforts were undertaken to improve the uptime of biomass boiler operation across sites to maximise use of biogenic fuels and minimize use of standby furnace oil fired units. During the year one more biomass boiler was installed at Dapada, bringing the total number of biomass fired units to 12.

- Expert assessments of Water balance, energy balance, pump efficiency, etc. are organised at every factory and these are used to identify environment impact reduction opportunities. All new premises are designed compliant to high (Gold / Platinum) Leeds standards for conserving energy throughout their life-time.

- Rain water harvesting is practised across all the sites. In addition, several units are collecting rainwater for use in plant operations such as cooling tower makeup water to reduce groundwater extraction. Every site has been equipped with water meters to track water usage in process and utility areas. The data collected is analysed on a weekly basis. With these efforts, Specific water consumption in manufacturing operations reduced by further 4% over 2008 baseline and now stands at 48% of 2008 baseline.

- Your Company made capital investments amounting to Rs.14 crores during the financial year 2015-16 on energy conservations equipment and saved over 60,000 GJ/annum of energy as a result. The annualized financial savings due to conservation initiatives amounted over to Rs. 12 crores.

Above initiatives enabled your Company to reduce our carbon foot-print too. Your Company's CO_2 emissions (per tonne of production) now stand at 42% of 2008 baseline.

Practice of dumping waste into landfill sites leads to long term degradation of scarce land resources besides creating environmental contamination. Recognizing this issue, your Company took a decision to stop sending non-hazardous waste from our factories and depots for landfill. Waste generation is minimised at source. Waste segregation facilities have been provided in all factories to enable disposal to certified re-use agencies for all recyclable wastes, such as packaging materials, empty raw material containers and project scrap.

Good segregation also enables better value recovery from the scrap. Remaining material is sent for safe disposal through Co-processing route. Your Company has entered into agreements with reputed cement manufacturers for the above. We have achieved Zero Non-hazardous waste to Landfill status for all our factories and depots during the year.

During 2015, repeat awards were received by your Company from reputed national and international organisations such as Frost & Sullivan, Bureau of Energy Efficiency, CII, National Safety Council in recognition of your Company's efforts in the spheres of Safety, Environment and Sustainability.

10. HUMAN RESOURCES

Your Company's Human Resource agenda continues to remain focused on reinforcing the key thrust areas i.e. being the employer of choice, building an inclusive culture and a strong talent pipeline, building capabilities in the organization and continuing to focus on progressive employee relations policies.

Your Company has over 11000+ employees spread across 30 manufacturing units. Our Vision is to deliver world class service at optimal cost by making every employee a fully engaged and aligned team member.

Over the years, there has been a paradigm shift in the approach adopted by Employee Relations through different initiatives in various capacities. We drive sustainable growth and have been instrumental in bringing in thought leadership in building strong employee relations across the country. Development initiatives like Sparkle have been picked up and rolled out globally within Unilever and a holistic approach is now in place to build organizational productivity and employee engagement.

Your Company is known for developing future leaders and having the best people practices. This, coupled with the ability to attract the best talent, provides a competitive edge to the organisation. According to the Campus Track Business School Survey 2015, conducted by Nielsen for the 2016 graduating batch of the B-School students, your Company has been chosen as the preferred employer across all sectors for the fifth year in a row. Your Company has also retained the 'Dream Employer' status for the seventh consecutive year.

Your Company continued to build on the Diversity and Inclusion agenda. A series of programmes like Maternity & Paternity Support, Career by Choice and location flexibility have helped in further driving the agenda. Your Company continues to focus on driving inclusion through building leadership capability and recognizing line managers who provide a simple, flexible and respectful work environment for their teams.

In a first of its kind initiative in the FMCG industry, your Company now has an all women run factory at Haridwar in Uttarakhand. This is a testimony to your Company's 'diversity' initiatives which seek to promote gender-balance and accelerate the advancement of high-potential women talent in the Company.

Your Company is focused on building a high performance culture with a growth mindset. Developing and strengthening capabilities for all employees in your Company has remained an ongoing priority.

Your Company maintains momentum on building speed and simplification in ways of working. Sunset, the online tool through which employees can access the top management for quick solutions keeps your Company agile. Your Company continues to drive the simplification agenda and deliver substantial cost and time savings.

11. INFORMATION TECHNOLOGY (IT)

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

IT has played a key role in driving the new business channels like e-commerce. IT has also helped move the needle on digital marketing maturity in the Company with setting up optimized web content for our brands, facilitating consumer engagement and the ability to understand consumer sentiments and interact with them at speed.

Your Company has also invested in new capabilities like Oracle Transport Management that helps plan the inbound and outbound freight for the Company thereby optimizing logistics costs. Your Company has also actively engaged with the external environment to understand the technology readiness for the GST era and has been one of the first companies to complete the migration to the latest tax structure in SAP viz Tax-INN. Your Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

12. PEOPLE DATA CENTRE (PDC)

Your Company has established a new capability to provide real time actionable insights by integrating different data sources. PDC has three pillars: Social & Business Analytics, People Relationship Marketing and Consumer Engagement Centre.

- Social & Business Analytics: There is increasing mention of your Company's brands and categories on social media. Social and Business analytics enable your Company to track all conversations, understand its implication on Company's brands, get an understanding of emerging trends faster than ever before. This also optimizes the presence of Company's brands on social media to build brand love, strengthen the equity and thus boost your Company's growth.
- People Relationship Marketing (PRM): PRM helps in capturing rich people data and engage with the consumers in a personalized manner through mobile and digital channels. This helps in building better relationships and boost sales while building brand equity.
- Consumer Engagement Centre: During the year, your Company transformed Levercare to Consumer Engagement Centre to build one-on-one relationships with consumers with an objective to move from 'satisfied' consumer to 'delighted' consumer.

13. FINANCE AND ACCOUNTS

The agenda for the finance and accounts function of your Company is to drive superlative performance of the business, pioneer thought leadership and develop future ready talent in finance. During the year, the finance team helped the business navigate the significant volatility in commodity driven categories and helped drive a strong savings programme under 'Project Symphony'. The teams also set up the state of art national transaction processing billing to cash centre at Mumbai and continued with the Finance Transformation agenda which is driven over the past couple of years. This agenda has enabled decoupling business growth from increased cost, complexity and time of transaction processing.

By focussing the business on volume led growth, your Company was able to drive strong operating leverage. Additionally, the benefits of sustained improvement in cost savings have given your Company the ability to invest in brands and pass the benefits to consumers and this in turn has led to a strong volume growth, thereby driving the virtuous cycle of growth.

Record to Report project began with the vision of creating one accounting excellence centre at Bengaluru. This project enables consistent improvement in excellence in reporting, both in terms of quality and the speed to release results to the market. Your Company has taken several strides forward in this journey. Your Company was also appreciated at South Asian Federation of Accountants with a Merit Award for excellence in financial reporting.

During the year, your Company has constituted a cross functional "Livewire" team to drive end to end Business Analytics. Project Livewire, which is a cross functional initiative led by Finance, aims to harness cross functional data and use the power of analytics to deliver superior business insights. The project object was to deliver readymade, off the shelf, instant business performance analysis to teams in a form which is visually brilliant, easy to comprehend and action oriented.

Indian Accounting Standards (Ind AS) – IFRS Converged Standards

Your Company and its subsidiaries and joint venture will adopt 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. In 2015-16, your Company has substantially completed the assessment of the impact of the change to Ind AS on reported reserves and surplus and on the reported profit for the relevant periods. Your Company has also completed the modification of accounting and reporting systems to facilitate the changes. The implementation of Ind AS is a major change process and your Company was among the first in industry who had organized an Ind AS session to brief the analysts on the new provisions of Ind AS, and present the preliminary impact assessment on Company's standalone financial statements. The presentation is available on our website at https://www.hul.co.in/investor-relations/presentations/ind-as-session.html

Capital Expenditure during the year was at Rs. 750.49 crores (Rs. 526.40 crores in the previous year).

During the year, your Company has not accepted any public deposits under Chapter V of Companies Act, 2013. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 3.80 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, 2016, are given below:

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Net Worth (%)	77.70	94.70	104.10	99.50	88.70
Return on Capital Employed (%)	96.80	109.10	130.20	127.70	128.40
Basic EPS (after exceptional items) (Rs.)	12.46	17.56	17.88	19.95	18.87

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

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

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2015-16 is appended as an Annexure to this report.

13.1 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.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of Rs. 2,758.82 crores (2014-15: 2537.56 crores), as on 31st March, 2016. 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.

13.2 Mergers, Acquisitions and Divestments

During the year, your Company entered into an agreement with Mosons Group to acquire its flagship brand 'Indulekha'. The deal involved acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow. The proposed acquisition is in line with the Company's strategic intent to strengthen its leadership position in Personal Care by providing an impetus to its play in the evolving Premium Naturals segment.

Your Company completed the sale and transfer of its bread and bakery business under the brand 'Modern' to Nimman Foods Private Limited (renamed to Modern Food Enterprises Private Limited), an investee company of Everstone Capital Partners. The Company has also signed an agreement for the sale of its Rice Exports business carried out primarily under the brands 'Gold Seal Indus Valley' and 'Rozana', to LT Foods Middle East DMMC, a group company of LT Foods Limited. Your Company's decision to divest these business is in line with its strategy to exit non-core businesses, while continuing to drive its growth agenda in the core packaged foods business.

13.3 Scheme of Arrangement

The Board of Directors of the Company, during the year, have approved a Scheme of Arrangement which envisages the transfer of the balance of Rs 2,187.33 crores standing to the credit of the General Reserves to the Profit and Loss Account.

Your Company has built up significant reserves over the years through the transfer of profits to the General Reserves pursuant to the provisions of the erstwhile Companies Act, 1956. With Company's strong financial position and track record of cash generation, the funds represented by such accumulated General Reserves is seen to be in excess of the Company's current and anticipated needs. In view of this your Company has proposed a Scheme between the Company and its shareholders to give effect to the proposed transfer and its subsequent payout. The Scheme, besides being shareholder friendly, will also drive the efficiency of the Company's Balance Sheet.

The Scheme is subject to the approval of the shareholders in the Court Convened Meeting scheduled on 30th June, 2016, sanction of the Court and such other approvals as may be applicable. 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.

14. LEGAL, GOVERNANCE AND BRAND PROTECTION

The legal function of your Company continues to be a source of competitive advantage for the Company, enabling the business to make competitive claims, defend the position while ensuring a level playing field in the marketplace by challenging the claims which are frivolous and misleading to consumers. The legal function of your Company collaborates and works closely with industry associations, regulators and key opinion formers to develop the regulatory environment that is progressive and is in the best interest of all stakeholders.

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

14.1 Settlement of Long Standing Kodaikanal dispute

The Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory at Kodaikanal, had filed a petition in the Hon'ble Madras High Court in February 2006 seeking economic rehabilitation. This petition was filed more than four years after your Company had made a full and final settlement with the ex-employees in November 2001. The severance package offered to the ex-employees at the relevant time was significantly higher than the statutory requirement. The ex-employees were also offered alternative jobs in another unit of the Company, however, they opted out of service. Several expert studies have been conducted since the factory's closure and all have concluded that our ex-employees were not harmed by working in the former thermometer factory at Kodaikanal.

During the year, your Company has signed a Memorandum of Settlement with the Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory in Kodaikanal. The settlement has been entered into on humanitarian considerations to put an end to this long standing matter pending in the Court for several years and also is in line with the suggestion of the Hon'ble Madras High Court. The Memorandum of Settlement reached was recorded in an order passed by the Hon'ble Madras High Court. As part of the agreement, your Company, with an objective to ensure long term wellbeing of its former workers, has agreed to provide ex-gratia payments to 591 former workers / association members and their families towards livelihood enhancement projects and skill enhancement programmes.

Following the settlement with former workers in Kodaikanal, your Company continues to actively engage with the Tamil Nadu Pollution Control Board (TNPCB) on the issue relating to soil remediation and is committed to address the clean-up of the former thermometer factory site.

14.2 Corporate Governance

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity. The Corporate Governance Code adopted by the Board of Directors of the Company is a statement of Company's practices and procedures in the area of governance.

The Companies Act, 2013 and SEBI Listing Regulations have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law and listing regulations.

The Company has adopted the policies in line with new governance requirements including the Policy on Related Party Transactions, Policy on Material Subsidiaries, CSR Policy and Whistle Blower Policy. These policies are available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report.

During the year, Secretarial Audit was carried out by M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company for the financial year 2015-16. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company. The detailed report on the Secretarial Audit is appended as an

Annexure to this Report. The Secretarial Auditors have also carried out an independent assessment of the compliance of Corporate Governance Code by the Company.

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

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under 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.

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

14.4 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 Complaints Committees (ICC). The Company has designated the external independent member as a Chairperson for each of the Committees which was beyond the requirements of law. During the year, 2 complaints with allegations of sexual harassment were filed with the Company and the same were investigated and resolved as per the provisions of the Act.

15. SUSTAINABLE LIVING

Your Company has a simple but clear purpose – to make sustainable living commonplace. Your Company believes this is the best long-term way for business to grow. To fulfil this purpose, your Company has embraced the Unilever Sustainable Living Plan (USLP) which was launched in 2010. USLP spans your Company's entire portfolio of brands, has a social and economic dimension and works across the entire value chain - from the sourcing the raw materials to the delivery of products to the consumers.

USLP commits us to a value chain approach and your Company has made a good progress on the three USLP goals of improving health and well-being, reducing environmental impact and enhancing livelihoods and will continue to help make sustainable living commonplace.

Additionally, your Company has identified water as a key area of intervention. According to estimates, by 2030 the supply of water in India will be half its demand. To understand and partake in meeting this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not- for-profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development, through its 'Water for Public Good' programme. HUF has initiated projects across 54 districts in 9 states and 2 Union Territories located across 11 river basins in India. Water conservation programmes undertaken by HUF through collective action and in partnership with several NGOs, communities, other co-funders and partners across India have helped in the creation of cumulative water conservation potential of over 200 billion litres.

Your Company has launched the 'Swachh Aadat, Swachh Bharat' programme in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. It stresses on adopting three simple good habits ('Swachh Aadat') – washing hands five times a day, using a clean toilet for defecation and adopting safe drinking water practices.

Your Company's livelihood enhancement initiatives got a boost this year with Rin Career Ready Academy – a livelihood skills enhancement programme specifically for the youth.

Project Prabhat (Dawn), your Company's programme to contribute to and engage with communities around the manufacturing operations, has also seen good progress across all three pillars - improving health and hygiene, conserving water potential and enhancing livelihoods. Till date, 27 manufacturing locations have been covered through this programme, cumulatively reaching out to 1.38 lakh people.

Project Shakti has continued to empower women both socially and financially. This initiative has empowered nearly 70,000 Shakti Ammas complemented by 48,000 Shaktimaans.

Your Company has shared progress on similar social initiatives in the Business Responsibility Report that describes the initiatives undertaken in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The report is made available on your Company's website, www.hul.co.in. The Business Responsibility Report shall be kept open for inspection at the Registered Office of the Company. If a Member is interested in obtaining a hard copy of the Business Responsibility Report, they may write to the Investor Service Department at the Registered Office of the Company.

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

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

16. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

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

Under the said Plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 196 employees, including Wholetime Directors, were awarded conditional rights to receive 169,515 Equity Shares at the face value of Re. 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2015 to 2017 and from 2016 to 2018.

17. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years, but shall be eligible for reappointment on passing of a special resolution by the Company and shall not be liable to retire by rotation. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

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

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

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

18. MANAGEMENT COMMITTEE

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

During the year, Mr. Samir Singh, Executive Director, Personal Care was elevated to the position of Global Executive Vice President, Skin Cleansing at Unilever. Mr. Sandeep Kohli has succeeded Mr. Samir Singh as Executive Director, Personal Care and member of Management Committee of the Company.

19. AUDITORS

M/s. B S R & 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 R. A. & Co., Cost Accountants carried out the cost audit for applicable business during the year. The Board of Directors have appointed M/s R. A. & Co., Cost Accountants as Cost Auditors for the financial year 2016-17.

20. OUTLOOK

The global economic climate continues to be volatile, uncertain and prone to geo-political risks. Weak consumer sentiment and low commodity prices are expected to affect global growth adversely.

For India, 2016 will be a key year for consolidating its recovery and accelerating its growth. Despite challenging global headwinds, a stable macro performance will help India to remain an attractive investment destination. However, execution of the reforms agenda and commencing the investment cycle will be key determinants of India's economic performance on a long term basis. While currently inflation is expected to be benign, upside pressures on inflation exist from the vagaries of monsoon or due to competitive devaluation of currencies. Roll out of Goods and Services Tax regime from April 2017 is a key need of the hour to remove cascading incidence of tax, simplifying tax compliance environment and enhancing ease of doing business.

FMCG markets are expected to continue to grow. Consumer confidence has increased, however, this has not yet translated into significant improvement in FMCG market conditions. While the near term conditions pose a challenge for FMCG market growths, the medium to long term secular trends based on rising incomes, aspirations, low penetration and 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.

20.1 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.

21. APPRECIATIONS AND ACKNOWLEDGMENTS

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

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

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

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

On behalf of the Board

Harish Manwani
Chairman
Mumbai, 9th May, 2016 (DIN : 00045160)

Annexure to the Directors' Report

Particulars of Loans, Guarantees or Investments

Amount outstanding as at 31st March, 2016

(Rs. crores)

Particulars	Amount
Loans given	161.97
Guarantee given	8.20
Investments made	1,728.33

Loan, Guarantee and Investments made during the financial year 2015-16

Name of Entity	Relation	Amount (In Crores)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilized
Lakme Lever Private Limited	Subsidiary	31.00	Loan	Business purpose
Pond's Exports Limited	Subsidiary	4.00	Loan	Business purpose
Kimberly Clark Lever Private Limited	Joint Venture	14.95	Investments	Business purpose
Mutual Funds#	-	202.97	Investments	Cash Management

For details refer to Note 18 of Notes to the financial statements

On behalf of the Board

Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 9th May, 2016

Annexure to the Directors' Report

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

		2001 HLL Stock Option Plan (Period: 2001 to 2005)	2006 HUL Performance Share Scheme (Period: 2006 to 2012)	2012 HUL Performance Share Scheme (Period: 2013 to 2015)
a)	Options granted	1,31,62,941	Conditional grant of 22,87,135 equity shares of Re.1/- each valued at Rs. 22.87 lakhs	Conditional grant of 9,83,954 equity shares of Re.1/- each
b)	Options vested	1,31,62,941	21,80,895	3,74,854 (HULPSP 2013) Year 2014 to 2016 will vest after 3 years
c)	Options exercised	1,01,21,791	21,75,742	66,149
d)	The total number of shares arising as a result of exercise of option	1,01,21,791	21,75,742	66,149
e)	Options lapsed	30,41,150	5,153	NIL
f)	Exercise Price	Year 2001 - Rs.208.69 Year 2002 - Rs.201.59 Year 2003 - Rs.127.24 Year 2004 - Rs.128.47 Year 2005 - Rs.132.05	Book value of Re.1/-	Book value of Re.1/-
g)	Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share for grant year 2001, 2002 & 2003	N.A.	N.A.
h)	Money realized by exercise of options during the year	Rs. 0.30 crores (Rs. 0.30 crs from 2005 scheme)	Rs. 0.04 crores (Rs. 0.04 PSP 2012 scheme)	Rs. 0.007 crores (Rs. 0.007 PSP 2013 scheme)
i)	Total number of options in force	ESOP scheme for grant year 2001- 2005 scheme has closed .	PSP scheme for grant year 2006- 2012 has closed	8,85,044 equity shares of Re. 1/- each (39,592 shares forfeited due to resignation)
j)	Pricing Formula	Closing market price as on the date of grant for the years 2001, 2002, 2003 and 2005; Average of 2 week high and low preceding the date of grant for the year 2004	Face value of Re.1/-	Face value of Re.1/-

Details of Options granted during the year ended 31st March, 2016 under Performance Share Plan 2016

k) No employee of the Company received grant of options during the year amounting to 5% or more of options granted or exceeding 1% of issued capital of the Company. During the year 4,902 options were granted to Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary under the 2012 HUL Performance Share Scheme. No options were granted to any other Key Managerial Personnel.

l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Rs. 18.86
m) i)	Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2012 HUL Performance Share Scheme".
ii)	Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Gain of Rs. 4.11 crores
iii)	The impact of this difference on profits and on EPS of the Company	The effect of adopting the fair value method on the net income and earnings per share of 2015-16 is presented below:

Net Income		Rs. Crores
As reported		4,082.37
Add: Difference between Intrinsic value and Fair Value Calculation		4.11
Adjusted Net Income		4,086.48
Earnings Per Share (Basic & Diluted)		(Rs.)
	Basic EPS	Diluted EPS
-As reported	18.87	18.86
-As adjusted	18.89	18.88

n)	Weighted average exercise price and weighted average fair value	Exercise Price is Re. 1/-
o)	Fair value of Options based on Black Scholes methodology	
	Assumptions	
	Risk free rate	7.40% for 2016 and 7.86% for 2015
	Expected life of options	3.125 years for each plan
	Volatility	26.30% for 2016 and 25.44% for 2015
	Expected Dividends	Rs. 15.5 per share
	Closing market price of share on date of option grant	Rs. 802.60 for 2016 and Rs. 892.80 for 2015

Notes:

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

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

On behalf of the Board

Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 9th May, 2016

Annexure to the Directors' Report

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

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

Your Company is committed to operate and grow its business in a socially responsible way and has a simple but clear purpose – to make sustainable living commonplace. Your Company believes this is the best long-term way for our business to grow. Your Company has embraced Unilever Sustainable Living Plan (USLP) (Link - http://www.hul.co.in/sustainable-living/) which contributes to activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. The USLP has three global goals namely (i) help more than a billion people take action to improve their health and well-being; (ii) halve the environmental footprint of the making and use of our products; and (iii) enhance the livelihoods of millions of people while growing the business.

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

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

Improving Health and Well-Being

- **Handwashing Behaviour Change Programme:** Every year, in India alone, 1.3 million children die before they reach the age of five, many due to preventable infections[1]. Handwashing with soap, particularly after using toilet, can reduce diarrhoeal diseases by over 40% and respiratory infections by 30% . Your Company's Lifebuoy handwashing programmes promote the benefits of handwashing with soap at key times in schools and anganwadis (pre-school centre). Since 2010, Lifebuoy has reached over 65 million people in India with its behaviour change programme, which through a combination of comics, songs, games and rewards, encourages children to sustain good hand washing behaviours. In 2015, your Company scaled up the partnership in Bihar with Children's Investment Fund Foundation (CIFF) and the Government of Bihar to promote handwashing behaviour change among children in Bihar with the aim to help prevent childhood illnesses and mortality. By 2018, 45 million people are expected to benefit through this programme.

- **Safe Drinking Water:** The lack of safe drinking water is a major public health issue, particularly in developing countries like India. Our Pureit water purifiers have been working towards making safe water accessible & affordable for millions. Globally, so far, Pureit has cumulatively provided 78 billion litres of safe drinking water.

  Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paisa, per litre, without the hassles of boiling, without the need of electricity or continuous tap water supply. In India, Pureit has provided over 70 billion litres of safe drinking water till date.

  Your Company has also been partnering with existing micro-finance institutions (MFIs) to make water purifiers more accessible for people at the bottom of the pyramid. In 2015, Pureit partnerships extended their footprint to new geographies such as Punjab and continued to provide safe drinking water to low income households in Kerala, Tamil Nadu and Karnataka.

- **Domex Toilet Academy (DTA):** The World Bank has estimated that poor sanitation costs India $53.8 billion a year – equivalent to 6.4 per cent of the country's GDP. It is clearly evident that access to sanitation is extremely important for the social, physical and economic well-being of our society.

  Domex Toilet Academy is HUL's market-based, entrepreneurial model that provides people access to sanitation in rural communities. In partnership with the social enterprise eKutir and NGO - Population Services International (PSI), the DTA programme trains entrepreneurs and masons to supply, install and maintain toilets for local households; builds supply chains for sanitation hardware; provides access to micro-financing and creates demand for sanitation in underserved communities. The objective is to reduce the incidence of open defecation and improve proper sanitation thereby promoting the adoption of healthy, hygienic habits.

  Till date, DTA has trained 255 micro-entrepreneurs. DTA has helped build over 30,000 toilets in Indian households as reported by our partners PSI and eKutir. This has benefited and estimated 1,60,000 people in four states - Maharashtra, Madhya Pradesh, Odisha and Bihar.

- **Swachh Aadat Swachh Bharat:** HUL launched 'Swachh Aadat, Swachh Bharat' programme in line with Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of water, sanitation and hygiene (WASH), this programme is an effort to help India realise the goals of Clean India Mission by 2019. This programme promotes good health and hygiene practice by stressing the need to adopt three simple good habits ('Swachh Aadat') – washing hands five

[1] 'Levels & Trends in Child Mortality' (2014), UNICEF.

times a day, using a toilet for defecation and adopting safe drinking water practices.

The Swachh Aadat, Swachh Bharat programme has three key thrusts: An on-ground behaviour change model, a mass media campaign to drive engagement and awareness and mobile education on health and hygiene led by our factory workers.

- Swachh Basti - on-ground behaviour change model: In 2015, your Company has piloted a behaviour change model in the slums of Mumbai and Delhi. The programme was undertaken with the support of Municipal Corporations to reach out to students in Municipal Schools where a four-week behaviour change programme was conducted through engaging activities like skits, demos and jingles. This programme covered mothers and other stakeholders in the local community such as doctors and support groups to create awareness and develop champions within schools and the community. Till date, 2,00,000 people have been reached through multiple engagement points (school contact programme, home to home programme and neonatal programme).

- 'Swachh Aadat' mass media campaign: A mass media campaign was launched to promote awareness across the country, which reached out to 75 million people across India. Through this "Haath, Munh Aur Bum" campaign, children turn into agents of change and propagate the adoption of three 'Swachh Aadat (clean habits)'. Till date, the campaign has received more than 20 million views on YouTube. The campaign video can be viewed at https://www.hul.co.in/news/press-releases/2015/15-12-04-hul-launches-swachh-aadat-swachh-bharat-programme-in-india.html?criteria=year%3d2015

- Swachhata Doot (Messenger of Cleanliness): This is a mobile-led rural behaviour change communication model wherein the employees at the factories workers become agents of behaviour change in their villages by sharing 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 completed a pilot that has reached 100,000 people.

- **Asha Daan:** Asha Daan is a home in Mumbai for abandoned, challenged children, the HIV-positive and the destitute. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. Your Company takes care of over 400 infants, destitute men and women and HIV-positive patients at Asha Daan.

- **Sanjivani:** Your Company runs a free mobile medical service camp 'Sanjivani' near Doom Dooma Factory in Assam. The aim is to provide free mobile medical facility in the interior villages of Assam. There are two mobile vans dedicated to the project, each vehicle has one male and one female doctor, two nurses, a medical attendant (helper) and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 2,95,000 patients have been treated in these service camps since its inception in 2003. In 2015 alone, over 20,000 patients were treated in the service camps.

Reducing Environmental Impact

- **Water Conservation Projects:** According to estimates, by 2030 the supply of water in India will be half its demand. To understand and partake in meeting this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not for profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development, through its 'Water for Public Good' programme with the specific mandate to contribute to the water discourse and practice through a partnered approach.

  The key thrust of this organisation is water for public good with focus on farm livelihoods. It supports people centred, micro-level solutions to the challenges being faced by the water sector and uses the knowledge thus gained to shape the debate on water. Recognising that more than half of India's agriculture lacks any kind of irrigation facilities and that agriculture is the major consumer of water, HUF has been focusing on improving agriculture's water efficiency.

  So far, HUF has initiated projects across 54 districts in 9 States and 2 Union Territories located across 11 river basins in India. Water conservation programmes undertaken by HUF, through collective action and in partnership with several NGOs, communities, other co-funders and partners across India, have helped in the creation of cumulative water conservation potential of 200 billion litres.

- **Solidaridad - Sustainability (Tea Procurement):** Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. Sustainable agriculture means growing food in ways which sustain the soil, minimise water and fertiliser use, protect biodiversity and enhance farmers' livelihoods. The Company will ensure that the agricultural raw materials that are used such as tea, fruits and vegetables are sustainably sourced. The programme aims to move the Indian tea industry producers into adopting a sustainability code which shall promote sustainable agricultural practices, improve productivity and reduce costs ensuring future security of tea supply in India and also protect the ecosystems (soil, water and bio-diversity) whilst improving the quality of life for producers and workers.

Enhancing Livelihoods

- **Project Shakti:** Project Shakti is an initiative to financially empower rural women and create livelihood opportunities for them. It provides a regular income stream for the Shakti entrepreneurs and their families. Your Company has trained thousands of Shakti Ammas across the villages in a bid to develop an entrepreneurial mind-set and make them financially independent and more empowered. Project Shakti has empowered nearly 70,000 Shakti Ammas complemented by 48,000 Shaktimaans. Shaktimaans are typically the husbands or brothers of the Shakti Ammas. They sell products on bicycles in surrounding villages, covering a larger area than Shakti Ammas can cover on foot.

- **Fair and Lovely Foundation:** The Foundation identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to the deserving candidates. To maintain integrity and fairness, the selection is done by a panel of eminent personalities from diverse fields. In financial year 2015-2016, the Foundation awarded scholarships to 200 deserving girl students. Till date, 1,200 girl students have been awarded scholarships.

- **Livelihood Programme - Prabhat:** 'Prabhat' (Dawn) is a programme which focuses on development of local communities around your Company's manufacturing locations. Through Prabhat, HUL implements health and hygiene, water conservation and livelihoods initiatives. By end of 2015, your Company covered 27 of it's manufacturing locations through Prabhat, reaching out to 1.38 lakh people cumulatively.

- **Rin Career Ready Academy:** Your Company launched the Rin Career Ready Academy in Tamil Nadu, Andhra Pradesh and Telangana in 2015 with the aim to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. The programme allowed all the participants to take the course by simply giving a missed call. Mobile was the key medium for administering the course which was provided for free to all participants. Deserving individuals were put up for a more intensive face-to-face three week course, designed to suit their needs. Over two lakh people were reached through this initiative.

- **Ankur:** Ankur was set up in 1993 as a centre by your Company's Plantations Division at Doom Dooma for special education for differently-abled children at Doom Dooma in Assam. Ankur provides educational, vocational and recreational activities to such differently-abled children.

Others:

- **Relief Funds - Donation:** Your Company has always been at the forefront in responding to its call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters. It has done this through contribution to Government relief funds such as Chennai flood relief.

2. Composition of the CSR Committee

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

(Rs. Lakhs)

3.	**Average Net Profit of the Company for last 3 financial years :**		4,59,707
4.	**Prescribed CSR Expenditure**		9,194
5.	**Details of CSR spent during the financial year 2015- 16:**		
	a.	Total amount to be spent for the financial year (2.00% of Average Net Profit)	9,194
	b.	Total amount spent during the financial year	9,212
	c.	Amount unspent, if any	Nil

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

(Rs. Lakhs)

Sr. No.	CSR project/activity identified	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project/programme		Cumulative expenditure upto 31st March, 2016	Amount spent Direct / through implementing agency*
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,342	4,342	-	4,342	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	1,847	1,847	-	1,847	Direct
3	Water Conservation Project	(iv)	PAN India	2,125	1,773	352	2,125	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Ashadaan	(iii)	Mumbai	172	172	-	172	Implementing Agencies (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	508	484	24	508	Implementing Agencies (Note 2 [ii])
6	Sanjivani	(i)	Assam	70	70	-	70	Direct
7	Ankur	(iii)	Assam	22	22	-	22	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Implementing Agency (SREC)
	TOTAL			**9,212**	**8,836**	**376**	**9,212**	

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

Note 2 [ii]:

Labournet Services India, Mann Deshi Foundation, TARA International.

6. CSR Committee Responsibility Statement

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company is 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

Extract of Annual Return

Form No. MGT-9

(As on the Financial year ended on 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	30.38%
2	Detergents	20233	16.75%
3	Cosmetics & Toiletries	20237	17.04%

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.	51.50
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	Levers Associated Trust Limited *	U74999MH1946PLC005403	100
8	Levindra Trust Limited *	U67120MH1946PLC005402	100
9	Hindlever Trust Limited *	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation *	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100
Associate Company [Section 2(6)]			
1	Kimberly-Clark Lever Private Limited Gat No.934-937, Village Sanaswadi, Taluka- Shirur, Pune - 412 208	U74999PN1994PTC081290	50

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

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian	-	-	-	-	-	-	-	-	-
2 Foreign									
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.23	1,45,44,12,858	-	1,45,44,12,858	67.21	-0.02
Total Promoter Shareholding (A)	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.23**	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.21**	**-0.02**
B. Public Shareholding									
1 Institutions									
- Mutual Funds	68,16,072	49,284	68,65,356	0.32	1,88,16,666	49,284	1,88,65,950	0.87	0.55
- Banks / Financial Institutions	21,62,571	1,30,990	22,93,561	0.11	67,13,212	1,30,990	68,44,202	0.32	0.21
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	7,34,75,359	9,500	7,34,84,859	3.39	7,81,41,008	9,500	7,81,50,508	3.61	0.22
- Foreign Institutional Investors	32,47,53,230	37,960	32,47,91,190	15.01	30,71,60,539	37,450	30,71,97,989	14.20	-0.81
Sub-total (B)(1):-	**40,72,07,232**	**2,27,754**	**40,74,34,986**	**18.83**	**41,08,31,425**	**2,27,244**	**41,10,58,669**	**19.00**	**0.17**
2 Non-Institutions									
- Bodies Corporates									
i) Indian	2,38,56,485	4,85,464	2,43,41,949	1.13	2,22,19,489	4,79,384	2,26,98,873	1.05	-0.08
ii) Overseas	3,600	-	3,600	-	3,600	-	3,600	-	-
- Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	20,93,74,692	5,19,21,729	26,12,96,421	12.08	20,96,63,866	4,86,18,740	25,82,82,606	11.94	-0.14
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	45,64,254	7,10,350	52,74,604	0.24	43,10,091	7,10,350	50,20,441	0.23	-0.01
- Others									
i) Trust	17,72,826	-	17,72,826	0.08	30,82,951	-	30,82,951	0.14	0.06
ii) Non Resident Indians	72,65,962	4,22,630	76,88,592	0.36	78,22,137	4,08,850	82,30,987	0.38	0.02
iii) Foreign Nationals	13,895	3,120	17,015	-	13,995	3,120	17,115	-	-
iv) Foreign Banks	23,879	-	23,879	-	29,524	-	29,524	-	-
v) Directors & their Relatives	68,168	1,441	69,609	-	78,182	-	78,182	-	-
vi) Clearing Members	11,28,512	-	11,28,512	0.05	10,21,165	-	10,21,165	0.05	-
vii) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**24,80,72,273**	**5,35,44,734**	**30,16,17,007**	**13.94**	**24,82,45,000**	**5,02,20,444**	**29,84,65,444**	**13.79**	**-0.15**
Total Public Shareholding (B)=(B)(1) +(B)(2)	**65,52,79,505**	**5,37,72,488**	**70,90,51,993**	**32.77**	**65,90,76,425**	**5,04,47,688**	**70,95,24,113**	**32.79**	**0.02**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,10,96,92,363**	**5,37,72,488**	**2,16,34,64,851**	**100.00**	**2,11,34,89,283**	**5,04,47,688**	**2,16,39,36,971**	**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	51.51	-	1,11,43,70,148	51.50	-	-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 Limited	5,27,47,200	2.44	-	5,27,47,200	2.43	-	-0.01
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings BV	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
	Total	**1,45,44,12,858**	**67.23**	**-**	**1,45,44,12,858**	**67.21**	**-**	**-0.02**

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial year 2015-16. 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, 2016:

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India				
	At the beginning of the year	1,96,72,649	0.91	1,96,72,649	0.91
	Bought during the year	1,37,72,805	0.64	3,34,45,454	1.55
	Sold during the year	-	-	3,34,45,454	1.55
	At the end of the year	3,34,45,454	1.55	3,34,45,454	1.55
2	The New India Assurance Company limited				
	At the beginning of the year	1,75,77,158	0.81	1,75,77,158	0.81
	Bought during the year	-	-	1,75,77,158	0.81
	Sold during the year	17,55,852	0.08	1,58,21,306	0.73
	At the end of the year	1,58,21,306	0.73	1,58,21,306	0.73
3	Government of Singapore				
	At the beginning of the year	94,65,271	0.44	94,65,271	0.44
	Bought during the year	52,25,680	0.24	1,46,90,951	0.68
	Sold during the year	16,51,373	0.08	1,30,39,578	0.60
	At the end of the year	1,30,39,578	0.60	1,30,39,578	0.60
4	Virtus Emerging Markets Opportunities Fund				
	At the beginning of the year	1,49,27,754	0.69	1,49,27,754	0.69
	Bought during the year	11,98,440	0.06	1,61,26,194	0.75
	Sold during the year	44,14,940	0.20	1,17,11,254	0.54
	At the end of the year	1,17,11,254	0.54	1,17,11,254	0.54

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	Vanguard Emerging Markets Stock Index Fund A Series				
	At the beginning of the year	1,28,36,898	0.59	1,28,36,898	0.59
	Bought during the year	1,86,061	0.01	1,30,22,959	0.60
	Sold during the year	20,71,327	0.10	1,09,51,632	0.51
	At the end of the year	1,09,51,632	0.51	1,09,51,632	0.51
6	Aberdeen Global Indian Equity Limited				
	At the beginning of the year	1,29,75,215	0.60	1,29,75,215	0.60
	Bought during the year	-	-	1,29,75,215	0.60
	Sold during the year	24,76,149	0.11	1,04,99,066	0.49
	At the end of the year	1,04,99,066	0.49	1,04,99,066	0.49
7	General Insurance Corporation of India				
	At the beginning of the year	1,17,30,940	0.54	1,17,30,940	0.54
	Bought during the year	-	-	1,17,30,940	0.54
	Sold during the year	12,95,000	0.06	1,04,35,940	0.48
	At the end of the year	1,04,35,940	0.48	1,04,35,940	0.48
8	Ishares India Index Mauritius Company				
	At the beginning of the year	85,84,800	0.40	85,84,800	0.40
	Bought during the year	28,49,118	0.13	1,14,33,918	0.53
	Sold during the year	25,21,834	0.12	89,12,084	0.41
	At the end of the year	89,12,084	0.41	89,12,084	0.41
9	Abu Dhabi Investment Authority – Gulab				
	At the beginning of the year	1,17,33,786	0.54	1,17,33,786	0.54
	Bought during the year	55,820	0.00	1,17,89,606	0.54
	Sold during the year	30,26,033	0.14	87,63,573	0.40
	At the end of the year	87,63,573	0.40	87,63,573	0.40
10	Aberdeen Emerging Markets Fund				
	At the beginning of the year	1,06,93,443	0.49	1,06,93,443	0.49
	Bought during the year	4,83,000	0.02	1,11,76,443	0.52
	Sold during the year	29,61,000	0.14	82,15,443	0.38
	At the end of the year	82,15,443	0.38	82,15,443	0.38

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	35,038	-	35,038	-
	Bought during the year	8,573*	-	43,611	-
	Sold during the year	-	-	43,611	-
	At the end of the year	43,611	-	43,611	-
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	18,688	-	18,688	-
	Bought during the year	8,573*	-	27,261	-
	Sold during the year	-	-	27,261	-
	At the end of the year	27,261	-	27,261	-

Note:
Mr. Sanjiv Mehta, Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia did not hold any shares of the Company during the financial year 2015-16.

* Shares alloted under ESOP.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Sanjiv Mehta	P. B. Balaji	Pradeep Banerjee	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	635.88	466.52	216.31	1318.71
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	102.48	18.83	20.30	141.61
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	285.25	132.33	68.21	485.79
2	Stock Option	338.48	50.66	124.28	513.42
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	Others (Contribution to PF & Superannuation)	25.40	15.26	15.92	56.58
	Total (A)	**1387.49**	**683.60**	**445.02**	**2516.11**
	Ceiling as per the Act	Rs. 56,814 lakhs (being 10% of Net Profits of the Company has calculated as per Section 198 of the Companies Act, 2013)			

B. Remuneration to other Directors:

(Rs. lakhs)

Particulars of Remuneration	Name of other Directors						Total Amount
	Chairman*	Independent Directors					
	Harish Manwani	Aditya Narayan	S. Ramadorai	O. P. Bhatt	Sanjiv Misra	Kalpana Morparia	
- Fee for attending Board /Committee meetings	Nil	5.70	4.80	6.30	5.40	3.90	26.10
– Commission#	62.00	24.00	23.00	26.00	22.74	21.06	178.80
Total (B)	**62.00**	**29.70**	**27.80**	**32.30**	**28.14**	**24.96**	**204.90**
Ceiling as per the Act	Rs. 5,681.4 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
Total Managerial Remuneration = (A+B)							**3,423.49**
Overall Ceiling as per the Act	Rs. 62,495.4 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, 2016 will be paid after adoption of accounts by the shareholders at the AGM to be held on 30th June, 2016.

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

(Rs. lakhs)

Sl. No.	Particulars of Remuneration		Key Managerial Personnel
			Dev Bajpai
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	229.40	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	17.36	
	(c) Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	57.81	
2	Stock Option	124.28	
3	Sweat Equity		-
4	Commission		-
5	Others		13.49
	Total		**442.34**

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, 9th May, 2016

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 2015-16, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2015-16.

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	134:1	3.82*
2	P. B. Balaji	Executive Director, Finance & IT and CFO	66:1	13.14*
3	Pradeep Banerjee	Executive Director, Supply Chain	43:1	7.06
4	Dev Bajpai	Executive Director, (Legal and Corporate Affairs) and Company Secretary	Not Applicable	8.57

* Governed under remuneration structure, impacted by currency fluctuations.

Note :

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

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2015-16.

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

ii. The percentage increase in the median remuneration of Employees for the financial year was 6.47%.

iii. The Company has 7,429 permanent Employees on the rolls of Company as on 31st March, 2016.

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

v. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:** Company's reward philosophy, merit increase and annual bonus pay-outs of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the business. Given the superior business performance and the performance rating of the Key Managerial Personnel, appropriate reward by way of merit increase or variable pay have been awarded to them for the current year. This was duly reviewed and approved by the Nomination and Remuneration Committee of the Company. During the year, the Company's Domestic Consumer business grew by 4% with 6% underlying volume growth. Profit before interest and tax (PBIT) grew by 10% with PBIT margin improving +90 bps. Profit after tax but before exceptional items, PAT(bei) grew by 6%.

vi. The Market Capitalisation of the Company as on 31st March, 2016 was Rs.1,88,154 crores as compared to Rs. 1,88,849 crores as on 31st March, 2015. The price earnings ratio of the Company was 46.08 as at 31st March, 2016 and was 43.75 as at 31st March, 2015. The closing share price of the Company at BSE Limited on 31st March, 2016 being Rs. 869.50/- per equity share of face value of Re. 1/- each has grown 458 times since the last offer for sale made in the year 1980 (Offer Price was Rs. 19.50/- per equity share of face value of Rs. 10/- each).

vii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 6.14% whereas the increase in the managerial remuneration was 6.78%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.

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

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

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

On behalf of the Board

Harish Manwani
Chairman
(DIN : 00045160)

Mumbai, 9th May, 2016