



Hindustan Unilever Limited

Report and Accounts 2007





Feel good, look good and get more out of life.

Our mission is to add vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life.

Our deep roots in local cultures and markets around the world give us our strong relationship with consumers and are the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers - a truly multi-local multinational.

Our long-term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively, and to willingness to embrace new ideas and learn continuously.

To succeed also requires, we believe, the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact.

This is our road to sustainable, profitable growth, creating long-term value for our shareholders, our people, and our business partners.



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Proxy





changing like you





Our journey began 75 years ago, in 1933, when the Company, was first incorporated. Today, Hindustan Unilever Limited is a pre-eminent corporation and its brands are household names across the country. Our brands and people have been our unparalleled strengths and they have delivered growth not only for us, but also for all our stakeholders.

We have always seen our role beyond just profit curves as we endeavour to earn the love and respect of every Indian. This is why social innovation remains at the center of our brands and business strategy. And it is with your continued support that we have progressed on the path of sustainable and profitable growth. After all, doing well and doing good are two sides of the same coin.



Dear Shareholders,

My warm greetings to all of you. Like you, I am proud that your Company celebrates the Platinum Jubilee Year in 2008; 75 glorious years of operations in India meeting every day needs for nutrition, hygiene and personal care that help people feel good, look good and get more out of life. Touching the lives of 700 million consumers is indeed a matter of great pride and joy.

In 2007, your Company migrated to its new name, Hindustan Unilever Limited - reflecting our Indian heritage and our global alignment with Unilever. The new logo is symbolic of the Company's mission of 'Adding Vitality to Life' and represents the Company's continued commitment to the local economy, our consumers, partners and employees.

India continues to be a high growth economy with exciting opportunities for all. The Indian economy is estimated to grow at about 8.7% in 2007-08 despite some head winds from a global slowdown. Agriculture has grown, albeit modestly, while industry and services sectors grew above 10%. Looking ahead, the overall growth story remains robust for the economy. However, inflationary pressures from petroleum crude, vegetable oils and food grains and uncertainties in the global economy need to be dynamically managed.

In 2007, HUL grew by 13.3%, the highest growth in the last few years. Your Company has seen accelerated double digit growth in the FMCG business for the third consecutive year, and steady improvement in operating margins in the face of high input cost inflation. Growth momentum was fuelled by sustained investments behind core brands and new categories, while a combination of cost effectiveness and judicious product pricing actions enabled us to manage the progression of our operating margins.

The FMCG market sustained a strong growth in 2007. In a highly competitive market, your Company maintained

Letter from the Chairman

leadership across categories with sequential improvement in market share across quarters in most categories. The intensely contested categories of laundry and hair performed well with strong market shares, turnover growth and improved profitability. Your Company has a strong portfolio of brands straddling the entire income pyramid that addresses the needs of consumers at all levels. We continue to strengthen our portfolio of brands through technology led innovations, insightful consumer communication and strong distribution capabilities. Many of HUL's brands continued to grow strongly with brands like Wheel, Brooke Bond and Surf each exceeding turnover of Rs. 1,000 crores in 2007.

Our business strategy is routed in competitively growing our core business while nurturing and investing in new business opportunities. We are making substantial investments in the masstige skin care segment, processed foods and Pureit water business. Our water business has now been extended to 210 towns in 10 states and the progress is excellent. These new categories are based on changing consumer needs and provide exciting growth opportunities for the future.

We believe that excellence in execution is critical to our success. In fact, Every Day Great Execution (EDGE) is a theme driven throughout the Company as we continue to build capabilities and invest in infrastructure to effectively deal with customer service, emerging modern trade and front end sales and distribution capabilities.

Implementation of SAP, a powerful IT platform at the front end for Order to Cash processes has been completed successfully and provides seamless information on demand aggregation and servicing. SAP for supply chain and financial processes is in progress and will be rolled out in 2008.

Our continued commitment to 'Project Shakti' is strong. This is providing 45,000 rural women in more than 1,00,000 villages with a steady income opportunity while, at the same time, making HUL brands relevant and accessible to rural consumers in very small villages. Your Company continues to expand the coverage and scope of this project every year.

HUL continues to attract and retain high quality talent. Your Company has a proven track record of developing outstanding business leaders. Therefore, it is a matter of great pride that we have been recognized among the top 4 companies worldwide (and no. 1 in Asia) in the Global Top Companies for Leaders announced by Hewitt Associates in partnership with Fortune Magazine and RBL Group. This reinforces our commitment to continued excellence in the key area of talent and leadership development.

The coming years will see India emerge as a large economic power and in the process provide immense opportunities for economic well-being and social progress for her people. HUL has been an active participant in the Indian economy for the past 75 years. We will continue to be even more relevant in the next 75 years by sustaining superior business performance, predicated on exciting innovations, strong organisational capabilities, powerful brands and talented people. More importantly, we renew our pledge to continue to serve the hundreds of millions of our consumers and the communities in which we operate.

I take this opportunity to thank you for continued support and commitment in 2007. I look forward to your active support in the exciting years ahead.

With warm regards,



Harish Manwani

Board of Directors



Nitin Paranjpe
Executive Director,
Home & Personal Care.

Douglas Bellile
Chief Executive Officer
& Managing Director.

D. S. Parekh
Independent Director.

A. Narayan
Independent Director.

Harish Manwani
Non-Executive Chairman.

C. K. Prahalad
Independent Director.

D. Sundaram
Director,
Finance & IT.

**Executive Director Legal &
Company Secretary:**
Ashok K. Gupta

Registered Office:
165/168, Backbay Reclamation,
Mumbai-400 020.

Solicitors:
Crawford Bayley & Co.

Auditors:
Lovell & Lawes

Bankers:

- + State Bank of India
- + Standard Chartered Bank
- + Citibank N. A.
- + Hongkong & Shanghai Banking Corporation
- + Bank of America
- + Deutsche Bank

Management Committee



V. Narayanan
Independent Director.

S. Ramadurai
Independent Director.

Sanjiv Kakkar
Executive Director,
Sales & Customer Development.



Douglas Bailie
Chief Executive Officer &
Managing Director.



D. Sundaram
Director,
Finance & IT.



Nitin Paranjpe
Executive Director,
Home & Personal Care.



Sanjiv Kakkar
Executive Director,
Sales & Customer
Development.



Shrijaet Mishra
Executive Director,
Foods.



Dhaval Buch
Executive Director,
Supply Chain.



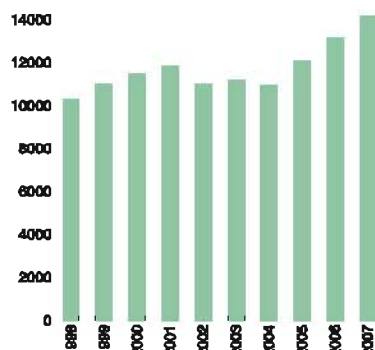
Leena Nair
Executive Director,
Human Resources.



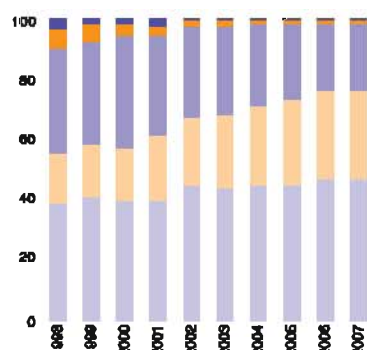
Ashok K. Gupta
Executive Director,
Legal.

- + ABN-AMRO Bank
- + Punjab National Bank
- + Corporation Bank
- + HDFC Bank
- + ICICI Bank
- + Union Bank of India

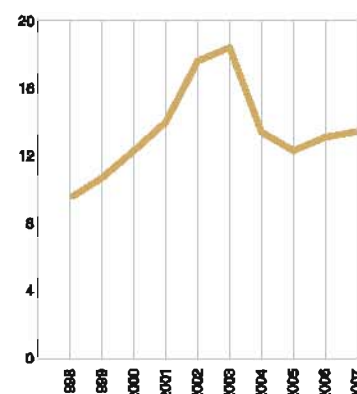
Performance Trends 1998-2007



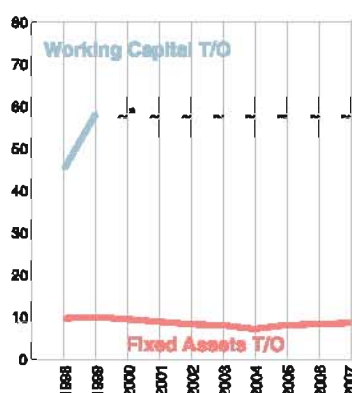
Gross Sales
(Rs. Crores)



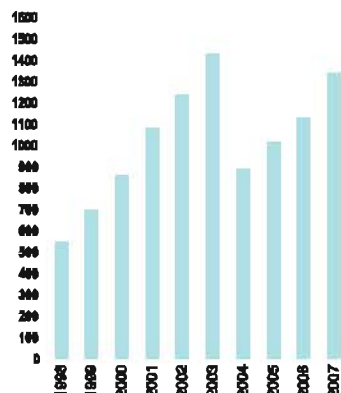
By Segment as % of Sales



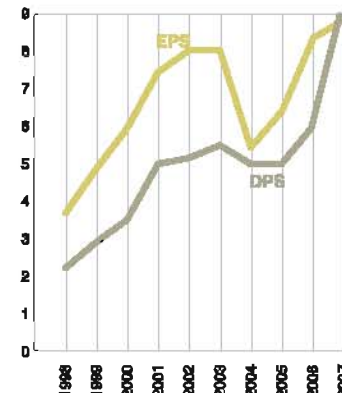
EBIT as % of Sales



Fixed Asset Turnover
(No. of Times)



Economic Value Added (EVA)
(Rs. Crores)



Earnings & Dividend per Share
(Rs.)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Gross Sales (Rs. Crores)	10215	10918	11392	11781	10952	11096	10888	11976	13035	14757
By Segment % of Sales										
Soaps, Detergents & Household Care	39	41	40	40	45	44	45	45	47	47
Personal Products	16	17	17	21	22	24	26	28	29	29
Foods	35	34	37	33	30	29	27	25	22	22
Chemicals, Agri, Fertilisers & Animal Feeds	6	6	4	3	2	2	1	1	1	1
Others	4	2	2	3	1	1	1	1	1	1
EBIT as % of Sales	9.5	10.7	12.3	14.0	17.6	18.4	13.4	12.3	13.1	13.4
Fixed Assets Turnover (times)	9.7	10.0	9.5	8.9	8.3	8.1	7.2	8.1	8.6	8.6
Working Capital Turnover (times)	45.2	58.3	~*	~	~	~	~	~	~	~
Economic Value Added (EVA) (Rs. Crores)	548	694	858	1,080	1,236	1,429	887	1,014	1,125	1,340
E.P.S. of Re. 1 @	3.67	4.86	5.95	7.46	8.04	8.05	5.44	6.40	8.41	8.73
D.P.S. of Re. 1 @	2.20	2.90	3.50	5.00	5.16	5.50	5.00	5.00	6.00	9.00
P.A.T./Sales (%)	8.2	9.8	11.5	13.1	15.8	16.3	11.0	11.3	11.8	12.0
R.O.C.E. (%)	58.7	61.8	64.6	62.4	59.4	60.2	45.9	68.7	67.0	79.4
R.O.N.W. (%)	48.9	50.9	52.7	53.9	48.4	82.8	57.2	61.1	68.1	80.1

@ Adjusted for bonus issue

* Denotes working capital is negative



Hindustan Unilever Limited

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the 75th Annual General Meeting of Hindustan Unilever Limited will be held on Friday, 4th April, 2008 at 3.00 P.M. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st December, 2007, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To elect Directors.
4. To appoint M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as statutory auditors and fix their remuneration for the year ending 31st December, 2008.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. R. A. Mashelkar, be and is hereby elected as a Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval(s) of Central Government or any statutory authorities, as may be required and in suppression of the special resolution passed at the Annual General Meeting held on 15th May, 1998 as modified by the special resolution passed at the Annual General Meeting held on 25th April, 2000 with respect to the remuneration of Managing and Whole Time Directors, and in partial modification to ordinary resolution passed at the Annual General Meeting held on 29th May, 2006 with respect to the appointment of Mr. Douglas Baillie as Managing Director and CEO of the Company, consent of the Company be and is hereby accorded to pay to the Managing/Whole-time Directors of the Company effective from 1st April, 2008 such remuneration comprising of salary, performance linked bonus, commission, perquisites and allowances as may be determined by the Board or a duly constituted committee thereof from time to time within the maximum limits as mentioned in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors or a duly constituted committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith.

2. An explanatory statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Businesses to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from 19th March, 2008 to 3rd April, 2008 (both days inclusive).
4. The final dividend for the year ended 31st December, 2007 as recommended by the Board, if approved at the meeting, will be paid on or after 8th April, 2008 to those members whose names appear in the Company's Register of Members as on the book closure dates.

APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

In accordance with the Articles of Association of the Company, all Directors except Mr. Douglas Baillie who has been elected for a term of 5 years effective from 1st March, 2006, retire every year and, if eligible, offer themselves for re-election at every Annual General Meeting.

Mr. V. Narayanan on attaining the age of 70 years will not be seeking re-appointment in the ensuing Annual General Meeting of the Company. Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing the appointment of Dr. R. A. Mashelkar to the Board of Directors.

All the other Directors being eligible offer themselves for re-appointment. The **brief resumes of the Directors** seeking appointment/re-appointment at the ensuing Annual General Meeting are as under:

Mr. Harish Manwani (53), assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He is also the President Asia & Africa and a part of the Unilever Executive (UEX), an 8 member team that runs Unilever's operations worldwide.

Mr. Manwani joined HUL in 1976. He joined the Board of the Company in 1995, as a Director responsible for the Personal Products business. In addition, he held regional responsibility as the Category Leader for Personal Products for the then Central Asia & Middle East (CAME) Group.

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care & Oral Care Categories, and in early 2001, was appointed President Home & Personal Care (HPC), Latin America Business Group. He also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed President and CEO of the HPC North America Business Group, and in April 2005, was elevated to the Unilever Executive as the President Asia & Africa.

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

Mr. Manwani is the member of the Compensation Committee of the Company and is a Director of the Board of the following other Companies:

Directorship – Indian School of Business	Chairman of Board Committee — Member of Board Committee
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Mr. Douglas Baillie (50), born and educated in Zimbabwe, graduated from the University of Natal with majors in Business Finance, Marketing and Business Administration and joined Unilever SA in 1978. His career over the years has spanned various sales and marketing positions, culminating in a secondment to Lever Rexona in Australia in 1987.

On his return to South Africa in late 1988, he took up the position of the Sales Director which was followed by spell as Marketing Director. Mr. Baillie moved to London in 1994 to Personal Products co-ordination where he became the Regional Liaison Member for Africa, Middle East, Central and Eastern Europe and Turkey before moving to Vice President, Home and Personal Care for the Africa Business Group. Mr. Baillie was appointed Managing Director Lever Pond's South Africa in 1997, and the National Manager, Unilever South Africa, in May 2000. Whilst in this position Mr. Baillie served on several external Boards including the Advertising Standards Authority, the Consumer Goods Council of South Africa and was a member of the Presidential Big Business working group.

Prior to assuming responsibilities as the Chief Executive Officer (CEO) of the Company, Mr. Baillie was Group Vice-President and Head of Unilever AMET (Africa, Middle East and Turkey). Mr. Baillie is also the Group Vice-President responsible for Unilever's business in South Asia, which includes Sri Lanka, Pakistan and Bangladesh.

Mr. Baillie is the member of Shareholder/Investor Grievance Committee of the Company. He is a Director of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Kimberly Clark Lever Private Ltd.	—
– Unilever Nepal Ltd.	Member of Board Committee

Mr. D. S. Parekh (63), is a B.Com graduate and holds a FCA degree from England and Wales. Mr. Parekh has held senior positions in Grindlays and Chase Manhattan. He is the Executive Chairman of Housing Development Finance Corporation Ltd. Mr. Parekh is a member of several prestigious committees appointed by the Government of India including on Foreign Direct Investment (FDI) and a recipient of Padma Bhushan in recognition for his contributions to the national economy and public policy. Mr. Parekh joined the Board of the Company in May 1997.

Mr. Parekh is the Chairman of the Audit Committee of the Company. He is a Director and Chairman/Member of the committees of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Glaxo Smithkline Pharmaceuticals Ltd.	– Castrol India Ltd. (Audit Committee)
– HDFC Asset Management Co. Ltd.	– Glaxo Smithkline Pharmaceuticals Ltd. (Audit Committee)
– HDFC General Insurance Co. Ltd.	– Mahindra & Mahindra Ltd. (Audit Committee)
– HDFC Standard Life Insurance Co. Ltd.	Member of Board Committee
– Housing Development Finance Corpn. Ltd.	– The Indian Hotels Co. Ltd. (Audit Committee)
– Infrastructure Development Finance Co. Ltd.	– Siemens Ltd. (Audit Committee and Remuneration Committee)
– Lafarge India Pvt. Ltd.	– Infrastructure Development Finance Co. Ltd. (Remuneration Committee)
– Siemens Ltd.	
– Castrol India Ltd.	
– Hindustan Oil Exploration Co. Ltd.	
– Mahindra & Mahindra Ltd.	
– The Indian Hotels Co. Ltd.	
– Bharat Bijlee Ltd.	
– Borax Morarji Ltd.	
– Exide Industries Ltd.	
– Zodiac Clothing Co. Ltd.	

Mr. C. K. Prahalad (66), is the Paul and Ruth McCracken distinguished University Professor of Corporate Strategy at the University of Michigan. He received his Doctorate of Business Administration from the Harvard Business School. Prof. Prahalad specialises in corporate strategy, and has authored several books

and numerous articles in reputed journals. His contribution to business strategy is globally recognised. He joined the Board of the Company in April 2000.

Mr. Prahalad is the member of the Audit Committee and Remuneration Committee of the Company. He is a Director and Member of the committees of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– NCR Corporation	—
– Teradata Corporation	Member of Board Committee
	– NCR Corporation (Audit Committee)
	– Teradata Corporation (Audit Committee)

Mr. S. Ramadorai (63), is the CEO of Tata Consultancy Services; Chairman of Tata Technologies Ltd. and Chairman of CMC Ltd. Holder of a Bachelor Degree in Physics from Delhi University, a Bachelor of Engineering Degree in Electronics and Telecommunications from Indian Institute of Science, Bangalore; and a Masters Degree in Computer Science from the University of California, USA, Mr. Ramadorai took the Senior Executive Development Program at MIT's Sloan School of Management in 1993. Mr. Ramadorai joined the Board of the Company in May 2002. Mr. Ramadorai was conferred the prestigious Padma Bhushan by the President of India in recognition of his contributions to trade and public policy of the country.

Mr. Ramadorai is the member of Audit Committee and Remuneration Committee of the Company. He is a Director and Chairman/Member of the committees of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Tata Industries Ltd.	– Tata Technologies Ltd. (Audit Committee and Remuneration Committee)
– Tata Elxsi Ltd.	
– Tata Technologies Ltd.	Member of Board Committee
– WTI Advanced Technology Ltd.	– Tata Elxsi Ltd. (Audit Committee and Remuneration Committee)
– CMC Ltd.	– Tata Consultancy Services Ltd. (Shareholders/Investor Grievance Committee)
– Nicholas Piramal India Ltd.	
– Tata Consultancy Services Ltd.	
– Tata Teleservices Ltd.	
– C-Edge Technologies Ltd.	
– Videsh Sanchar Nigam Ltd.	
– ACCION Technical Advisors India	
– Computational Research Laboratories Private Ltd.	
– Conscripti (Pty) Ltd. (South Africa)	
– Innova TV Inc. (USA)	
– Tata America International Corporation	
– Tata Consultancy Services BPO Chile SA	
– Tata Consultancy Services De Espana SA (Spain)	
– Tata Consultancy Services Do Brazil SA (Brazil)	
– Tata Teleservices (Maharashtra) Ltd.	
– TCS Iberoamerica SA (Uruguay)	
– TCS Solution Centre SA (Uruguay)	
– VSNL Singapore Pte. Ltd.	
– Tata Consultancy Services Chile SA (Chile)	

Mr. A. Narayan (56), joined ICI India as a Management Trainee in 1973 and grew through diverse functions and businesses before being appointed as the Managing Director of ICI India in 1996. On completion of his term as the Managing Director in ICI India, he was appointed as the Non-Executive Chairman of ICI India. Just prior to this appointment he served as a Corporate Planning Manager at the ICI Group Head Quarters in London. A B.Tech. from IIT Kanpur, he also has formal qualifications in law, multidisciplinary sciences and strategic management. He joined the Board of the Company in 2001.

Mr. A. Narayan is the Chairman of Shareholder/Investor Grievance Committee and member of Audit Committee and Remuneration Committee of the Company. He is a Director of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– ICI India Ltd.	—
– BHP Billiton Marketing Services India Private Ltd.	Member of Board Committee

Mr. D. Sundaram (54), joined the Company in 1975 after qualifying as a cost accountant from ICWA. Mr. Sundaram has also attended the Advanced Management Program (AMP) at Harvard Business School. Having worked in various capacities within the Company, he was seconded to Unilever, London for the period 1990-93. On his return to India, he was the financial member of the TOMCO Integration Team and then became the Finance Director of Brooke Bond Lipton India Ltd. in March 1994. After another round of secondment to Unilever, London as the Senior Vice President, Finance (Central Asia and Middle East Group) during 1996-99, he returned to the Company in May 1999 to take up his current position as the Director, Finance and IT. Mr. Sundaram was conferred the honour of "CFO of the Year" for the FMCG Sector, during the year 2006.

Mr. D. Sundaram is the member of Shareholder/Investor Grievance Committee of the Company. He is a Director and Chairman/Member of the committees of the Board of the following other Companies:

Directorship	Chairman/Member of Board Committee
– Unilever India Exports Ltd.	– SBI Capital Markets Ltd.
– Capgemini Business Services (India) Ltd.	(Audit Committee)
– SBI Capital Markets Ltd.	

Mr. Nitin Paranjpe (44), after obtaining a degree in BE (Mech) and MBA in Marketing (JBIMS) from Mumbai joined the Company as a management trainee in 1987. In his early years in the Company, Nitin worked as Area Sales Manager – Detergents and then Product Manager – Detergents. In April 1996, he became the Branch Manager, Chennai, and in February 1999 was appointed a member of the Project Millennium team. In 2000, he moved to Unilever London, and was involved in a review of the Organisation Structure. During 2001, he was an Assistant to the Unilever Chairman & Executive Committee in London. On his return to India in 2002, he became the Category Head – Fabric Wash & Regional Brand Director (Asia) for some Laundry and Household Cleaning (HHC) Brands. In 2004, he became Vice President – Home Care (Laundry & HHC) India, responsible for the top and bottom-line of the Homecare business. Mr. Nitin Paranjpe was appointed as the Executive Director for the Home & Personal Care business in March 2006.

He is a Director of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Unilever India Exports Ltd.	—
– Unilever Industries Private Ltd.	Member of Board Committee
– Kimberly Clark Lever Private Ltd.	—

Mr. Sanjiv Kakkar (45), is a BA (Economics) and PGDM from IIM, Ahmedabad with 24 years work experience. Mr. Kakkar joined the

Company in June 1984 and has worked in various Sales and Marketing assignments. His marketing experience spans across categories including Beverages, Personal Products and Oral & Hair Care. He has also had key stints as Category Head of Oral and General Manager – Sales & Customer Management of Personal Products. He was appointed Vice-President – Oral & Hair Care in May 2004. In March 2006, Mr. Sanjiv Kakkar was appointed as Executive Director - Foods and joined the Management Committee on 1st January, 2007.

He is a Director of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Hindustan Unilever Field Services Private Ltd.	—
	Member of Board Committee

Dr. R. A. Mashelkar (65), is presently the President of Indian National Science Academy (INSA) and the President of Global Research Alliance, a network of publicly funded R & D institutes from Asia Pacific, Europe and USA with over 60,000 scientists. He is also the President of National Innovation Foundation and Institution of Chemical Engineers (IChemE), UK. A Ph.D in Chemical Engineering, Dr. Mashelkar has earlier served as the Director General of Council of Scientific and Industrial Research (CSIR) for over eleven years. Dr. Mashelkar is only the third Indian Engineer to have been elected as the Fellow of Royal Society (FRS), London in the twentieth century. He was elected the Foreign Associate of National Academy of Science, USA, in 2005, Foreign Fellow of US National Academy of Engineering in 2003, Fellow of Royal Academy of Engineering, U.K., in 1996, and Fellow of World Academy of Art & Science, USA, in 2000. Twenty-six universities have honoured Dr. Mashelkar with honorary doctorates, which include Universities of London, Salford, Pretoria, Wisconsin and Delhi. In 1998, Dr. Mashelkar won the JRD Tata Corporate Leadership Award, the first scientist to win it. In 2005, Dr. Mashelkar became the first Asian Scientist to receive the award of 'Stars of Asia' at the hands of George Bush (Sr.), the former President of USA.

As the Chairman of the Standing Committee on Information Technology of World Intellectual Property Organization (WIPO), as a member of the International Intellectual Property Rights Commission of UK Government and as the Vice Chairman on Commission in Intellectual Property Rights, Innovation and Public Health (CIPIH) set up by World Health Organization (WHO), he brought new perspectives on the issue of IPR and the developing world concerns.

Dr. Mashelkar has won over 50 awards and medals in the field of science and technology and was honoured by the President of India with Padmashri (1991) and with Padmabhushan (2000), which are two of the highest civilian honours in recognition of his contribution to nation building.

He is a Director of the Board of the following other Companies:

Directorship	Chairman of Board Committee
– Reliance Industries Ltd.	—
– TATA Motors Ltd.	Member of Board Committee
– GeneMedix Life Sciences Ltd.	– Tata Motors Ltd.
– Indigene Pharmaceuticals Pvt. Ltd.	(Audit Committee)
– ICICI Knowledge Park	
– Thermax Ltd.	
– NPIL Research and Development Ltd.	

By Order of the Board



(Ashok K. Gupta)
Company Secretary

Registered Office:

165/166, Backbay Reclamation,
Mumbai 400 020.

Dated: 13th February, 2008

2007

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

RESOLUTION AT ITEM NO. 5

In accordance with the policy of the Company, the independent directors seek retirement upon attaining the age of 70 years by not offering themselves for re-appointment at the ensuing Annual General Meeting. Mr. V. Narayanan, Non-Executive Independent Director of the Company, became 70 years on January 29, 2008 and therefore, will not be seeking re-appointment in the ensuing Annual General Meeting of the Company.

To fill up the vacancy caused by the retirement of Mr. V. Narayanan, the Company proposes to appoint Dr. R. A. Mashelkar as the Non-Executive Independent Director of the Company. Notice has been received from a member pursuant to Section 257 of the Companies Act, together with necessary deposits of Rs. 500/- proposing the appointment of Dr. R. A. Mashelkar to the Board of Directors.

None of the Directors is concerned or interested in this resolution. The Board commends the resolutions at item no. 5 for approval of the members.

RESOLUTION AT ITEM NO. 6

The members of the Company in the Annual General Meeting held on 15th May, 1998 had approved the overall limits of the Managerial Remuneration for Managing Directors/Whole-time Directors of the Company. The said resolution was further modified by the resolution passed in the Annual General Meeting held on 25th April, 2000 to include the provisions for periodic revision in the remuneration of Managing/Whole-time Directors. The members had also approved the terms and conditions (including remuneration) for appointment of Mr. Douglas Baillie as CEO and Managing Director of the Company by the resolution passed in the Annual General Meeting held on 29th May, 2006.

It is now proposed to modify the maximum limits of remuneration for Managing/Whole-time Directors of the Company to bring the remuneration structure in line with the prevailing trends in the corporate sector in India and the remuneration paid to the senior executives by international companies in India and in the region. The proposed revised structure for remuneration of Managing /Whole-time Directors is as under :

(Amount/Rs. Lakhs)

Description	Existing Maximum limits (per annum) in terms of the Approval of Shareholders		Proposed Maximum limits (per annum)	
	Salary	Perquisites	Salary	Perquisites
In case of Chairman /Managing Director(s)	109.75	26.38	180.00	As per the rules of the Company and within the limits of Sections 198 and 309 of the Companies Act, 1956
In case of other Managing/Whole-time Director(s) (excluding expatriate Managing Director)	92.87	26.38	120.00	-Do -
Mr. Douglas Baillie, CEO and Managing Director	281.52	69.00	360.00	-Do -

No change is proposed for the limits of performance linked bonus/ commission on profits to Managing/Whole-time Director(s).

Other terms and conditions :

I. For Managing/Whole-time Directors (except expatriate Managing Director)

(a) Performance linked bonus/commission on profits

Such amount(s) as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by Board of Directors or a Committee thereof from time to time but subject to a ceiling of twice the amount of salary for each such Managing/Whole-time Director, provided that the total remuneration including salary and perquisites paid to all the Managing/Whole-time Directors shall not exceed the limits laid down under Sections 198 and 309 of the Companies Act, 1956.

(b) Perquisites/ Benefits

The Managing/Whole-time Directors shall be entitled to perquisites (evaluated as per the Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, company car with chauffeur, telephone at residence/cellular phones, statutory contribution to retirement funds, club membership fees, medical coverage, overseas medical expenses, leave encashment and long service award and other benefits/allowances in accordance with the scheme(s) and rule(s) of the Company from time to time, for the aforesaid benefits.

II. For Mr. Douglas Baillie, Expatriate Managing Director

(a) Performance linked bonus/commission on profits

Such amount(s) as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by Board of Directors or a Committee thereof but subject to a ceiling of twice the amount of salary, provided that the total remuneration including salary and perquisites paid to all the Managing/Whole-time Directors shall not exceed the limits laid down under Sections 198 and 309 of the Companies Act, 1956.

(b) Perquisites/ Benefits

The Managing Director shall be entitled to perquisites (evaluated as per the Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the rent free accommodation for self, spouse and family, company car with chauffeur, telephone at residence/cellular phones, education allowance, furnishings/utilities at residence, medical and personal accident insurance, leave travel allowance/ concession for self and family, club fees and other allowances and benefits as per the Rules of the Company governing international assignees.

III. Applicable for Managing/Whole-time Directors including expatriate Managing Director

- (a) The total remuneration and perquisites/benefits contemplated as per clause I and II above, including contribution towards PF/superannuation fund, annuity fund, gratuity fund, overseas medical, leave encashment, home leave expenses for expatriates, etc. payable to all the Managing/Whole-time Directors of the Company shall not exceed 5%, where there is only one Managing/Whole-time Director, and 10% where there are more than one Managing/Whole-time Directors, of the profits of the Company calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.
- (b) In the absence or inadequacy of the profits in any financial year, the remuneration payable to a Managing/Whole-time Director by way of salary and perquisites shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.
- (c) In the event of any re-enactment or recodification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this special resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.

The proposed revised limits are the maximum limits and the Board is being authorised to fix remuneration for each Managing/Whole-time Director within the limits stipulated by the resolution. The actual salary increase shall be proposed based on market forces impacting salaries of such executives and the performance of the Company and of individual Director during the year and shall be approved by the Board or duly appointed committee thereof. The resolution is thus enabling in nature and character.

Your Company has consistently been following a policy of recruiting and retaining the best talent to fill up management positions in general and senior management positions in particular with a competitive remuneration structure. This policy has paid rich dividends and Company has been able to maintain its growth momentum in a highly competitive business environment.

Further, with the view to provide a remuneration structure that recognizes that the performance bonus is directly related to performance of Director during the year under review, it is also proposed to authorise the Board of Directors or a Committee thereof to decide the amount of Performance Linked Bonus/ Commission

on Profit to Managing/Whole-time Directors for each year on the basis of performance during the year subject to a ceiling of twice the amount of salary and overall limits of managerial remuneration laid down under Sections 198 and 309 of the Companies Act, 1956. Increasingly the world over Directors remuneration is linked to their performance as reflected through the results.

The change in the perquisites is being proposed to simplify the overall compensation structure and to bring it in line with current, best in class, market practice of all cash compensation (based on cost to company approach).

The proposed change would enable the Company to bring the remuneration structure for the Whole-time Directors in line with overall structure applicable to the managers of the Company and as also with the Global Unilever Reward Framework.

This may also be treated as the abstract and memorandum of interest under Section 302 of the Companies Act, 1956.

All the Managing /Whole-time Directors may deem to be concerned or interested in this resolution to the extent it effects the overall remuneration payable to them. The Board commends the resolution at item no. 6 for approval of the members.

Directors' Interest

The Directors of the Company may be deemed to be concerned or interested in the special businesses as set out in the Notice to the extent of shares held by them in the Company as would appear from the table below:

Name of the Director	No. of Shares	% holding
Mr. Harish Manwani	22130	0.001
Mr. Douglas Baillie	Nil	NA
Mr. D. S. Parekh	38250	0.002
Prof. C. K. Prahalad	Nil	NA
Mr. Aditya Narayan	Nil	NA
Mr. S. Ramadorai	Nil	NA
Mr. D. Sundaram	22020	0.001
Mr. Nitin Paranjpe	12606	0.001
Mr. Sanjiv Kakkar	32680	0.002
Dr. R. A. Mashelkar	Nil	NA

By Order of the Board



(Ashok K. Gupta)
Company Secretary

Registered Office:

165/166, Backbay Reclamation,
Mumbai 400 020.

Dated: 13th February, 2008

Report of the Directors and Management Discussion & Analysis

To the Members,

Your Directors have pleasure in presenting the Seventy Fifth Annual Report of the Company along with Audited Accounts for the year ended 31st December, 2007.

1. PERFORMANCE OF THE COMPANY

1.1 Results

For the year 2007, your Company achieved an overall turnover growth of 13.3%; both Home and Personal Care (HPC) and Foods businesses grew by 12.3% and 20.2% respectively. Profit After Tax registered a growth of 14.9%. The summarised figures are given below :

(Rs. in Lakhs)

	2007	2006
Turnover, net of excise	13717,75	12103,39
Profit before tax	2184,53	1861,68
Tax on profits	(415,47)	(322,01)
Exceptional items	156,41	315,70
Net profit	1925,47	1855,37
Dividend (incl. tax on distributed profits)	(2331,62)	(1511,38)
Transfer to General Reserve	(200,00)	(191,00)
Profit & Loss account balance carried forward	197,50	803,65

Earnings Per Share for the year 2007 at Rs. 8.73, reflects the growth of Net Profit (after exceptional items) by 3.8%. The Board of Directors have recommended a final dividend of Rs. 3/- per share. Total dividend to our Shareholders for 2007 stands at Rs. 9/- per share, and includes the interim dividend of Rs. 3/- per share paid in August 2007 and Rs. 3/- per share paid in November 2007 as Special Platinum Jubilee Dividend to commemorate your Company's 75th year of operations in the Country.

1.2 Turnover

Turnover, net of excise, in respect of continuing businesses increased by Rs.1,614 crores and is 13.3% higher than previous year. This increase results from more volumes sold, better mix of products, and selective price increases effected during the year. The details of Sales, net of excise, and other revenue by segments are given below:

(Rs. in Lakhs)

	2007		2006	
	Sales	Others*	Sales	Others*
Soaps, Detergents & Scourers	6328,80	45,72	5563,41	32,48
Personal Products	3614,76	57,06	3309,65	50,14
Beverages	1520,40	12,38	1325,96	4,78
Foods	532,98	4,76	380,46	4,45

	2007		2006	
	Sales	Others*	Sales	Others*
Ice Creams	158,49	2,15	134,42	2,65
Exports	1342,26	—	1278,89	—
Others	226,88	58,39	120,11	60,14
Less : Inter segment revenue	(6,82)	—	(9,50)	—
Total	13717,75	180,46	12103,39	154,64

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

1.3 Summarised Profit and Loss Account

(Rs. in Lakhs)

For the year ended 31st December,	2007	2006
Net sales	13717,75	12103,39
Other operational income	224,82	191,46
Total	13942,57	12294,85
Operating expenses	(11832,05)	(10455,33)
PBDIT	2110,52	1839,52
Depreciation	(138,36)	(130,16)
PBIT	1972,16	1709,36
Interest income (net)	212,37	152,32
PBT	2184,53	1861,68
Taxation	(415,47)	(322,01)
PAT (before exceptional items)	1769,06	1539,67
Exceptional items (net of tax)	156,41	315,70
Net profit	1925,47	1855,37

2. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from same;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- d) they have prepared the annual accounts on a going concern basis.

3. CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of the Listing Agreement, certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause, is also enclosed as a part of the Report.

4. PLATINUM JUBILEE YEAR

17th October, 2007 marked the beginning of your Company's 75 years of operations in India. Your Company has had the privilege of being an integral part of India's commercial and social landscape, touching the lives of over 700 million Indians, every single day. Our diversified portfolio of powerful brands has been built over the years with meaningful innovations, outstanding quality and great consumer experiences. Many of these brands are household names and icons in the categories in which they operate.

Over the last 75 years, your Company has always been guided by the belief that "What is good for India is good for Hindustan Unilever", thereby integrating social good with business goals. This solemn belief will continue to guide us in everything that we do for the next 75 years and beyond.

On this occasion, your Directors wish to convey their sincere gratitude to all the shareholders, customers, employees, business partners, Governments and all other stakeholders in the Company, for their trust and goodwill that helped your Company attain its current stature. Their unstinting support and understanding have been the key to the Company's success over these 75 years. Your Directors look forward to this continued support as we strive to fulfill our vision of "making a difference to the life of every Indian".

5. NEW CORPORATE IDENTITY OF THE COMPANY

Approval from Shareholders of the Company (in the 74th Annual General Meeting held on 18th May, 2007) and from the Government for the change of name to 'Hindustan Unilever Limited' have been obtained; your Company's new corporate identity represented by the new logo and name 'Hindustan Unilever Limited' has come into effect. The new name reflects the right balance between the Indian heritage of the Company and the synergies of its global alignment with Unilever. The new logo symbolizes the Company's mission of 'Adding Vitality to Life'.

6. BUY BACK OF EQUITY SHARES OF THE COMPANY

The Board of Directors in their meeting held on 29th July, 2007 approved buy back of Company's fully paid up equity shares of Re. 1/- each, at a price not exceeding Rs. 230/- per equity share, up to an aggregate maximum amount of Rs. 630 crores, i.e. within the limit of 25% of the total paid-up equity share capital and free reserves of the Company as on 31st December, 2006. The approval of the shareholders for the buy back was obtained through postal ballot, the results of which were declared on 14th September, 2007.

The buy back was made out of free reserves and the share premium account of the Company through open market purchases through the Bombay Stock Exchange Limited and National Stock Exchange of India Limited using their nationwide electronic trading facilities, as per the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998. The buy back offer was open from 3rd October, 2007 to 31st January, 2008.

The cumulative number of Equity Shares bought back under the scheme is 3,02,35,772 shares for a total consideration of Rs. 626.27 crores, at an average price of Rs. 207.13 per share. The paid-up capital of the Company after the extinguishment of shares bought back under the scheme stood at Rs. 217.75 crores comprising 2,17,74,63,355 equity shares of Re.1/- each.

7. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

In order to avoid duplication and overlap between the Directors' Report and Management Discussion and Analysis, your Directors present a composite summary of performance of the various businesses and functions of the Company.

7.1 Home and Personal Care Business (HPC)

The HPC business is made up of Fabric Wash, Household Care, Personal Wash and Personal Care categories which include products like toothpaste, shampoo, skin care, deodorants and colour cosmetics. In the face of an intense competitive scenario, the business for the third consecutive year grew in double digits, and ahead of market. The business had to cope with the challenge of severe cost pressures on account of unprecedented increase in crude petroleum prices and steep escalations in vegetable oil costs. High crude prices impacted a range of input prices like chemicals, packaging and freight. Cost increases were successfully tackled through active cost reduction programmes across the entire supply chain and judicious price increases. Overall margin of the business was well managed and improved over 2006.

Brands constitute one of the most valuable assets of your Company. Proper and adequate investment in brands is therefore critical. The business continued to invest appropriately in advertising and promotional activities. To enhance the effectiveness of these expenditures, world class quantitative tools such as Advertising Budget Guidelines, Minimum Invest Levels, Market Activities Costing and Dynamic Resource Allocation were used and fully leveraged. Your Board is appreciative of Unilever for providing unlimited access to such outstanding Intellectual Properties for the benefit of your business.

7.1.1 Soaps and Detergents

Soaps and Detergents segment recorded a robust growth of 13.9%. This is a notable achievement, given that this segment has been facing the brunt of cost and competitive pressures.

Fabric Wash

This category continued to be vigorously contested amongst the players. Very good growth was achieved on the strength of an excellent brand portfolio; Surf, Rin, Wheel and Sunlight addressed the needs of consumers at different income levels. All these brands did very well and the Company's overall market share for the category improved.

Fabric Wash witnessed severe cost pressures for the fourth consecutive year. Crude oil prices continued to rule high. Robust supply chain savings helped partly mitigate the cost impact, and selective price corrections were implemented. Margins were thus managed well in the context of cost and competitive constraints.

Rin Supreme Bar was successfully migrated to Surf Excel Bar. Strong growth achieved during the year is a clear evidence of this success. Surf franchise recorded strong sales performance with the turnover crossing Rs. 1000 crores for the first time. The relaunch of Sunlight with superior wash properties enabled it to reinforce its competitiveness in strong markets like West Bengal and Kerala.

Wheel is the largest detergent brand in India, with volume of sales exceeding 8 lakhs tonnes. Wheel continued to grow strongly on the excellent value it offers to consumers. The popular Smart Shrimati programme entered its second season with record viewership and participation which helped Wheel grow ahead of the market and gain market share.

Household Care Products

Dish wash, led by Vim, continued to grow well. The Vim Dish wash Liquid launched in 2006 has been extended nationally and has been one of the key contributors to growth. Domex offers a powerful proposition for floor and toilet cleaning and is being established through marketing initiatives and consumer communication. The brand performed well, albeit on a small base.

Personal Wash

Personal wash category performed well with brands like Lux, Lifebuoy, Hamam and Dove recording good growth. The category however faced cost pressure due to very steep increase in vegetable oil prices (increased almost 50% over the previous year) partly due to diversion of oils for production of bio fuels. Margins were managed through a series of actions such as buying efficiencies, savings in supply chain and selective price increases.

Lux grew very well during the year on the back of variants like Haute Pink and Crystal Shine. The brand continued to gain market share. Hamam grew significantly ahead of the market helped by the Ubtan variant launched in 2006.

Lifebuoy Pink did well to sustain its growth during the year. New variants like Lifebuoy Care and Deo-fresh contributed to the overall good performance of the brand. Dove, in the premium soap category, strengthened its position further, helped by good marketing actions.

Overall market shares marginally declined, with gains in Lux being, offset in some other brands.

Protecting our market share and margins in the face of continued increase in input costs and a significant escalation in competition will be the key challenge for the business in 2008.

7.1.2 Personal Products

Personal product categories like Hair Care, Skin Care, Toothpaste, Deodorants and Colour Cosmetics offer high potential for your Company. Per capita consumption is currently low in these categories and is poised to grow with increasing income levels and awareness in personal hygiene and grooming.

Competitive activity remained high across the board, with existing players offering a varied choice of brands and propositions and new players entering the arena. Your Company responded proactively to these challenges. Overall growth achieved during 2007 was satisfactory, with performance in the second half significantly better compared to the modest performance of the first half. The category was also affected by supply chain disruptions in third quarter, which are now resolved. Overall margins improved over 2006.

Hair

Hair Care continues to be an attractive category given the potential for higher consumption. Your Company strengthened its leadership position by growing its market share through the year by a combination of new product launches and re-launch of existing products on improved benefit platforms and affordable price-point offerings. The premium Dove range of shampoos and conditioners was launched during the second quarter of 2007. A combination of high quality advertising and active field marketing, helped the brand to perform well and achieve excellent results in the first full year.

Clinic Plus continued to grow strongly and strengthened its position as the single largest shampoo brand. The brand was re-launched in the fourth quarter of 2007. Clinic All Clear was also relaunched and a new men's range was introduced. Sunsilk performed well and is poised to gain from further innovation in 2008.

Skin

2007 was an exciting year for the Skin category. The Fair and Lovely (FAL) Multivitamin re-launch in the second quarter was very successful and helped the brand to regain growth in the second half of the year. There is significant opportunity in the top end skin category with rise of per capita income, urbanization and growth of modern and specialist channels for distributing top end products. Investment in Pond's, as the premium Skin Care brand, was scaled up considerably and several new innovations were brought to the market. Pond's consumers now have a range of products based on world class technology to meet their anti-ageing, moisturizing and skin lightening needs. Vaseline and Lakme Skin performed satisfactorily. Your Directors

believe given the low per capita consumption levels, the Skin Care category has high potential and through our portfolio of brands, backed up by a strong Research and Development programme, your Company is well placed to capitalise on opportunities.

Toothpaste

Close-up continued to do well recording growth ahead of the market for the second year in a row, led by a number of good activation programmes and launch of special edition variants. "Pepsodent Kids" was launched in the fourth quarter. This along with the new rural pack launch and a new variant offering in the first quarter of 2008 should support accelerated growth in the year ahead. The category however was impacted by shortage of stocks for about three months in the year on account of the lock-out in Doom Dooma factory in Assam. Supplies have become normal with the lifting of the lock-out and the category is well positioned for improved performance in 2008.

Colour Cosmetics and Deodorants

Colour cosmetics under Lakme range achieved good growth for the year. The launch of "9 to 5" premium range, together with good trade and consumer activation helped in strong performance. The winter range of Lakme Free Spirit launched in the third quarter did well in the market.

Deodorants market is in a nascent stage with significant upside potential for future. Both Axe and Rexona brands achieved good growth.

Kimberly Clark Lever Pvt. Ltd. (KCLL)

KCLL is a joint venture between your Company and Kimberly Clark Corporation, USA. The turnover of this company continues to grow strongly with good underlying volume growth in both infant care and feminine care products. Brands like Huggies and Kotex continued to gain strong ground in their categories. During the year, new products were introduced at various price points aimed at developing the market.

7.2 Foods

The Foods Division of your Company comprises Beverages, Processed Foods, Ice-Creams and Modern Foods businesses. The Division recorded strong growth in 2007.

7.2.1 Processed Foods

The packaged foods business sustained the momentum of the last two years and delivered a strong performance in 2007.

Kissan is one of the most trusted foods brands among Indian consumers. The re-launch of Kissan during 2006 has helped to provide strong growth momentum to the brand during this year. A new variant in ketchup, "Chatakdar" was launched in December quarter giving a significant thrust to the Kissan portfolio.

The entire range of Knorr portfolio has been re-launched during the year with enhanced consumer benefits. Knorr soups enjoy a large share in the soups market. To expand the market and leverage our position, your Company has introduced a new range of Chinese meal-maker products; this has been very well received by the consumers.

The staples business of Annapurna grew modestly. Salt sales were solid and in an high commodity cost environment, profitability improved over last year. In December Quarter, Bertolli Olive Oil was added to the portfolio of processed foods. Bertolli Olive oil is imported and positioned to serve health conscious consumers.

Your Company has dedicated resources to drive growth in Foods Sales to institutions like restaurants, hotel chains etc. Although currently small, the business is progressing well, and has the potential for scale up by leveraging the existing supply chain and product development capabilities of Foods Division.

Step change and continuous improvements in supply chain in Foods have helped to deliver freshness in our products to the consumers. This will continue to be an important aspect of Foods business for your Company.

With a strong momentum behind all brands and categories, your Company looks forward to 2008 with confidence and excitement to drive Processed Foods.

7.2.2 Beverages

Tea

Packet tea market continued to be extremely competitive with national, regional and local players vying for increased share and volumes. The business performed well during the year, with all brands under the Brooke Bond franchise achieving growth. Value market shares either improved or were steady across brands except Brooke Bond Taaza, resulting in marginal erosion of our overall value share. Prices of garden tea remained steady during large part of the year. In 2007, Brooke Bond '3 Roses' and Brooke Bond 'Red Label' were re-launched with improved propositions. A new concept tea "Taj Mahal Dessert Teas" has been launched to add excitement and image to the premium segment of our tea portfolio. Lipton continued to grow strongly in out-of-home vending channel through acquisition of some major national and regional clients and by strong activation at key consumer points. Advertising spends were increased across all tea brands.

Tea represents the largest share in the Foods portfolio. Focus on brands, consumer benefits through price point packs, quality, freshness and appropriate promotions will continue in this category.

Coffee

The business had yet another excellent year led by strong growth in 'Bru' Instant Coffee. Strong trade and consumer communications helped us to consolidate our leadership in the branded coffee market which includes roasted and ground coffee. Bru Cappuccino continued to attract new consumers. During the year, your Company has introduced ice cappuccino coffee which received good consumer acceptance and results.

Coffee bean prices witnessed significant increases during the year causing pressure on profit margins for the category. Profitability was managed with strong efficiency improvements and judicious price increases. However, overall margins were lower compared to last year.

Your Company will continue to focus and invest in Bru.

7.2.3 Ice-creams

Building on the success over the last few years, Ice-creams business witnessed a very good year in 2007, achieving significant sales growth. The business continued to improve its underlying profitability with scale and efficiencies. Focus on availability, affordability and acceptability was pursued. Unilever has excellent innovation capabilities in the category on a global scale, which is leveraged fully for the benefit of the business.

During the year, Moo, a milk based ice-cream product was introduced in stick and brick formats, positioned on a nutrition and vitality platform to address the calcium requirements of children. Further, a range of innovations such as 'Cornetto Flirty Strawberry' and 'Cornetto Cookies and Cream' and 'Caramel Crunch' have been introduced in the impulse and in-home segments.

7.2.4 Modern Foods

Modern Foods was merged with the Company during the current year. Manufacturing operations are being carried out in six large towns with brand franchisee arrangements in many other parts of the country. Significant investments in product quality, safety, distribution, cost saving programmes and innovation have been made since the acquisition of the business in 2000. Unviable operations have been restructured or pruned, resulting in elimination of losses and achievement of positive operating margin. Modern, as a Foods brand, continues to command good equity with

consumers. It is your Company's intention to examine various alternatives to leverage the brand better in the area of Processed Foods.

During 2007, Modern business delivered growth through a combination of higher volumes, better product mix and price corrections where called for.

7.3 Customer Management

During the year, your Company worked on consolidating its strong position with customers and channels in general trade. There was a special focus on setting up world class distributor management system to derive better values from Company's sales strategies and operations. This focus has ensured that the Customer Management system is best equipped to ensure speed to deliver brand innovations and activation schemes to market.

Your Company continued to invest in building capabilities and improving processes for the organised retail environment (Modern Trade) which is expanding rapidly across the Country. This retail format provides consumers with a different shopping experience. Therefore, the Company is committing resources to understand the changing shopping habits and to deliver apt solutions to grow the business across categories. Your Company is leading many initiatives in the areas of customer service, category management and merchandising to deliver best practices in this area.

As Modern Trade in India is evolving very rapidly, your Company's strategy for winning in this growing retail market is to win at the point-of-purchase with shoppers and deliver best-in-class service to our Modern Trade customers. Your Company entered into a joint venture with Smollans Holdings of South Africa to develop and increase the capabilities required to meet the overall merchandising demands in Modern Trade. This JV will bring in world class execution excellence in the market and build the right capabilities to deliver the Company's sales and marketing strategy in Modern Trade.

The emerging hybrid customer structure (comprising General Trade, Modern Trade and Specialised stores) requires new "route to market" approaches to service customers and distributors. The Company is equipping itself with capability and revitalising the distribution and customer service network to face the challenges of the new market dynamics. This will ensure that we are competitive and meet customer service expectations fully.

Your Company is also investing heavily in IT application systems in Sales and Distribution area to improve speed of information, quality of service and productivity of human resources substantially. This is further covered under Section 14 of this report.

7.4 Supply Chain

Indian customer landscape has changed with the significant increase in the contribution of Modern Trade to the FMCG market and high expectations of General Trade from the Company. To meet the needs of this change, your Company has placed greater focus on customer service. A Customer Service Excellence team has been set up within the Supply Chain function to partner closely with Customer Development. This is to ensure the delivery of outstanding service to customers and a high level of availability on shelf of your Company's products. With the market getting segmented, it will also build our capability to service the emerging needs of different types of sales channels. Thus, we shall win with customers and be their most preferred partners.

Total Productivity Management (TPM), a worldwide tool to minimize wastages and increase efficiencies by reducing breakdown time, is firmly embedded in the work culture of the organization. This has enabled the performance of factories to improve continuously. Gains in productivity and cost efficiencies, improved responsiveness to changes in the market demand and high levels of quality as delivered on shelf are being achieved.

Substantial investments have been made to increase capacities in Kalwa and Nasik factories to support aggressive growth plans in Foods category. Doom Dooma factory after a brief industrial relations problem has turned around and is now progressing towards being a vibrant and productive factory.

An organizational effort to reduce costs resulted in your Company meeting the challenge of rising input costs with strong cost efficiency programmes covering the entire Supply Chain. There were targeted projects in areas like buying, logistics, energy and capacity utilisation to generate sustained cost savings to partly mitigate the input cost inflation.

7.5 Exports Business

Export businesses had a good year, growing by 5%, despite the pressure of the rupee appreciation; in Dollar terms, the growth was in excess of 15%. During the year, some of the activities were restructured to prune costs and improve productivity. Product portfolios were rationalized to exit from low value added segments. Exports comprising Home and Personal Care, Food and Beverages and Specialties are now managed under one structure to drive synergies and to share expertise across businesses. These steps will improve the underlying performance of exports going forward.

7.5.1 Home and Personal Care (HPC) Exports

The HPC Exports portfolio continued its growth momentum of many years. Skin, Oral and Hair categories grew handsomely aided by executing innovations required by customers as well as creating capacity in time for improved flexibility and better customer service. Unilever Companies across geographies like Europe and Middle East continue to be our major customers, accounting for greater than 80% share of HPC Exports. The Pears brand, which is marketed by your Company globally, grew strongly with the key markets of UK and GCC showing robust growth.

Your Company consolidated its position as a major sourcing hub for Unilever. A state-of-the-art modern plant has been commissioned at Kandla, for producing top end Skin Care products, within a record time of 8 months. Kandla also obtained USFDA approval and is working towards Canadian MOH certification. These will enable your Company to deliver and service high quality/high value added skin care products to the developed markets. Business is making significant investment in Kandla for augmenting capacities for skin and oral categories and for modernizing the plant and processes.

7.5.2 Foods and Beverages (F&B) Exports

The F&B portfolio achieved a modest growth. The business was impacted by global crop and commodity price trends. Value added tea bags portfolio grew well and your Company emerged as a key supplier to Unilever global sourcing network for original tea besides securing approval to supply instant tea to Europe and US. Instant tea plant at Etah will implement this project. Plans to increase instant coffee sales to newer geographies are progressing and will be activated next year. Operational efficiencies and plant productivity gains have contributed to improving underlying margins.

7.5.3 Specialty Exports

During 2007, your Company exited from low value added Shrimps and Castor exports as a part of the restructuring exercise to improve the overall quality of the portfolio. Resultant decrease in sales is expected to be made up over time through FMCG exports i.e. HPC and F&B.

Marine Exports

Adverse factors like high antidumping duty, non trade barriers, lower availability of sea caught shrimps and appreciation of rupee have all made the shrimps business totally unviable. Consequently the shrimps processing units at Aroor and Kuthiathode in Cochin, Kerala were closed in October 2007 and the employees voluntarily separated. The Marine Business will, for the time being,

continue with more value added Surimi and Crabsticks Exports.

The proposal, already approved by the members (through postal ballot) to divest the marine portfolio will be implemented in due course. Management is engaged in the task of identifying a suitable buyer for the remaining Surimi and Crabstick business. In the meantime, steps are being taken to improve its performance.

Castor Exports

Your Company exited from exports of castor and castor derivatives in December quarter 2007, given that they are largely commodity oriented, with poor margins and without any sustainable advantage. These exports do not have any brands or fixed assets nor any committed long term customers. Phasing out of tax incentives for exports and poor sales realisation have rendered these businesses unsustainable even from a long term perspective.

Rice Exports

The business reported good growth with branded rice growing higher helped by markets in GCC, North America and Mauritius. Higher prices for Basmati during the year impacted the margins adversely. Some price increases were effected and steps were also taken to reduce fixed costs.

7.5.4 Leather (Pond's Exports Limited)

Leather Exports business is carried out by Pond's Exports, a 100% subsidiary of your Company. The Industry had a difficult year. Expected benefit of higher order flows due to the antidumping duty on Chinese and Vietnamese exports to EU did not fully materialise. The appreciating rupee also adversely affected competitiveness.

The Uppers segment did well and continued to deliver savings from restructuring of facilities carried out earlier. This segment currently services large requirements of brands like 'Gabor' and is hopeful of adding new customers from Europe. The outlook for Uppers, therefore, appears satisfactory.

The Shoes segment faced difficulties due to the anticipated orders not coming from key customers, who preferred to source from cheaper locations. The business is striving to find new international customers and also to service the emerging domestic retail chains. The business has plans to tie up with a design centre in China to provide a stream of new designs which will potentially increase orders both from, existing and new customers.

Plans include implementation of an industry specific ERP system in March quarter of 2008, which will improve staff productivity and material usages. Business is working to

restructure costs and improve execution. The shareholders have already approved the disposal of this business and efforts are ongoing to find a suitable buyer.

7.6 Water

Your Company has developed and launched Pureit, an in-home drinking water purification system. Pureit is the culmination of a series of technological breakthroughs. It purifies water 'as safe as boiled water', providing children and families with complete protection from all waterborne diseases like diarrhoea, jaundice, typhoid and cholera. It is the only purifier in the world that provides this level of safety without depending on cooking gas, electricity and pressurised tap water. It is affordable and given that 80% of all diseases are water-related with children being the most affected, Pureit ensures that safe drinking water is now within reach of the common man.

Pureit was test marketed in Tamil Nadu during the last two years and the consumer response has been very encouraging. Pursuant to that, the water business built up a unique distribution system and its overall capability with respect to manufacturing, supply chain, and customer service. During 2007, the product was launched in Karnataka, Andhra Pradesh, Kerala, Maharashtra, West Bengal and Delhi with good response. The rollout of Pureit to other States is continuing and is planned to be completed in the coming year.

Your Directors are pleased with the outcome of this innovation and look forward to advancing this business in the future.

7.7 Hindustan Lever Network

In 2007, the Network business was aligned with Home and Personal Care division. During the year the business focused on redefining its strategy in line with its vision, to empower the modern Indian woman by serving her with superior beauty and healthcare products for herself and her family, through customised and professional services.

Accordingly, the network channel has been repositioned, to offer premium products in the two growing categories of Beauty Solutions and Health & Wellness, under two core brands viz. Aviance and Ayush, respectively. This is an important channel and the key challenge is now to drive the business to scale through outstanding execution.

7.8 Project Shakti - Changing Lives in Rural India

Hindustan Unilever's Project Shakti is a rural initiative that targets small villages with a population of less than 5000. It is a unique win-win initiative that empowers women

in rural India even as it benefits the business. Project Shakti impacts society in three favourable ways – Shakti Entrepreneur program creates livelihood opportunities for underprivileged rural women; Shakti Vani program improves quality of life by spreading health and hygiene awareness and; iShakti community portal empowers rural community by creating access to information. Parallely, Project Shakti benefits your business by significantly enhancing its direct rural reach, and by enabling Company's brands to communicate effectively in regions not touched by any media.

Shakti Entrepreneur program recognizes the role of micro-credit in alleviating poverty. However, such micro credit also requires appropriate investment opportunities. Shakti creates profitable micro-enterprise opportunities for rural women. Supported by micro-credit, rural women become Shakti entrepreneurs (Shakti Ammas) as direct-to-home distributors in rural markets with earning good returns. This micro-enterprise has low risks as HUL products distributed by them are some of India's most trusted brands relevant to rural consumers. Your Company also invests in training the entrepreneurs, helping them become confident and business literate to be capable of running their own small enterprises. By the end of the year 2007, the network had grown to more than 45,000 Shakti Ammas covering 100,000 plus villages across 15 states in the country and reaching over 3 million homes.

Poor hygiene practices are the largest cause of common diseases such as diarrhoea due to which over five lakh children die each year in rural India. Shakti Vani program attempts to educate the rural community about basic hygiene. Shakti women are appointed as Vanis and trained to communicate in social forums such as schools and village get-togethers. The Vani program covers areas such as sanitation, good hygiene practices and women empowerment. Brand messages are embedded in all of these communications thus creating a platform for brands to connect with rural consumers. Over the past three years, we have covered more than 50,000 villages.

Project Shakti's third intervention, iShakti, provides the rural community with a computer based information portal on key areas such as agriculture, health, vocational training, legal procedures and education. The computers are equipped with the iShakti software, which is based on a unique dialogue-interactive technology developed and patented by Unilever. Users can surf across various content areas, accessing information or posting queries which are then answered by experts. This year the same kiosks were used to provide value added services in the

field of education. Services like spoken English programs and computer education have been received well in the pilot villages.

In the next three years, your Company aims to cover 500,000 villages, with 100,000 Shakti entrepreneurs reaching out to over 600 million people in rural India.

7.9 Beauty and Wellness Division

Your Company has formed a Beauty and Wellness division, merging Ayush Therapy Centre and Lakme Beauty Salon. The merger generates synergies in operations such as franchisee management, back end processes, ground support and common HR services.

Market for beauty services is estimated to be at Rs. 1500 crores in 2007, of which the organised market is at Rs. 440 crore and is growing strongly at 25% per annum.

Lakme is the largest organised player in the beauty market. Lakme Salon business grew in excess of 30% in 2007 and added 24 new salons. There are 105 salons spread across 30 cities, both, Company and franchisee owned. Franchisees are supported with training and marketing for which royalties are paid to your Company.

The total wellness market is estimated to be at Rs. 700 crores of which the authentic ayurveda market is at Rs. 200 crores, growing at 20% per annum. The market is fragmented and localised with regional players owning chains of ayurvedic centres. This market also has top end spas which offer premium rejuvenation services, also growing strongly.

Currently, Ayush has 45 Therapy Centres in 7 cities. Ayush has a technical collaboration with the renowned Arya Vaidya Pharmacy in Coimbatore, which help us with service development and innovations. The business is expected to grow well with increasing consumer awareness and spends on such activities.

8. RESEARCH & DEVELOPMENT AND TECHNOLOGY

Your Company has a long-standing culture and history of delivering high consumer business value through superior technology for its brands. This sustained high performance has helped build a strong foundation for our business and also differentiated our brands strongly. The technology drive in your Company is a journey that began with the great vision of Sir Henry Turner way back in 1950s when he initiated the Country's first major Research and Development (R&D) operation in the Company.

The strong research foundation, laid in the 1950s, on which the Company's research was built, its expansion over the ensuing years and technology woven as an inseparable part of business have all combined to produce a steadily accelerating stream of high-value deliveries to our consumers.

The most recent testimony to the value of R&D is the launch of Pureit brand and our foray into in-home purification of water. The challenge of cost effectively fulfilling the social requirement of protection from diseases that are caused by microbial contamination in drinking water was executed successfully by the R&D team. This technology stands out in any scrutiny to rank among the best in a global context. Notwithstanding the excellent standards set by your Company's current proposition in the market, a series of exciting new inventions are in the pipeline for further advances in the in-home water purification business.

Providing skin care benefits, and meeting the aspirations of millions in this region, was yet another notable contribution. High quality R&D has been pursued to innovate further in this important area of business and consumer interest. Significant progress has been made in understanding the environmental effects on skin quality and on the ways and means to minimize their adverse impact.

Providing superior cleaning in laundry and household care has been the focus of research. Development of several novel consumer excitable propositions are in progress.

A major R&D emphasis for us in recent times has been in the area of Naturals and Ayurveda. After exploring our country's vast traditional knowledge base, the best sustainable offerings are identified and refined, to provide specific performance benefits to consumers in the areas of Home and Personal Care as well as Foods. Ayush Therapy Centres and Ayush range of products, Ayurvedic Fair and Lovely and Nature Care tea have all been the result of these efforts.

Foods R&D continues to be focused on providing food options with the combination of superior aroma and taste, with specific enhancements in health and nutritional benefits to consumers. A series of new and superior products are under development helped by Unilever's formidable global research and development in this domain.

Overall, R&D continues to occupy the centre stage in the scoping and conduct of business for your Company. The Company has recently consolidated most of its research at Bangalore, securing synergy from intellectual resources in different scientific disciplines and different

category research groups of HPC and Foods. The Bangalore research centre has been expanded with significant additional world-class laboratory space. The Company's major strength continues to be the ability to attract, develop and retain scientists who are best-in-class by virtue of their pedigrees and performance.

Recognition of the outstanding capabilities and performance of the Bangalore Discovery Laboratory, and the HPC/Foods "Design and Deploy" groups in Mumbai/Bangalore, has led to a significant expansion in the content as well as the context, of the work done by these groups. India is now a premier global R&D domain for Unilever, performing leading research and development to advance its brands and categories. All this work is of high relevance to the Company businesses. In addition to the professional growth of people and creation of new products, their global role also facilitates further advances, through synergistic links to the other major Unilever laboratories.

9. ENVIRONMENT, SAFETY AND ENERGY CONSERVATION

Safety and Environment Performance has been integral to the business performance of your Company and continue to receive focus throughout the year. Our vision is to be a "zero-injury" organization. Unilever's Framework safety and environmental standards, which are aligned to international standards of ISO 14001/OHSAS 18001, have been implemented across the Company. Effective implementation of these standards is supported by your Company's occupational safety programme based on the behavioral safety management techniques. This is accepted world wide as the best way to achieve sustained safety improvement. We continue to focus on behavioural safety aspects of employees and visitors along with continual improvements in engineering controls and safety management systems. All these efforts have resulted in significant improvement in the Company's safety record and we continue to have one of the lowest accident rates among Unilever Companies worldwide.

In the past, many of the Company's manufacturing units have been recognized by various organizations for their exemplary performance on safety. Continuing this trend during the year, Aroor factory received the National Safety Council award in the medium size industry category while Cochin tea factory received the safety performance award in the medium scale non-engineering non-chemical factory category.

Your Company has been focussing on improving environmental performance and has drawn up an ambitious plan to reduce the environmental impact of

operations including reduction in greenhouse gases. This has resulted in a lower environmental load in key parameters which are monitored very closely every month. Your Company received 1,50,000 CERS (carbon credits) for an innovative soap manufacturing process which consumes significantly lower energy and water. This technology was developed in-house and patented by the Company. Your Company was the first in Unilever to receive carbon credits. The Company is also focusing on alternative sources of renewable fuels and has installed a bio-mass based boiler at Chiplun factory. Rainwater harvesting projects have been progressed further at the manufacturing sites, helping to conserve ground water. Other ongoing sustainability projects such as greening of barren land in and around our factories and vermi-composting of waste into value added fertilizer supplements are progressing well.

10. HUMAN RESOURCES

The Human Resource (HR) agenda for the year 2007 was focused on three key areas - embarking on human resource transformation program, building organizational and individual capabilities and significantly enhancing people productivity to drive sustainable business growth.

HR transformation program is a business change program and impacts ways of working in Unilever companies across the world. At the core of this program are world class info-tech platform & solutions to efficiently manage Human Resources transactions. The HR function has been simplified into three distinct streams - Business Partners, Expertise Teams and Corporate Services. The IT platforms would rely on self service mode thereby enhancing the productivity of HR Management by freeing up their time from managing routine and transactional workload. In the course of 2008, your Company expects to progressively move to this new way of working.

The belief 'great people create great organizations' has been at the core of the Company's approach to its people. Your Company made significant investments for training in the areas of marketing, excellence in customer service and building expertise and capabilities for organised retail trade. A step in this direction is the formation of a JV with Smollan Holdings of South Africa, referred in Section 7.3.

Arising from the focus in driving a holistic capability program, over 300 training programs were delivered through classrooms. 2007 also saw a significant amount of sharing of Unilever best practices in building functional expertise through Global Learning Academies. In 2007, Unilever introduced an "e-learning" platform which offers a bouquet of 3000 courses on a self learning

mode via computer and internet. These programs can be accessed by a Unilever employee anywhere in the world, at anytime.

During 2007, TPM gains were further consolidated as four of our sites underwent audits for TPM award, of which Khamgaon unit is now the second in HUL to be accredited with the prestigious Special award. Employee Relations in the Company continued to be largely positive. During the year, nine productivity linked Long Term Settlements were finalised through bilateral negotiations benefiting over 2000 employees.

In 2007, five units underwent restructuring; extensive efforts towards relocation of the affected employees were undertaken. Except a few who have opted to separate by taking a fair and generous package, other employees willingly relocated to other units of the Company thereby ensuring job security for them. All restructuring initiatives were supported by liberal VRS packages and relocation facilitated through relocation schemes.

There were three unfortunate incidents of disturbances in our otherwise cordial Industrial relations. At Baddi Factory (in Himachal Pradesh) and at the Company's detergents factory at Pondicherry, workmen resorted to illegal strikes which were resolved timeously and without major disruption with the intervention of local labour authorities. The third incident was at Doom Dooma factory (in Tinsukhia, Assam); sixteen members of the Management and Officers were subjected to illegal confinement by a section of workmen resulting in indiscipline and lack of security in the workplace. Management had no option but to respond to the illegal strikes of the workmen by declaring a lock out as per law. The lock out commenced on 15th July, 2007 and was lifted on 3rd September, 2007 with an agreement arrived at between the Management and the Union before the Conciliation Officer.

In line with our commitment towards affirmative action, the Special Apprenticeship Program was introduced through which over 75 Interns have got one year internship in our factories and sales network. As a responsible corporate, your Company has accepted to abide by the Code evolved by Confederation of Indian Industries (CII) for affirmative actions in private sector.

The year 2007 saw your Company being recognized by the Industry for its cutting edge and best in class talent practices. One of the key recognitions that came our way was in the field of leadership - Top Company for Leaders award conferred by Fortune and Hewitt Associates - 1st in Asia Pacific and 4th in the Globe. This is great testimony to its strong leadership development programmes that have been an integral part of your Company over the last 75 years.

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy thereof.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended hereto and forms part of this report.

11. MERGERS/ACQUISITIONS/JOINT VENTURES AND DISPOSALS

11.1 Divestment of "Sangam Direct"

In March 2007 "Sangam Direct" a non-store home delivery retail business, operated by Unilever India Exports Limited (UIEL), a fully owned subsidiary of your Company was transferred to Wadhavan Foods Retail Pvt. Limited (WFRPL) on a slump sale basis.

In 2001, the Sangam business was conceptualized and test marketed in Mumbai to experiment with the direct to consumer channel combining the twin benefits of convenience and value. The business comprised a dedicated call centre with trained personnel for order procurement using customized ERP systems to distribute through a network of re-distribution agents. It reported a turnover of about Rs. 26 crores for the calendar year 2006. The decision for a larger roll out was put on hold in the context of evolving/changing retail scenario in the Country. Although the business met many of its milestones successfully, your Company felt that it was not in its strategic interest to continue to be present in this format of organized retail and that the business would have a better opportunity to realise its full potential through the Wadhavan group.

11.2 Amalgamation of Modern Foods Industries (India) Limited and Modern Foods and Nutrition Industries Limited with Hindustan Unilever Limited

Your Company had sought approval from the shareholders and the Courts to merge the above Companies as of 30th September, 2006. While the shareholder approvals were received in 2006, your Company received approvals from the High Courts of Mumbai and Delhi in March Quarter 2007. Thus the two companies have been merged with your Company w.e.f. 1st October, 2006.

11.3 Demerger of the non-operational facilities in Shamnagar, Jamnagar and the “Janmam” land into separate companies

Your Company had undertaken demerger of its non-operational facilities in Shamnagar, Jamnagar and Nilgiris district into three independent and separate companies, being 100% subsidiaries of the Company known as Shamnagar Estates Pvt. Limited, Jamnagar Properties Pvt. Limited and Daverashola Estates Private Limited (Formerly known as Hindustan Kwaliti Walls Foods Private Limited).

Following the approval of the shareholders, the Hon'ble High Court at Bombay have also approved this and the demerger is effective from 29th March, 2007.

11.4 Joint venture with Smollan Holdings

Your Company has entered into a strategic tie-up through a Joint Venture (JV) with Smollan Holdings of South Africa, which aims to build long term capabilities and bring 'in-store' execution focus in servicing the Company's Modern Trade customers. Smollan Holdings is one of the leading 'in-store execution and field services' companies internationally. It has leading edge capabilities in servicing Modern Trade focused on shelf filling, logistics for merchandising materials and in-store execution.

The new company has been named as Hindustan Unilever Field Services Private Limited (HUFS) and will work exclusively on behalf of the Company in Modern Trade channel only. The operations will begin with the existing Modern Trade in-store execution team of the Company moving into HUFS.

12. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

None of the management employee or Whole-time Director have received options exceeding 5% of the value of the options issued for the year ending December 2007.

Likewise, 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.

Adoption of the Global Share Performance Scheme in place of ESOP

Pursuant to the approval of the members at the Annual General Meeting held on 29th May, 2006, the Company adopted the “2006 HLL Performance Share Plan”. The Plan has been registered with the Income Tax authorities in compliance with the relevant provisions of SEBI

(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. As per the terms of the Performance Share Plan, employees are eligible for the award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- per share. These awards will vest only on the achievement of certain performance criteria measured over a 3 year period. 169 Employees including Whole-time Directors were awarded conditional rights to receive a total of 2,35,950 equity shares at the face value of Re. 1/- each.

13. CORPORATE RESPONSIBILITY

As in the earlier years, your Company continued to involve itself in social welfare initiatives across the Country, both through charity and social investment around issues like education, health, nutrition and initiatives for the economic upliftment of the underprivileged.

In addition to initiatives like Shakti, your Company has commenced a pilot in its tea business, in partnership with an NGO (Partners in Change) to source tea directly from small producers and thereby improve their livelihood.

The effort of the Company in improving water availability through soil conservation and water harvesting methods has borne good results. In the Parkhed region (near Khamgaon factory), we have been successful in demonstrating the effectiveness of the model which is now ready for roll out. In Kharchond, Silvassa the area under irrigation has increased, thereby improving the economic condition of the villagers in the region.

The Company believes that brands must be at the forefront of driving social change. The extension of the Lifebuoy Swasthya Chetna programme to 43000 villages with a view to improve hygiene standards and thereby reduce the risks of infant mortality through diarrhoea is a case in point.

Your Company has formalized a brand imprint protocol, which will help every brand to assess the opportunities for social contribution and integrate the same in the overall brand strategy.

While much has been done, the issues facing society are complex and expectations from stakeholders are increasing. Your Company is alive to the challenges and remains firm in its belief that it is possible to 'do good while doing well' and that running a successful business and creating positive social impact are not separate objectives.

14. INFORMATION TECHNOLOGY

Your Company has continued to invest significantly in Information Technology and leverage it for business value.

Information technology in the area of sales and customer development has been one of the key thrusts. All redistribution stockists operate on a common transaction

system fully integrated with our systems. This capability has enabled us to collaborate with customers on a near on-line basis and significantly improve our field execution and customer service. We have also leveraged IT to collaborate with the emerging Modern Trade Channels to enhance efficiencies and service levels.

Significant progress has been made in building and implementing an enterprise-wide SAP transaction capability. This was accompanied by re-engineering and simplification of business processes to improve agility and customer service. In 2007, SAP based transaction systems were successfully rolled out for all customer facing "order-to-cash" processes. A significant aspect of this program has been the replenishment based ordering and servicing on SAP for all our customers. The capability development for the balance processes covering Supply Chain and Central Financials is underway. By the end of 2008, your Company will have an end-to-end SAP platform that will provide a robust foundation to address several emerging business needs.

Your Company continues to invest in IT infrastructure to support business applications. We have a robust virtual private network using MPLS technology, supplemented by VSATs for remote locations. We have leveraged the excellent and growing telecom network in the country to provide high bandwidth terrestrial links to all our operating units. This has enabled us to coordinate activities effectively across geographically dispersed locations.

Information Security and reliable disaster recovery management continue to be a critical focus area – especially as most business processes become fully IT-enabled. We carry our regular exercises to reassure ourselves on the same.

Your Company views IT as a strategic tool to enhance business value and enable new ways of doing business.

15. FINANCE AND ACCOUNTS

Your Company continued its focus on cash generation and delivered a strong operating cash flow during the year. This was driven by good business performance, efficiencies and cost savings across Supply Chain and a continued efficient collection system. Your Company managed investments prudently by deployment of cash surplus in a balanced portfolio of safe and liquid debt market instruments; returns earned were higher than market benchmarks. An amount of Rs. 1399 crores was used up during the year by way of a Special Platinum Jubilee Dividend (Rs. 773 crores including DDT) and Share Buy Back (Rs. 626 crores). Capital Expenditure

during the year was at Rs. 372 crores (2006, Rs. 151 crores) and was in the areas of capacity expansion, information technology, energy and other cost savings.

The total amount of fixed deposits taken by the company as of 31st December, 2007 was nil. There was no outstanding towards unclaimed deposit payable to depositors as on 31st December, 2007.

In terms of the provisions of Investor Education and Protection Fund (awareness and protection of investor) Rules 2001, Rs. 298 lakhs of unpaid/unclaimed dividends, interest on debentures and deposits were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth (RONW), Return on Capital Employed (ROCE) and Earnings Per Share (EPS) for the last five years are given below :

For the year ended 31st December,	2003	2004	2005	2006	2007
RONW (%)	82.8	57.2	61.1	68.1	80.1
ROCE (%)	60.2	45.9	68.7	67.0	79.4
EPS of Re.1 (after exceptional items)	8.05	5.44	6.40	8.41	8.73

Economic Value Added (EVA)

Economic Value Added for the last five years is given below:

Years	EVA	Average Capital Employed
2003	1,429	3,780
2004	887	3,704
2005	1,014	2,560
2006	1,125	2,677
2007	1,340	2,785

The above EVA has been computed under conservative assumptions.

Segment-wise results

Your Company has identified seven business segments in line with the Accounting Standard on Segment Reporting (AS-17). These are: (i) soaps and detergents, (ii) personal products, (iii) beverages, (iv) foods, including culinary and branded staples, (v) ice-creams, (vi) exports, and (vii) others, including chemicals and agri-products. The audited financial results of these segments are given as a part of financial statements.

Risk and Internal Adequacy

Your Company has a low debt equity ratio and in fact had a surplus cash and investments of Rs. 1554 crores as on end December 2007 and is well placed to take care of any of its borrowings. Your Company is a large net foreign exchange earner and the transactions are

generally always fully covered with strict limits placed on the amount of exposure, if any, at any point in time. There are no materially significant exchange rate risks associated with the Company.

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

Outlook

The Indian economy has grown at a healthy 8% + level for the last three years and is expected to continue to grow at these levels. This growth is driven by a strong performance by the industry and service sectors, with agriculture slated to register a positive growth of 3%. Our plans assume continued economic and market growth. It is believed that in spite of the fears of a global recession, Indian domestic demand will provide sufficient fillip and resilience to GDP growth. We are however cognizant of the inflationary pressures which have been significant for the last few years, largely led by global petroleum and commodity price increases. The Company will continue its relentless focus on cost management, savings and efficiencies, besides examining the need for appropriate price corrections if and when needed to manage margins.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

16. DIVIDEND

The Board of Directors have recommended a final dividend of Rs. 3/- per equity share of the face value of Re. 1/- each for the year 2007, amounting to Rs. 653.24 crores. The Company has earlier during the year declared an interim dividend of Rs. 3/- per share which was paid on 22nd August, 2007 and a special Platinum Jubilee

Dividend of Rs. 3/- per share which was paid on 22nd November, 2007.

The final dividend, subject to approval of shareholders, will be paid to the shareholders whose names appear on the Register of Members reference to the book closure from 19th March, 2008 to 3rd April, 2008 (inclusive of both dates).

The total dividend for the year including the proposed final dividend is Rs. 9/- per share and amounts to Rs. 2,331.62 crores including the Dividend Distribution Tax.

17. SUBSIDIARY COMPANIES

During the year, Brooke Bond Real Estates Private Limited and Hindustan Unilever Field Services Private Limited became wholly owned subsidiaries of your Company.

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

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended 31st December, 2007 along with the Reports of the Board of Directors of the Company's subsidiaries have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'subsidiary companies particulars' forming part of the Annual Report. Further, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes the financial information of its subsidiaries.

18. BOARD OF DIRECTORS

Mr. V. Narayanan, who was appointed as the Non-Executive Director of the Company will be retiring on the conclusion of the ensuing Annual General Meeting on attaining the age of 70 years in accordance with the policy of the Company, and therefore will not be seeking re-appointment. The Board places on record its deep appreciation for the distinguished services rendered by Mr. V. Narayanan during his tenure as a Director of the Company, initially as the Chairman of Audit Committee and now for the past 3 years, as the Chairman of Remuneration/Compensation Committee.

To fill up the vacancy caused by the retirement of Mr. V. Narayanan, the Company proposes to appoint Dr. R. A. Mashelkar as Non-Executive Independent Director of the Company in accordance with Section 269 and Article 111 of the Articles of Association. Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956, together with necessary deposits of Rs. 500/- proposing the appointment of Dr. R. A. Mashelkar to the Board of Directors.

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

Brief resumes of the Directors proposed to be appointed/re-appointed as required under Clause 49 of the listing agreement are provided in the Notice of the Annual General Meeting forming part of the Annual Report.

19. MANAGEMENT COMMITTEE

The day-to-day management of your Company is vested with the Management Committee comprising business and functional heads, who work under the overall superintendence and control of the Board. The Management Committee is headed by Mr. Douglas Baillie as the Chief Executive Officer.

During the year, Mr. Sanjay Dube, Executive Director - Sales and Customer Development and a member of the Managing Committee was appointed Chairman, Poland and Baltics, Unilever, with effect from 1st June, 2007. The Board places on record its appreciation for the extensive contribution of Mr. Sanjay Dube to the sales and customer development function of the Company.

Pursuant to his appointment as the Whole-time Director, Mr. Sanjiv Kakkar has taken charge of the Sales and Customer Management portfolio of the Company and has been appointed as Executive Director - Sales and Customer Development in place of Mr. Sanjay Dube. Mr. Shrijeet Mishra, who was VP Activation - Asia AMET in Singapore, has replaced Mr. Sanjiv Kakkar as Executive Director-Foods and is appointed as a member of the Management Committee w.e.f. 1st June, 2007.

Mr. Ashok Gupta and Ms. Leena Nair were appointed as Executive Directors, heading the Legal and HR functions respectively to form part of the Management Committee effective from 1st June, 2007.

20. AUDITORS

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

21. APPRECIATION

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

Your Directors would like to acknowledge the tremendous contribution by the parent Company, Unilever in providing your Company with the very latest innovations and marketing inputs in almost all the categories in which we operate. This has enabled the Company to provide higher consumer satisfaction through continuous improvement in existing products and bring in the latest products from Unilever portfolio backed by global research. Unilever has also supported your Company extensively to follow and adopt world class business processes in all functional areas like Customer Development, Supply Chain Planning and Execution, Finance and Human Resources.

22. TRADE RELATIONS

The Board place on record their appreciation for the support and co-operation your Company has been receiving from suppliers/re-distribution stockists, retailers and others associated with the Company as its trading partners. Your Company has always looked upon them as partners in its progress and has happily shared with them the rewards of growth. It will be the Company's endeavour to build and nurture strong links with trade based on mutual respect and co-operation consistently aligned with consumer interests.

23. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support. Your Directors also wish to place on record their appreciation of the contribution made by the business partners/associates at all levels.

On behalf of the Board



Harish Manwani
Chairman

Mumbai
13th February, 2008

ANNEXURE TO THE DIRECTORS' REPORT, 2007

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

	Stock Option 2001	Stock Option 2002	Stock Option 2003	Stock Option 2004	Stock Option 2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001	Closing market price as on the date of option grant - 23.04.2002	Closing market price as on the date of option grant - 24.04.2003	Average of highs and lows for two week period preceding the date of option grant - 30.06.2004	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted - 26.05.2005
	Rs. 217.45	Rs. 210.35	Rs. 136.00	Rs. 128.47	Rs. 132.05
c) Options vested	Options vested after three years from date of grant (24.07.2001)	Options vested after three years from date of grant (23.04.2002)	Options vested after three years from date of grant (24.04.2003)	Options vested after three years from date of grant (30.06.2004)	NA since options not exercisable before the expiry of three years from the grant of option (27.05.2005)
d) Options exercised (as at December 31, 2007)	3,90,300 equity shares of Re. 1/- each	6,10,192 equity shares of Re. 1/- each	17,78,020 equity shares of Re. 1/- each	2,28,350 equity shares of Re. 1/- each	NA
e) The total number of shares arising as a result of exercise of option	3,90,300 equity shares of Re. 1/- each	6,10,192 equity shares of Re. 1/- each	17,78,020 equity shares of Re. 1/- each	2,28,350 equity shares of Re. 1/- each	NA
f) Options lapsed (as at December 31, 2007)	8,37,400 equity shares of Re. 1/- each	8,63,774 equity shares of Re. 1/- each	5,91,555 equity shares of Re. 1/- each	3,34,400 equity shares of Re. 1/- each	2,22,200 equity shares of Re. 1/- each
g) Variation of terms of options :	NA	NA	NA	NA	NA
h) Money realised by exercise of options	Rs. 8.15 crores	Rs. 12.30 crores	Rs. 22.91 crores	Rs. 2.94 crores	NA
i) Total number of options in force (as at December 31, 2007)	12,47,400 equity shares of Re. 1/- each	17,59,635 equity shares of Re. 1/- each	19,06,515 equity shares of Re. 1/- each	10,67,700 equity shares of Re. 1/- each	13,25,500 equity shares of Re. 1/- each
j) Employee wise details of options granted to :					
i) Senior managerial personnel;	—	—	—	—	—
ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	NIL	NIL	NIL	NIL	NIL
iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL	NIL	NIL	NIL	NIL
k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	9,23,030 equity shares of Re. 1/- each were issued pursuant to the exercise of stock options by employees as per the "2001 HLL Stock Option Plan". The consequent dilution in Earnings Per Share of 2007 is less than 1 paise.				

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

	Stock Option 2001 to Stock Option 2004	Stock Option 2005																
l) i) Method of calculation of employee compensation cost		The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the “2001 HLL Stock Option Plan”. The stock-based as per the intrinsic value method for the year 2005 is Nil.																
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		Rs. 6.73 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 2005 is presented below :																
		<table><tr><td>Net Income</td><td>Rs. Crores</td></tr><tr><td>As reported</td><td>14,08.11</td></tr><tr><td>Add : Intrinsic value Compensation cost</td><td>Nil</td></tr><tr><td>Less : Fair value Compensation cost</td><td>6.73</td></tr><tr><td>Adjusted Net Income</td><td>14,01.38</td></tr><tr><td>Earnings Per Share (Basic and Diluted)</td><td>(Rs.)</td></tr><tr><td>- As reported</td><td>6.40</td></tr><tr><td>- As adjusted</td><td>6.37</td></tr></table>	Net Income	Rs. Crores	As reported	14,08.11	Add : Intrinsic value Compensation cost	Nil	Less : Fair value Compensation cost	6.73	Adjusted Net Income	14,01.38	Earnings Per Share (Basic and Diluted)	(Rs.)	- As reported	6.40	- As adjusted	6.37
Net Income	Rs. Crores																	
As reported	14,08.11																	
Add : Intrinsic value Compensation cost	Nil																	
Less : Fair value Compensation cost	6.73																	
Adjusted Net Income	14,01.38																	
Earnings Per Share (Basic and Diluted)	(Rs.)																	
- As reported	6.40																	
- As adjusted	6.37																	
m) Weighted average exercise price and weighted average fair value	NA	NA																
n) Fair value of Options based on Black Scholes methodology (details available on Company website) Assumptions																		
Risk free rate		7.25%																
Expected life of options		7 years																
Expected Volatility (based on daily market closing price from 3 years -2003 to 2005)		30.04%																
Expected Dividends		Rs. 5.00 per share																
Closing market price of share on date of option grant.		Rs. 138.20																

Notes: (i) The "2001 HLL Stock Option Scheme" has been discontinued by the Company from 2006.

(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 Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, as expressed in Clause 11 of the '2001 HLL STOCK OPTION PLAN' in the line with Clause 6.2(h) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.

Performance Share Plan:

In 2007, as per terms of the '2006 HLL Performance Share Plan', employees were awarded conditional rights to receive 2,35,950 equity shares of the Company at face value of Re. 1/- each. These awards will vest only on achievement of the performance criteria measured over a 3 year period. The list of senior management who were awarded conditional rights under the plan is given below:

Name of the Manager	Performance Shares Awarded in 2007
Dhaval Buch	3,300
Sanjay Dube	5,500
Ashok Gupta	2,200
Sanjiv Kakkar	3,300
Leena Menon	3,850
Nitin Paranjpe	6,600
D. Sundaram	3,300

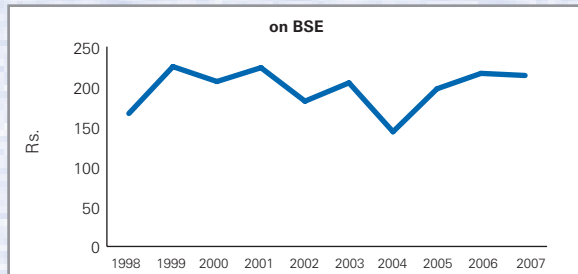
10-YEAR RECORD

Rs. Lakhs	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Profit & Loss Account										
Sales*	10215,24	10917,69	11392,14	11781,30	10951,61	11096,02	10888,38	11975,53	13035,06	14757,42
Other Income	244,74	318,98	345,07	381,79	384,54	459,83	318,83	304,79	354,51	462,68
Interest	(29,28)	(22,39)	(13,15)	(7,74)	(9,18)	(66,76)	(129,98)	(19,19)	(10,73)	(25,50)
Profit Before Taxation @	1130,44	1387,94	1665,09	1943,37	2197,12	2244,95	1505,32	1604,47	1861,68	2184,53
Profit After Taxation @	837,44	1069,94	1310,09	1540,95	1731,32	1804,34	1199,28	1354,51	1539,67	1769,06
EPS of Re. 1 (adjusted for bonus)	3.67	4.86	5.95	7.46	8.04	8.05	5.44	6.40	8.41	8.73
DPS of Re. 1 (adjusted for bonus)	2.20	2.90	3.50	5.00	5.16	5.50	5.00	5.00	6.00	9.00
Balance Sheet										
Fixed Assets	1053,77	1087,17	1203,47	1320,06	1322,34	1369,47	1517,56	1483,53	1511,01	1708,14
Investments	697,51	1006,11	1769,74	1635,93	2364,74	2574,93	2229,56	2014,20	2413,93	1440,80
Net Deferred Tax	—	—	—	246,48	269,92	267,44	226,00	220,14	224,55	212,39
Net Current Assets	226,06	187,25	(373,38)	(75,04)	(239,83)	(368,81)	(409,30)	(1355,31)	(1353,40)	(1833,57)
	1977,34	2280,53	2599,83	3127,43	3717,17	3843,03	3563,82	2362,56	2796,09	1527,76
Share Capital	219,57	220,06	220,06	220,12	220,12	220,12	220,12	220,12	220,68	217,74
Reserves & Surplus	1493,46	1883,20	2268,16	2823,57	3438,75	1918,60	1872,59	2085,50	2502,81	1221,49
Loan Funds	264,31	177,27	111,61	83,74	58,30	1704,30	1471,11	56,94	72,60	88,53
	1977,34	2280,53	2599,83	3127,43	3717,17	3843,03	3563,82	2362,56	2796,09	1527,76

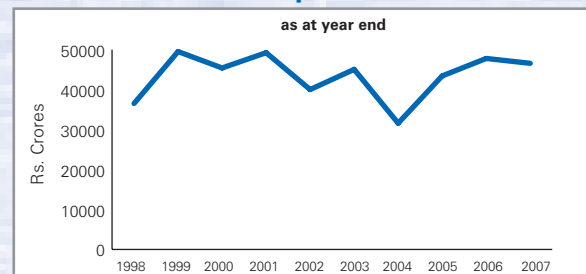
@ Before Exceptional Items

* Sales before Excise Duty Charged

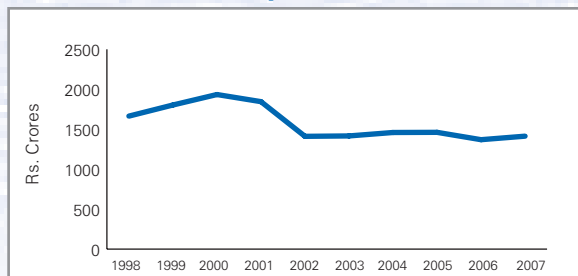
HUL Share Price



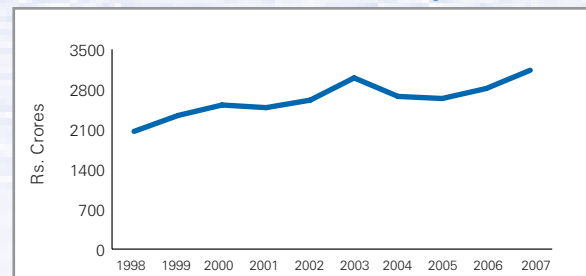
Market Capitalisation



Exports



Contribution to Exchequer



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
HUL Share Price on BSE (Rs. per Share of Re. 1) *	166.35	225.00	206.35	223.65	181.75	204.70	143.50	197.25	216.55	213.90
Market Capitalisation (Rs. Crores)	36,525	49,513	45,409	49,231	40,008	45,059	31,587	43,419	47,788	46,575
Exports (Rs. Crores)**	1,664	1,803	1,934	1,845	1,411	1,416	1,459	1,461	1,369	1,413
Contribution to Exchequer (Rs. Crores)	2,062	2,341	2,524	2,478	2,609	2,999	2,674	2,638	2,813	3,133
Economic Value Addition (EVA) (Rs. Crores)	548	694	858	1,080	1,236	1,429	887	1,014	1,125	1,340

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

** Includes exports made by subsidiaries.

Corporate Governance

Your Company believes that for a company to be successful, it must maintain global standards of corporate conduct towards all its stakeholders. Your Company's foundation has therefore been rooted to stringent corporate governance principles. Your Company believes that the principles of fairness, transparency and accountability are the cornerstones for good governance. Its code of business principles, as shared with you over the last few years as a part of the Annual Reports reflects the Company's commitment to these principles. It is the Company's endeavour to continue to achieve the highest levels of governance and to benchmark itself with some of the best governed companies.

The Company presents a summary of the practices it followed during the year in deference to its commitment to fairness, transparency and accountability.

BOARD OF DIRECTORS

(a) Composition

The Board of Directors of your Company represents an optimum mix of professionalism, knowledge and experience. As on 31st December, 2007, the total strength of the Board of Directors of the Company is ten Directors comprising a Non-Executive Chairman, four Executive Directors and five Non-Executive Independent Directors. Your Company immensely benefits from the professional expertise of the Independent Directors in their individual capacity as Independent Professionals/Business Executives and through their invaluable experience in achieving corporate excellence.

The brief resumes of the Directors are provided in the Notice forming part of the Annual Report.

(b) Board Meetings

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the Board and Board Committees in order to facilitate and assist the Directors to plan their schedules for the meetings.

During the year ended 31st December, 2007, seven board meetings were held on 20th February, 2007, 30th March, 2007, 30th April, 2007, 18th May, 2007, 29th July, 2007, 31st October, 2007 and 17th December, 2007. The maximum interval between any two meetings was well within the maximum gap of four months.

(c) Attendance and other Directorships

The details of attendance of the Directors at the board meetings during the year and at the last Annual General Meeting held on 18th May, 2007 and also the number of other Directorships and Committee Memberships/ Chairmanship as on 31st December, 2007 are as follows:

Name of Director	Position	Board meetings attended during the year	Attendance at last AGM	Directorships in other Companies#	Memberships of Committees of other Companies##	Chairmanship of Committees of other Companies##
Harish Manwani	Non-Executive Chairman and Director	6	Yes	-	-	-
Douglas Baillie	Chief Executive Officer and Managing Director	6	Yes	-	-	-
M. K. Sharma*	Executive Vice-Chairman and Whole-time Director	4	Yes	NA	NA	NA
V. Narayanan	Non-Executive and Independent Director	6	Yes	11	8	5
D. S. Parekh	Non-Executive and Independent Director	6	Yes	11	5	3
C. K. Prahalad	Non-Executive and Independent Director	2	No	-	-	-
A. Narayan	Non-Executive and Independent Director	5	Yes	1	-	-
S. Ramadorai	Non-Executive and Independent Director	4	No	11	3	1

Name of Director	Position	Board meetings attended during the year	Attendance at last AGM	Directorships in other Companies#	Memberships of Committees of other Companies##	Chairmanship of Committees of other Companies##
S. Ravindranath**	Managing Director (Foods)	3	NA	NA	NA	NA
D. Sundaram	Whole-time Director (Finance & Information Technology)	7	Yes	3	1	1
Nitin Paranjpe***	Whole-time Director (Home and Personal Care)	3	NA	1	-	-
Sanjiv Kakkar***	Whole-time Director (Sales and Customer Development)	3	NA	-	-	-

* Ceased to be a Director w.e.f. 18th May, 2007

** Ceased to be a Director w.e.f. 30th April, 2007

*** Appointed as Director w.e.f. 1st June, 2007

Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

Includes only Audit Committee and Shareholders/Investors Grievance Committee.

None of the directors is a member of board of more than fifteen companies in terms of Section 275 of the Companies Act, 1956, and a member of more than ten board-level committees or a chairman of more than five such committees, as required under Clause 49 of the Listing Agreement.

(d) Information placed to the Board

The following items are generally tabled for information and review of the Board:

- * annual operating plans of businesses, capital budgets, updates,
- * quarterly results of the Company and its operating divisions or business segments,
- * minutes of meetings of Audit Committee and other committees,
- * minutes of meetings of the subsidiary companies,
- * information on recruitment and remuneration of senior officers just below the Board level,
- * materially important show cause, demand, prosecution and penalty notices,
- * fatal or serious accidents or dangerous occurrences,
- * any materially significant effluent or pollution problems,
- * any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- * any issue which involves possible public or product liability claims of a substantial nature,
- * details of any joint venture or collaboration agreement,
- * transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- * significant labour problems and their proposed solutions,
- * significant development in the human resources and industrial relations front,
- * sale of material nature of investments, subsidiaries, assets which are not in the normal course of business,
- * quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement, and
- * non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board is presented with all information under the above heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board Meetings, or are tabled in the course of the Board Meetings or meetings of the relevant Committees.

(e) Code of Conduct

The Company has adopted a Code of Conduct for the members of the Board and the Management Committee in compliance with the provisions of Clause 49 of the Listing Agreement. The Code is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company www.hll.com.

All the members of the Board and the Management Committee have affirmed compliance to the Code of Conduct as on 31st December, 2007, and a declaration to that effect signed by the Managing Director and CEO is attached and forms a part of this Report.

COMMITTEES OF THE BOARD

(a) Audit Committee

The Audit Committee of the Company comprises four Non-Executive and Independent Directors – Mr. D. S. Parekh, Mr. A. Narayan, Prof. C. K. Prahalad and Mr. S. Ramadorai who are eminent professionals. Minutes of each Audit Committee meeting are placed before, and when considered appropriate, discussed in the meeting of the Board.

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

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

In addition to the areas noted above, the Audit Committee looks into the controls and security of the Company's critical IT applications, internal and control assurance audit reports of all the major divisions and deviations from the Code of Business Principles, if any.

The Audit Committee met six times during the year on 20th February, 2007, 30th April, 2007, 29th June, 2007, 29th July, 2007, 31st October, 2007 and 17th December, 2007.

In addition to the quarterly meeting for consideration of financial results, the Audit Committee met on 29th June, 2007 and 17th December, 2007 to review various functions such as legal, customer development, taxation, information technology, business risk assessment, review for pension and retirement benefits, review and approval of the control assurance audit plan and review of compliance of the Code of Business Principles.

Attendance record of the Audit Committee members were as under:

Name of Member	Status	Meetings attended
D. S. Parekh	Chairman	6
C. K. Prahalad	Member	2
A. Narayan	Member	5
S. Ramadorai	Member	5

(b) Remuneration and Compensation Committee

The Remuneration Committee comprises four Non-Executive and Independent Directors – Mr. V. Narayanan, Prof. C.K. Prahalad, Mr. A. Narayan and Mr. S. Ramadorai. Mr. Harish Manwani and Mr. Douglas Baillie act as the members of the Compensation Committee which administers the stock option plan of the Company.

The Remuneration Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of whole-time Directors and to deal with all the elements of remuneration package of all such Directors within the limits approved by the members of the Company. This includes details of fixed components and performance linked incentives including stock options.

The Committee met four times during the year on 30th April, 2007, 18th May, 2007, 29th July, 2007 and 31st October, 2007. The attendance of the members at the meetings was as follows:

Name of Member	Status	Meetings attended
V. Narayanan	Chairman	4
C. K. Prahalad	Member	–
A. Narayan	Member	4
S. Ramadorai	Member	3

(c) Shareholder/Investor Grievances Committee

The Shareholder/Investor Grievances Committee comprises Mr. A. Narayan, Non-Executive and Independent Director, Mr. Douglas Baillie, Chief Executive Officer and Managing Director and Mr. D. Sundaram, Whole-time Director.

The Committee specifically looks into redressing of investors' complaints with respect to transfer of shares, non-receipt of shares, non-receipt of declared dividends and ensure expeditious share transfer process. The Committee also monitors and reviews the performance and service standards of M/s. Karvy Computershare Private Limited, the Registrar and Share Transfer Agent and provides continuous guidance to improve the service levels for investors. Mr. Ashok Gupta, Company Secretary, is designated as the Compliance Officer as per the requirement of the Listing Agreement.

During the year, the Committee met two times on 30th April, 2007 and 31st October, 2007. The attendance of the members was as follows:

Name of Member	Status	Meetings attended
A. Narayan	Chairman	2
M. K. Sharma*	Member	1
Douglas Baillie**	Member	1
D. Sundaram	Member	2

* Ceased to be a member w.e.f. 18th May, 2007

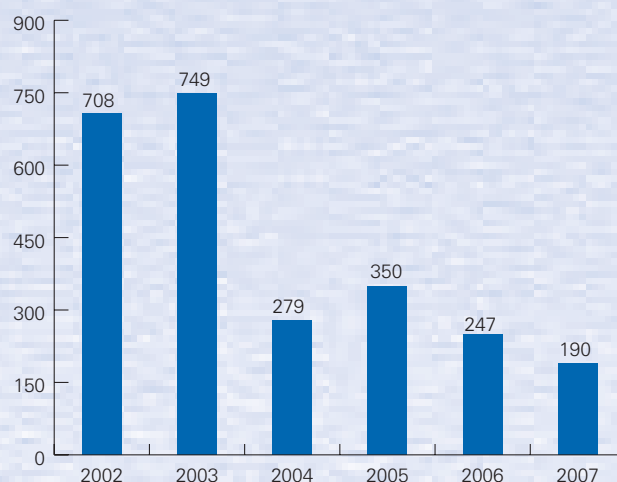
** Appointed as member w.e.f. 1st June, 2007.

During the year, 190 complaints were received from the shareholders and were resolved to the satisfaction of the shareholders. 2 investor complaints received in the month of December, 2007, were pending as on 31st December, 2007, and have been progressed further for resolution.

The break up of the complaints received during the year, is as under:

Nature of complaint	No. of complaints	Complaints redressed
Non-receipt of dividend	69	69
Non-receipt of shares lodged for Transfer	103	102
Others	18	17
Total	190	188

Given below is the trend of share related complaints during last six years:



(d) Other Functional Committees

Apart from the above statutory committees, the Board of Directors have constituted other functional committees such as committee for approving disposal of surplus assets of the Company, committee for allotment of shares under ESOP and committee for Buy Back of shares, to raise the level of governance as also to meet the specific business needs.

REMUNERATION OF DIRECTORS

Your Company's remuneration policy is based on three tenets: pay for responsibility, pay for performance and potential, and pay for growth. The appointments of the Whole-time Directors are by virtue of their employment with the Company as management employees and therefore their service contract, notice period and severance fee, if any, is governed by the Management Remuneration Policy of the Company. The payment of commission to Managing/Whole-time Directors is based on achievement of performance parameters as determined by the Board of Directors or Committee thereof. The details of remuneration of Executive Directors for the year ended 31st December, 2007 are as under:

(Amount/Rs. Lakhs)

Name of the Director	Salary	Perquisites	Contribution to PF	Commission	Total
Douglas Baillie	244.80	1.74	—	244.80	491.34
M.K. Sharma*	34.90	0.72	7.16	39.80	82.58
D. Sundaram	49.79	10.92	17.93	99.58	178.22
S. Ravindranath**	14.18	13.35	4.68	24.82	57.03
Nitin Paranjpe***	41.47	2.04	6.59	21.34	71.44
Sanjiv Kakkar***	41.71	3.50	6.64	21.48	73.33

* Ceased to be a Director w.e.f. 18th May, 2007

** Ceased to be a Director w.e.f. 30th April, 2007

***Appointed as Director w.e.f. 1st June, 2007

Payment of remuneration to Whole-time Directors excludes provisions for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Non-Executive Directors are eligible for sitting fee and commission not exceeding the limits prescribed under the Companies Act, 1956. The remuneration payable to Non-Executive Directors is decided by the Board of Directors. The non-executive Chairman of the Company does not receive any remuneration from the Company.

The Independent Directors are paid sitting fees @ Rs. 20,000/- for attending every meeting of the Board or Committee thereof and commission on profits calculated on the basis of 1% of the net profits or Rs. 5 lakhs for each year, whichever is lower, in terms of the approval of the shareholders sought at the Annual General Meeting of the Company held on 24th June, 2005, which is valid for a period of five years upto 31st December, 2010. The service contract, notice period and severance fees are not applicable to the Independent Directors.

During the financial year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors. The Company has not granted any stock options to any of its Non-Executive Directors.

The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee and commission for attending meetings of Board/Committees thereof are as under:

(Amount/Rs. Lakhs)

Name of the Director	Sitting Fee	Commission #	Perquisites	Total
Harish Manwani	—	—	0.13	0.13
V. Narayanan	2.00	5.00	—	7.00
D. S. Parekh	2.40	5.00	—	7.40
C. K. Prahalad	0.80	5.00	—	5.80
A. Narayan	3.20	5.00	—	8.20
S. Ramadorai	2.40	5.00	—	7.40

The Commission for the year ended 31st December, 2007@ Rs. 5 lakhs per annum will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by the shareholders at the Annual General Meeting to be held on 4th April, 2008.

Employee Stock options/Performance Share Plan

Pursuant to approval of the members at the Annual General Meeting of the Company held on 29th May, 2006, the Company had adopted a revised Scheme "2006 HLL Performance Share Plan" in place of the existing "2001 HLL Stock Option Plan". The revised scheme provided for conditional grant of Performance Shares to eligible management employees without charging premium. The details of the stock options including the conditional grants made to the Whole-time Directors are provided herein under:

Name of Director	Outstanding as at 31.12.2006		Options Exercised during 2007	Conditional Grants under 'Performance Share Plan' during 2007	Balance as of 31.12.2007	
	Stock Options	Performance share			Stock Options	Performance share
M. K. Sharma	92,215	4,400	17,600	—	74,615	4,400
S. Ravindranath	150,215	7,925	—	—	150,215	7,925
D. Sundaram	155,550	3,300	—	3,300	155,550	6,600
Nitin Paranjpe	57,348	4,400	—	6,600	57,348	11,000
Sanjiv Kakkar	93,415	2,750	—	3,300	93,415	6,050

GENERAL BODY MEETINGS

The details of the last three Annual General Meetings and the summaries of Special Resolutions passed therein are as under:

Financial Year ended	Date and Time	Venue	Special Resolutions passed
31st December, 2004	24th June, 2005, 3.00 p.m.	Birla Matushri Sabhagar, Marine Lines, Mumbai 400 020	<ul style="list-style-type: none"> Amendment to Article 107 of the Articles of Association of the Company fixing the number of minimum and maximum number of Directors at 3 and 12 respectively. Issue of Company shares to the shareholders of International Fisheries Limited and TOC Disinfectants Limited in terms of the Scheme of Arrangement for amalgamation pursuant to Sections 391 to 394 of the Companies Act, 1956. Fixing of remuneration of the Independent Directors at 1% of the Net profits of the Company or Rs. 60 Lakhs, annually on a cumulative basis. Voluntary delisting of shares from the Stock Exchanges at Delhi, Chennai, Kolkata, Ahmedabad, Guwahati, Bangalore and Cochin.
31st December, 2005	29th May, 2006, 3.00 p.m.		<ul style="list-style-type: none"> Adoption of a revised "2006 HLL Share Performance Scheme", on terms and conditions stipulated under the revised Scheme. Revision in the price of Stock Options granted by the Company on 24th April, 2003, to the eligible management employees of the Company from Rs. 136.00 to Rs. 127.24 i.e., an adjustment of Rs. 8.76 per share.
31st December, 2006	18th May, 2007, 3.00 p.m.		<ul style="list-style-type: none"> Approval for Change of Name of the Company from "Hindustan Lever Limited" to "Hindustan Unilever Limited".

Postal Ballot

During the year, the Special Resolution contained in the Postal Ballot Notice dated 29th July, 2007, was passed by the shareholders of the Company through Postal Ballot. The results of the postal ballot were declared on 14th September, 2007.

The Board appointed Mr. S. R. Tata, Partner of M/s. A. F. Ferguson & Co., Chartered Accountants, as the scrutineer to conduct the Postal Ballot process. Details of the voting pattern were as under:

Description of Resolution	No. of valid Postal Ballot Forms received	Votes Cast	
		For	Against
Approval under Section 77A of the Companies Act, 1956 for Buy Back of shares of the Company	18148	1330223391	3132329

Accordingly the said Resolution was approved by the shareholders, with requisite and overwhelming majority of 99.77% .

The Company had also sought the approval of the shareholders, by way of Postal Ballot, for an Ordinary Resolution for transfer by way of sale of its marine business involved in the manufacture of surimi, crabstick, shrimp salad and other allied products at Chorwad in Gujarat and at Kuthiathode and Aroor in Kerala. The results of the Postal Ballot for Ordinary Resolution were announced on 31st March, 2007 and the resolution was approved by the shareholders with requisite majority.

No Special Resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

DISCLOSURES

(a) **Materially significant related party transactions**

There have been no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors for the year ended 31st December, 2007 that may have a potential conflict with the interests of the Company at large.

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

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

(b) **Instances of non-compliance**

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

(c) **Whistle Blower Policy**

The Company has evolved a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the Management any issue which is perceived to be in violation or in conflict with the fundamental business principles as enunciated in the Code of Business Principles of the Company. The employees are encouraged to raise their concerns by way of whistle blowing and the Company has provided a dedicated e-mail id whistleblowing.hll@unilever.com for reporting of complaints. Alternatively, employees can also send their concerns/complaints by way of written communications to the Company. The Company Secretary is the designated officer for effective implementation of the policy. The complaints registered under the policy are reported to the Committee of three Executive Directors.

(d) **Term of office of Independent Directors**

As a Company policy, upon attaining the age of 70 years, the Independent Directors seek retirement by not offering themselves for re-appointment at the Annual General Meeting of the Company ensuing after they have attained the age of 70 years. The Company also follows the policy of having a ceiling of nine years on term of office of Independent Directors after Clause 49 of the Listing Agreement has come into effect.

(e) **Non-mandatory requirements**

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

COMMUNICATION TO SHAREHOLDERS

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

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Maharashtra Times. These results are also made available on the website of the Company www.hll.com. The Company's website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

The investors section of the Company's website provides more than 50 frequently asked questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been included in the website.

The Quarterly Results, Shareholding Pattern and Annual Report of the Company are also posted on SEBI's website www.sebidifar.nic.in. In compliance to Clause 52 of the Listing Agreement, the above information, reports and all other communication to stock exchanges have also been filed under Corporate Filing and Dissemination System (CFDS) and are available at www.corpfiling.co.in.

SHAREHOLDERS INFORMATION

(a) Annual General Meeting

Date	:	Friday, 4th April, 2008.
Venue	:	Birla Matushri Sabhagar, Marine Lines, Mumbai – 400 020
Time	:	3.00 P.M.
Last Date of receipt of Proxy forms	:	Wednesday, 2nd April, 2008 (before 3.00 P.M. at the registered office of the Company)
Book Closure Dates	:	19th March, 2008 to 3rd April, 2008 (inclusive of both days).

(b) Financial Year

Your Company observes 1st January to 31st December as its financial year. The Board Meetings for approval of Quarterly Financial Results during the year ended 31st December, 2007 were held on the following dates:

First Quarter Results	:	30th April, 2007
Second Quarter and Half yearly Results	:	29th July, 2007
Third Quarter Results	:	31st October, 2007
Fourth Quarter and Annual Results	:	13th February, 2008

The tentative dates of Board Meetings for consideration of financial results for the year ended 31st December, 2008 are as follows:

First Quarter Results	:	28th April, 2008
Second Quarter and Half yearly Results	:	25th July, 2008
Third Quarter Results	:	24th October, 2008
Fourth Quarter Results	:	30th January, 2009

(c) Dividend

The Board of Directors at their meeting held on 13th February, 2008 recommended a final dividend of Rs. 3/- for equity shares of face value of Re. 1/- each for the year 2007, subject to the approval of the shareholders. Together with the interim dividend of Rs. 3/- per share paid on 22nd August, 2007 and the Platinum Jubilee Dividend of Rs. 3/- per share paid on 22nd November, 2007, the total dividend for the year works out to Rs. 9/- per share. Final dividend, if approved, will be paid on or after 8th April, 2008.

Payment of Dividend

In the process of exploring all the possibilities of remitting the dividend through electronic media, essentially to ensure quick remittance along with added advantages of eliminating the delay in postal transit and fraudulent encashment of dividend warrants, your Company has used ECS mandate furnished by the investors, as also

bank details downloaded from the Depositories, for successful remittance of dividend through the following 55 ECS locations.

Sr. No.	Locations	Sr. No.	Locations	Sr. No.	Locations
1.	Ahmedabad	20.	Baroda	39.	Madurai
2.	Bangalore	21.	Bhopal	40.	Mangalore
3.	Bhubaneshwar	22.	Calicut	41.	Mysore
4.	Chandigarh	23.	Cochin	42.	Nasik
5.	Chennai	24.	Coimbatore	43.	Panjim
6.	Guwahati	25.	Dehradun	44.	Pune
7.	Hyderabad	26.	Erode	45.	Raipur
8.	Jaipur	27.	Gorakhpur	46.	Rajkot
9.	Kanpur	28.	Gwalior	47.	Salem
10.	Kolkata	29.	Hubli	48.	Shimla
11.	Mumbai	30.	Indore	49.	Surat
12.	Nagpur	31.	Jabalpur	50.	Trichur
13.	New Delhi	32.	Jalandhar	51.	Trichy
14.	Patna	33.	Jammu	52.	Udaipur
15.	Trivandrum	34.	Jamshedpur	53.	Varanasi
16.	Agra	35.	Jodhpur	54.	Vijayawada
17.	Allahabad	36.	Kolhapur	55.	Vishakhapatnam
18.	Amritsar	37.	Lucknow		
19.	Aurangabad	38.	Ludhiana		

For locations other than the above the Company will continue to explore the possibility of remitting the dividend electronically using ECS details.

1. If you are located at any of the above ECS centres and have not registered your ECS, please arrange to forward your ECS mandate to your DP if the shares are held in demat mode, or to the Company/Registrars, if the shares are held in physical form, immediately.
2. Even if you are not located at the above ECS centres, please register your ECS (as stated in point 1 above), as the Company and its bankers will make best endeavours to remit dividend electronically by other electronic modes.
3. If your bank particulars have changed for any reason, please arrange to register the ECS with the revised bank particulars.

The Company will continue to use the ECS mandate for remittance of dividend either through ECS or other electronic modes failing which the bank details will be printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time. Members may either access the Company's website **www.hll.com** for downloading the ECS registration form or obtain it from the Company or its Registrar.

(d) Listing Details of Equity Shares

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

The listing fee for the financial year 2007-2008 has been paid to the above stock exchanges. The ISIN Number allotted to the Company's equity shares of face value of Re. 1/- each under the depository system is INE030A01027.

(e) Share Price Data

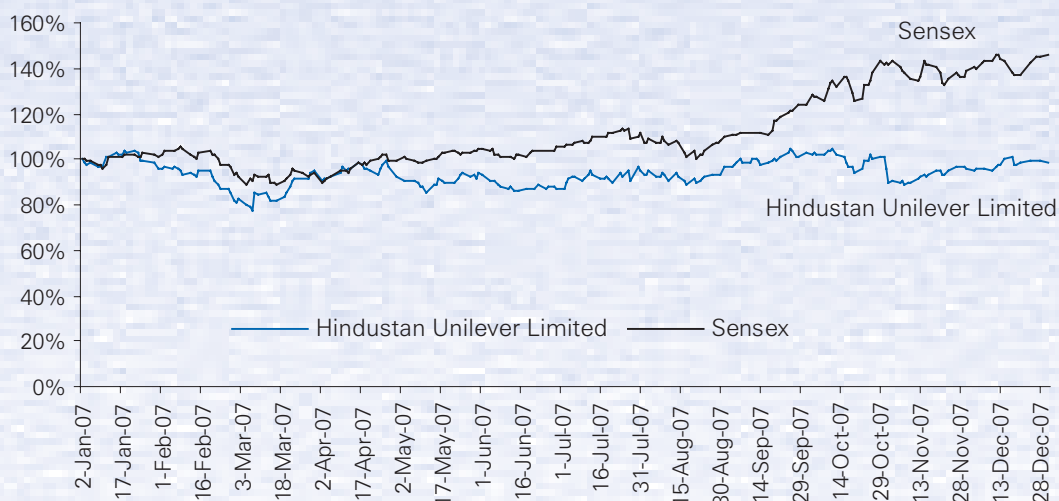
The monthly high and low prices and volumes of Hindustan Unilever share at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st December, 2007 are as under:

Month 2007	B S E			N S E		
	High	Low	Volume	High	Low	Volume
January	226.00	207.10	16,446,071	225.80	207.10	73,579,035
February	215.95	175.00	22,089,748	215.00	165.05	68,010,967
March	207.15	166.00	18,126,456	208.25	165.60	71,620,505
April	216.00	193.70	11,183,612	218.75	193.60	54,409,890
May	205.50	184.00	11,193,964	205.70	180.15	51,241,848
June	205.50	185.35	11,562,827	206.00	185.25	52,695,687
July	211.70	188.10	16,826,626	212.30	188.00	69,178,719
August	210.35	190.50	9,691,377	220.00	190.10	39,651,901
September	230.40	206.25	13,640,367	229.90	206.65	51,428,102
October	227.05	200.00	23,392,139	226.95	195.00	85,185,936
November	212.10	187.35	8,258,112	213.25	190.00	41,282,333
December	222.00	200.25	6,196,542	222.90	201.60	38,450,490

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

Sensex vs. Hindustan Unilever Limited

Plots Hindustan Unilever's share prices with the BSE Sensex for 2007



Performance of Hindustan Unilever shares

How have long-term shareholders of the Company fared vis-à-vis the Sensex? The table below gives the closing share price on the first day of trading, for every calendar year since 1996 (adjusted to the face value of Re.1/- per share).

Date of Purchase	HUL share price	HUL share performance	BSE Sensex	Sensex Performance
January 1, 97	81.7	167.0%	3261	522.5%
January 1, 98	139.43	56.4%	3695	449.4%
January 1, 99	165.25	32.0%	3060	563.4%
January 3, 00	239.12	-8.8%	5375	277.7%
January 1, 01	200	9.1%	3955	413.3%
January 1, 02	220.5	-1.1%	3246	525.4%

Date of Purchase	HUL share price	HUL share performance	BSE Sensex	Sensex Performance
January 1, 03	181.65	20.1%	3390	498.8%
January 1, 04	212.6	2.6%	5915	243.2%
January 3, 05	144.35	51.1%	6679	203.9%
January 2, 06	195.2	11.7%	9390	116.2%
January 2, 07	216.45	0.8%	13942	45.6%
January 1, 08	218.1		20300	

Note: All comparisons are with respect to 1st January, 2008 (the reference date).

(f) Share Transfer System

The Board has constituted the Share Transfer Committee and has delegated the requisite power to the Committee to attend to share transfer matters. The constitution of the Committee is any three Directors. The Committee meets atleast once a week to approve the share transfers and other related matters.

M/s. Karvy Computershare Private Limited have been acting as Registrar and Share Transfer Agents of the Company.

(g) Distribution of shareholding

Distribution of Shareholding as on 31st December, 2007

Holdings	Shareholders		Shares	
	Number	% to total	Number	% to total
1-500	267,770	71.41	32,277,942	1.48
501-1000	34,551	9.21	26,935,745	1.24
1001-5000	57,067	15.22	135,845,704	6.24
5001-10000	9,440	2.52	65,981,351	3.03
10001-20000	4,056	1.08	55,694,046	2.56
20001-30000	990	0.26	23,859,801	1.10
30001-40000	378	0.10	13,005,794	0.60
40001-50000	173	0.05	7,741,281	0.36
50001-100000	236	0.06	15,991,790	0.73
100001 and above	317	0.09	1,799,801,221	82.64
In-transit			328,680	0.02
Total	374,978	100.00	2,177,463,355	100.00

Categories of Shareholders as on 31st December, 2007

Category	No. of Folios	Shares held (Nos.)	% of holdings
Unilever and its associates	9	1,134,849,460	52.12
Mutual Funds & Unit Trust of India	127	53,752,393	2.47
Financial Institutions/Banks	176	7,659,284	0.35
Insurance Companies	22	273,486,856	12.56
Foreign Institutional Investors	336	311,113,271	14.29
Bodies Corporate	3,185	24,465,016	1.12
NRIs/Foreign Bodies Corporate/Foreign Nationals	3,114	6,371,518	0.29
Directors and their Relatives	24	188,946	0.01
Resident Individuals and Others	367,985	365,576,611	16.79
Total	374,978	2,177,463,355	100.00

(h) Shares held in physical and dematerialised form

Your Company's shares are tradeable compulsorily in electronic form and the Company has established connectivity with both the depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st December, 2007, 43.31% of Hindustan Unilever's shares were held in dematerialised form and the rest in physical form. It needs to be mentioned that Unilever and its affiliates own 52.12% of the Company's shares, which are held in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares account for 90.45% of the remainder.

Bifurcation of shares held in physical and demat form as on 31st December, 2007

Particulars	No. of Shares	Percentage
Physical Segment		
Unilever & its associates	1,134,849,460	52.12
Others	99,597,212	4.57
Demat Segment		
NSDL	924,759,712	42.47
CDSL	18,256,971	0.84
	2,177,463,355	100.00

(i) There are no outstanding GDRs/ ADRs/ warrants/ convertible Instruments of the Company.

INVESTOR SERVICES/ INFORMATION

In its pursuit to provide best services to its investors, your Company has 'standard operating procedures' in place, which ensures timeliness in the services and at the same time puts check at various levels to prevent any errors in processing and occurrence of frauds. Your Company has also adopted concurrent and interim audits to ensure error free processing of the documents received from investors.

(a) Service Standards

As per the 'standard operating procedures' of the Company, the following are the Service Standards set out for various investor related transactions/activities and the Company and its Registrars endeavour to achieve these Standards without compromising with the quality of the service to the investors:

Sr. No.	Particulars	Service Standards (Max. No. of working days)
1.	Transfers/Transmissions	15
2.	Transposition/ Deletion of Name	7
3.	Folio Consolidation/ Change of Name	3
4.	Demat	10
5.	Consolidation/Split/Remat of Share Certificates	15
6.	Issue of Duplicate Certificates	25
7.	Replacement of Certificates	3
8.	Exchange of Share Certificates	7
9.	Registration of Change of Address/ECS/ Bank Details/Nomination	7
10.	Revalidation of Dividend warrants/IEPF Letters	10
11.	Registration of Power of Attorney	3
12.	General Correspondence and Complaints	5

With these systems and procedures in place, your Company has successfully improved its service levels and has detected and prevented frauds pertaining to shares, to the tune of Rs. 56 lakhs during the year.

In case the above service standards are not met or you have any other observations/ comments/ complaints on service levels of Investor Service Department or Registrars and Share Transfer Agents of the Company, please feel free to write to us at:

E-mail : hllshare.cmpt@unilever.com
Compliance Officer : Mr. Ashok K. Gupta, Company Secretary
Tel. Nos. : +91 – 22-39832567 / 39832358 / 39832557

(b) Address for Correspondence

All Shareholders' Correspondence should be forwarded to Karvy Computershare Pvt. Ltd., the Registrar and Transfer Agents of the Company or to the Investor Service Department at the Registered Office of the Company at the following addresses:

Karvy Computershare Private Limited Unit: HINDUSTAN UNILEVER LIMITED Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081. Phone: +91 - 40 23420818-828 Fax: +91 - 40 23420814 E-mail: igkcpl@karvy.com Website: www.karvy.com	Investor Service Department Hindustan Unilever Limited 165/166, Backbay Reclamation, Mumbai – 400 020 Phone: +91 - 22-39832452, 39832285, 39832567, 39832557 Fax: +91 -22- 22026712 E-mail ID for redressal of investor complaints E-mail: hllshare.cmpt@unilever.com Website: www.hll.com
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Members may also visit Karvy's website www.karvy.com and navigate to "LOCATE US" to check for the nearest Karvy branch to contact them for assistance in all matters relating to shares and shareholder services.

The Shareholders holding shares in the dematerialised form should address their correspondence to the respective Depository Participants and/or to the Registrar and Share Transfer Agents.

The existing Shareholders' Counter facility will continue to be available to the shareholders at the Registered Office of the Company. To allow us to service shareholders with greater speed and efficiency, shareholders are requested to provide their Folio Nos./DP ID and Client ID and also email address, telephone no., fax no., (if any) in all their correspondence. The Company strongly recommends e-mail based correspondence on all issues which do not require signature verifications for being processed. Shareholders can also send e-mails through the 'CONTACT US' link provided at the Company's website www.hll.com.

(c) Web-based Query Redressal System

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

Investor can submit the query in the "QUERIES" option provided on the web-site, which would give the grievance registration number. For accessing the status/response to your query, please use the same number at the option "VIEW REPLY" after 24 hours. The investors can continue to put additional queries relating to the case till they are satisfied.

(d) Alternative dispute redressal

With a view to create a platform for the shareholders to resolve the shares related disputes pending between the parties by amicable settlement, your Company is the first and the only Company to start the unique initiative of organizing 'Alternative Dispute Redressal Meetings' wherein aggrieved investors can come face to face and would get a chance to settle their disputes, some of which were pending for years.

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

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

The process helps the investor in receiving the locked up investment and save their time consumed in contesting legal proceedings. The objective of this process is to facilitate quick resolution between the parties.

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

(e) Investor Safeguards

In order to serve you better and enable you to avoid risks while dealing in securities, you are requested to follow the general safeguards as detailed hereunder:

- **Demat your Shares**

Members are requested to convert their physical holding to demat/electronic form through any of the nearest depository participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation etc. and also to ensure safe and speedy transaction in securities.

- **Register your Electronic Clearing Service (ECS) Mandate**

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to register their ECS details with the Company or their respective DPs.

- **Do not forget to encash your Dividends**

Please encash your dividends promptly to avoid hassles of revalidation/losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

- **Update your Address**

To receive all communications promptly, please update your address registered with the Company.

- **Consolidate your Multiple Folios**

Members are requested to consolidate their shareholdings held under multiple folios to save them from the burden of receiving multiple communications and corporate benefits.

- **Register Nominations**

To help your successors get the shares transmitted in their favour, please register your nomination. Member(s) desirous of availing this facility, may submit nomination in Form 2B which is available on the Company's website or can obtain it from Karvy Computershare Private Limited at the address mentioned above. Member(s) holding shares in Dematerialised form are requested to register their nominations directly with their respective DPs.

- **Prevention of Frauds**

There are certain instances of fraudulent transactions observed, relating to dormant folios, where the shareholder has either expired or has gone abroad. Hence we urge you to exercise due diligence and notify us of any change in address/stay in abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

- **Confidentiality of Security Details**

Do not disclose your Folio No./DP. Id./Client Id. to an unknown person. Do not hand over signed blank transfer deeds/delivery instruction slips to any unknown person.

- **Dealing of Securities with Registered Intermediaries**

Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/confirmation memo from the broker/sub-broker, within 24 hours of execution of the trade and it should be ensured that the contract note/confirmation memo contains order no., trade no., trade time, quantity, price and brokerage.

- **Despatch of Documents**

Correspondence containing certificates of securities and high value dividend/ interest warrants/ cheques/ demand drafts should be sent by registered post/courier or lodged with the Company's Investor Service Department or branches of Karvy by hand delivery.

- **Exchange**

Members who are still holding the share certificates of the face value of Rs.10/- are requested to forward their old share certificates (which are no longer tradable and will not be accepted by the DPs for demat) to Karvy Computershare Private Limited at the address stated above, along with a request letter signed by all holders for exchange of shares.

(f) Unclaimed Dividends

Under the Companies Act, 1956, dividends unclaimed for a period of seven years statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter cannot be claimed by the investors. To ensure maximum disbursement of unclaimed dividend, the Company sends two reminders to the relevant investors, before transfer of dividend to IEPF.

The unpaid/unclaimed dividends upto final dividend 1995 (39F) had been transferred to the General Revenue Account of the Central Government. The members, who have not claimed their dividend for the said period so far may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend 2000 (45I) to the IEPF. In view of this, the members of the Company who have not yet encashed their dividend warrant(s) for Final Dividend 2000 (45F) and thereafter may write to the Company immediately.

The tables below gives the dates of dividend payment since 2000, unclaimed dividend/debenture interest and the corresponding dates when the above amounts are due to be transferred to the Central Government.

Dividend Rate & Due Dates for transferring Unclaimed Dividend to the Investor Education and Protection Fund

Year	Dividend	Type	Dividend rate/share (Rs.)	Date of payment	Due date for transfer to IEPF
2000	45F	FINAL	2.0	22.06.2001	02.08.2008
2001	46I	INTERIM	2.5	24.07.2001	22.08.2008
2001	46I (IBFL)	INTERIM	2.5	20.11.2001	19.12.2008
2001	46F	FINAL	2.5	28.06.2002	27.07.2009
2002	47I	INTERIM	2.5	21.08.2002	19.09.2009
2002	47F	FINAL	2.659	16.06.2003	15.07.2010
2002	47S	SPECIAL	1.765	08.07.2003	06.08.2010
2003	48I	INTERIM	2.5	28.08.2003	26.09.2010
2003	48F	FINAL	3.0	02.07.2004	04.08.2011
2004	49I	INTERIM	2.5	27.08.2004	03.09.2011
2004	49F	FINAL	2.5	27.06.2005	23.07.2012
2005	50I	INTERIM	2.5	24.08.2005	28.08.2012
2005	50I(VDL)	INTERIM	2.5	10.04.2006	09.04.2013
2005	50F	FINAL	2.5	30.05.2006	29.05.2013
2006	51I	INTERIM	3.0	22.08.2006	21.08.2013
2006	51F	FINAL	3.0	22.05.2007	21.05.2014
2007	52I	INTERIM	3.0	22.08.2007	21.08.2014
2007	52S	SPECIAL (Platinum)	3.0	22.11.2007	21.11.2014

Unclaimed Dividend amount as on 31st December, 2007

Year	Dividend	Type	No. of warrants issued	No. of warrants unclaimed	% Unclaimed	Amount of dividend (Rs.)	Dividend Unclaimed (Rs.)	% Unclaimed
2000	45F	FINAL	373306	17559	4.70	4,40,12,00,000	2,08,32,751	0.5
2001	46I	INTERIM	369667	16356	4.42	5,50,15,00,000	2,26,69,707	0.4
2001	46I (IBFL)	INTERIM	4740	550	11.60	16,18,038	54,675	3.4
2001	46F	FINAL	352240	19653	5.58	5,50,31,09,000	2,40,76,215	0.4
2002	47I	INTERIM	370239	19154	5.17	5,50,31,09,000	2,18,13,573	0.4
2002	47F	FINAL	375782	18799	5.00	5,85,31,07,000	2,61,93,571	0.4
2002	47S	SPECIAL	376369	23978	6.37	3,88,51,95,000	2,28,67,399	0.6
2003	48I	INTERIM	370088	18258	4.93	5,50,31,09,000	2,25,14,855	0.4
2003	48F	FINAL	358576	17327	4.83	6,60,37,31,379	2,48,58,371	0.4
2004	49I	INTERIM	375081	19858	5.29	5,50,31,09,000	2,55,94,003	0.5
2004	49F	FINAL	350630	20044	5.72	5,50,31,21,825	2,67,42,236	0.5
2005	50I	INTERIM	339914	19911	5.86	55,03,12,1825	3,01,43,118	0.5
2005	50I(VDL)	INTERIM	65899	17475	26.52	86,16,105	6,67,882	7.8
2005	50F	FINAL	376477	34695	9.22	5,51,21,35,867	3,32,22,031	0.6
2006	51I	INTERIM	392889	33585	8.55	6,61,72,22,988	3,97,72,750	0.6
2006	51F	FINAL	414086	38802	9.37	6,62,04,95,931	4,72,47,534	0.7
2007	52I	INTERIM	411422	36521	8.88	6,62,12,85,837	3,29,98,673	0.5
2007	52S	SPECIAL (Platinum)	385973	114853	29.76	6,60,57,82,944	26,79,11,810	4.1

Unclaimed interest/redemption amount against Bonus Debentures as on 31st December, 2007

Year and nature of payment	Date of Payment	No. of warrants issued	No. of warrants unclaimed	% Unclaimed	Net Amount of Redemption/ Interest (Rs. Lakhs)	Redemption/ Interest unclaimed (Rs. Lakhs)	% Unclaimed	Due date for Transfer to IEPF
2004 Interest	1st July, 2004	349823	21905	6.3	106,92.44	61.47	0.57	30th June, 2011
2005 Interest	1st January, 2005	346555	21290	6.1	53,36.17	25.42	0.48	31st December, 2011
2005 Redemption	1st January, 2005	346555	19899	5.7	1320,74.63	602.43	0.46	31st December, 2011

(g) Mergers and Demergers

Since the mid-1990s, Company's growth has been both organic and through mergers and demergers. The table below gives the relevant data on such mergers/demergers from the year 1992 onwards. This table is also available on the Company's website www.hll.com.

Merging Company	Merger/Demerger	Appointed date	Effective date	Date of allotment	Share ratio	Value of fraction (Rs.)
Kothari General Foods Corporation Ltd.	Brooke Bond India Ltd.	1st January, 1992	1st January, 1992	30th June, 1992	21:1	7.00
Tea Estates India Ltd.	Brooke Bond India Ltd.	1st January, 1993	1st June, 1993	24th August, 1993	10:12	35.25
Doom Dooma India Ltd.	Brooke Bond India Ltd.	1st January, 1993	1st June, 1993	24th August, 1993	10:11	35.25
Kissan Products Ltd.	Brooke Bond India Ltd.	1st April, 1993	20th January, 1994	22nd January, 1994	1:100	Not Applicable

Merging Company	Merger/Demerger	Appointed date	Effective date	Date of allotment	Share ratio	Value of fraction (Rs.)
Lipton India Ltd.	Brooke Bond India Ltd. [Name changed to Brooke Bond Lipton India Ltd. (BBIL)]	1st July, 1993	9th March, 1994	16th May, 1994	10:9	48.99
The Tata Oil Mills Company Ltd.	Hindustan Lever Limited [†]	1st April, 1993	28th December, 1994	5th April, 1995	15:2	38.86
Brooke Bond Lipton India Ltd.	Hindustan Lever Limited [†]	1st January, 1996	21st March, 1997	16th May, 1997	20:9	52.82
Pond's (India) Ltd.	Hindustan Lever Limited [†]	1st January, 1998	15th October, 1998	3rd March, 1999	4:3	525.00
Industrial Perfumes Ltd.	Hindustan Lever Limited [†]	1st January, 1999	9th February, 2000	23rd February, 2000	5:2	Not Applicable
International Bestfoods Ltd.	Hindustan Lever Limited [†]	1st June, 2001	26th September, 2001	20th October, 2001	3:2*	73.84
Aviance Limited	Hindustan Lever Limited [†]	1st July, 2001	25th September, 2001	Not Applicable	Not Applicable	Not Applicable
Tea Estates India Ltd. (Formerly known as 'Thiashola Tea Company Limited') (TEI)	Demerger from Hindustan Lever Limited [†]	1st April, 2005	1st December, 2005	2nd December, 2005	^	Not Applicable
Doom Dooma Tea Company Ltd. (Formerly known as 'Daverashola Tea Company Limited') (DDT)	Demerger from Hindustan Lever Limited [†]	1st April, 2005	1st December, 2005	2nd December, 2005	^ ^	Not Applicable
Lever India Exports Limited	Hindustan Lever Limited [†]	1st April, 2005	30th December, 2005	Not Applicable	Not Applicable	Not Applicable
Lipton India Exports Limited	Hindustan Lever Limited [†]	1st January, 2005	30th December, 2005	Not Applicable	Not Applicable	Not Applicable
Merryweather Food Products Limited	Hindustan Lever Limited [†]	1st January, 2005	30th December, 2005	Not Applicable	Not Applicable	Not Applicable
TOC Disinfectants Limited	Hindustan Lever Limited [†]	1st April, 2005	30th December, 2005	26th April, 2006	500:1 **	Not Applicable
International Fisheries Limited	Hindustan Lever Limited [†]	1st January, 2005	30th December, 2005	26th April, 2006	1:1***	Not Applicable
Vashisti Detergents Limited	Hindustan Lever Limited [†]	1st July, 2005	28th February, 2006	10th April, 2006	10:1****	28.00
Modern Food Industries (India) Limited & Modern Food and Nutrition Industries Limited	Hindustan Lever Limited [†]	1st October, 2006	30th March, 2007	Not Applicable	Not Applicable	Not Applicable
Shamnagar Estates Private Limited, Jamnagar Properties Private Limited and Daverashola Estates Private Limited (Formerly known as Hindustan Kwaliti Walls Foods Private Limited)	Demerger from Hindustan Lever Limited [†]	1st November, 2006	29th March, 2007	Not Applicable	^ ^ ^	Not Applicable

Note : * Swap based on Rs.10/- share of International Bestfoods Limited for Re.1/- share of HLL[†].

** Swap based on Rs. 5/- share of TOC Disinfectants Limited (TOC) for Re.1/- share of HLL[†].

*** Swap based on Rs.100/- share of International Fisheries Limited (IFL) for Re.1/- share of HLL[†].

**** Swap based on Rs.10/- share of Vashisti Detergents Limited (VDL) for Re.1/- share of HLL[†].

^ 49,50,000 equity shares of Rs.10/- each and 10,00,000 Preference Shares of Rs.100/- each were allotted to HLL[†] pursuant to the demerger by TEI.

^ ^ 4,88,000 equity shares of Rs.100/- each and 10,00,000 Preference Shares of Rs.100/- each were allotted to HLL[†] pursuant to the demerger by DDT.

^ ^ ^

- 1,50,00,000 equity shares of Rs.10/- each were allotted to HLL[†] pursuant to the demerger by Shamnagar Estates Private Limited.
- 50,00,000 equity shares of Rs.10/- each were allotted to HLL[†] pursuant to the demerger by Jamnagar Properties Private Limited.
- 1,71,700 equity shares of Rs.10/- each were allotted to HLL[†] pursuant to the demerger by Daverashola Estates Private Limited.

† Name changed to Hindustan Unilever Limited with effect from 11th June, 2007.

PLANT LOCATIONS

Your Company has its manufacturing facilities at the following locations:

NORTHERN REGION

Location	Address
BAROTIWALA	Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil kasauli, District Solan, Himachal Pradesh - 174 103
BASTI	Khalilabad Factory, Plot No. D34-D38, UPSIDC Industrial Area, District Basti, Khalilabad - 272 175, Uttar Pradesh
ETAH - BEVERAGES	G.T. Road, Etah - 207 001, Uttar Pradesh
ETAH - INSTANT TEA EXPORTS	Kasganj Road, Etah - 207 001, Uttar Pradesh
HARIDWAR	Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttaranchal
NALAGARH	Hudbust No. 143, Khasra No. 182, 183, 187/1, Village-Kirpalpur, Tehsil-Nalagarh, District Solan, Himachal Pradesh
ORAI	A-1, Industrial Area, UPSIDC, Orai, Jalanun, Uttar Pradesh
RAJPURA	A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab
SUMERPUR	A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

SOUTHERN REGION

Location	Address
BANGALORE	Industrial Suburb Stage II, Yashwantpur, Bangalore - 560 022
CHENNAI	CPT Campus, Taramani, Chennai - 600 113
COCHIN	Tatapuram PO, Cochin - 682 014, Kerala
	Edapally, Cochin - 682 024, Kerala
DHARWAD	Plot No.125/126, KIADB Indl. Area, Belur - 580 011, Dharwad, Karnataka
HYDERABAD	Uptal Kalan, Hyderabad - 500 039, Andhra Pradesh
TAMILNADU	Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 109, Tamilnadu
MANGALORE	Sultan Batter Road, Boloor, Mangalore - 575 003, Karnataka
MYSORE	Plot No.424, Hebbal Indl. Area, Mysore - 570 016, Karnataka
PONDICHERRY	Off NH 45-A, Vadamangalam, Pondicherry - 605 102
	No.3, Cuddalore Road, Kirumambakkam, Pondicherry - 607 402

EASTREN REGION

Location	Address
ASSAM	Personal Products Factory, Dag No. 21 of 122 FS Grants, Mouza-Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, Tinsukia - 786 151. Assam
HALDIA	Haldia Factory, PO Durgachak, Haldia - 721 602, West Bengal
KOLKATA	Kidderpore Factory, 1, Transport Depot Road, Kolkata - 700 088, West Bengal
	Garden Reach Factory, 63, Garden Reach, Kolkata - 700 024, West Bengal
	Ice Cream Factory-DHR, 74, Dimand Harbour Road, Kolkata - 700 023, West Bengal
	P10 Tatatola Road, Kolkata - 700 088, West Bengal

WESTERN REGION

Location	Address
BULDHANA	Khamgaon Factory, C-9, MIDC, Khamgaon - 444 303, Buldhana, Maharashtra
CHHINDWARA	Chhindwara Factory, 5/6 KM stone, Narsinghpur Road, Lehgadua, Chhindwara - 480 002, Madhya Pradesh
CHIPLUN	Plot No. B-7, Lote Parshuram MIDC, Post Box 6 (Lote), Khed Taluka, Ratnagiri, Chiplun - 415 722, Maharashtra
DAMAN	Detergents Factory, Survey No. 34, Bhimpore Village, Near Silver Industrial Estate, Nani Daman, Daman - 396 210
	Industrial Hygiene Unit, Survey No.56/2, Plot No. 17, Bhimpore Village, Silver Industrial Estate, Nani Daman - 396 210
GOA	Detergents Factory, Plot Nos. 132-139, Kundaim Industrial Estate, Kundaim, Goa - 403 115
KALWA	Bestfoods Division, Plot No.7 & 7A, MIDC Industrial Area, Thane - Belapur Road, Post Airoli, Maharashtra
KANDLA	Shed Nos. 177 & 178, Sector - I, Plot Nos. 253-257, Sector IV, Kandla Special Economic Zone, Gandhidham - 370 230, Gujarat
	Shed Nos. 42/47, Sector - II, Kandla Free Trade Zone, Kandla, Gandhidham - 370 230, Gujarat
MUMBAI	Aarey Milk Colony, Goregaon, Mumbai 400 065, Maharashtra
NASIK	Kwality Walls Ice Cream Division, Plot No. A 8/9, MIDC, Malegaon, Sinnar - 422 103, Maharashtra
PUNE	Tea Export Unit, Nutan Warehousing Complex, Pune Saswad Road, Fursungi, Pune - 412 308, Maharashtra
SILVASSA	Detergents Factory, Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230
	Personal Products Factory, Plot No. 84/2, Demni Village, UT of Dadra and Nagar Haveli, Silvassa
	Personal Products, Survey No.907, Kilwali Road, Amli Village, Near Gandhidham Bus Stop, Silvassa - 396 230
	Beverages Factory, Orient Press Complex, Survey No. 297/1/2, Dungrapada, Village Saily, Silvassa - 396 230
	Survey No. 46/11, Plot No 16, Naroli Road, Village Athal, Silvassa - 396 230

Information pursuant to Clause 32 of the Listing Agreement

Loans and Advances in the nature of loan to subsidiaries :

Name of the Company	Balance as at 31st December, 2007	Rs. Lakhs Maximum outstanding during the year
Bon Limited (interest free)	39,50.00	39,50.00
Pond's Export Limited	2,50.00	16,39.99
Daverashola Estates Private Limited (Formerly Hindustan	—	16,86.36

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To the Board of Directors

HINDUSTAN UNILEVER LIMITED

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

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on 31st December, 2007 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Douglas Anderson Baillie
Managing Director & CEO

D. Sundaram
Finance Director & CFO

Mumbai,
February 13, 2008

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

AUDITORS' CERTIFICATE

To the members of Hindustan Unilever Limited
(Formerly known as Hindustan Lever Limited)

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited, for the year ended 31st December, 2007, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai
February 13, 2008

Significant Accounting Policies

Basis for preparation of accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Revenue Recognition

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

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

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

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

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

Expenditure

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

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

Fixed Assets

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

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

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

Goodwill and other Intangible Assets

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

Impairment of Assets

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

Investments

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

Inventories

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

Sundry Debtors and Loans and Advances

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

Provisions

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

Retirement/Post-Retirement Benefits

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

Taxes on Income

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

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

Foreign Currency Translations

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

Segment Reporting

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

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

Profit and Loss Account for the year ended 31st December, 2007

Figures in brackets represent deductions

	Notes	2007 Rs. lakhs	2006 Rs. lakhs
INCOME			
Sales	1	13717,75.37	12103,38.62
Other income	2	462,68.11	354,51.49
Total		14180,43.48	12457,90.11
EXPENDITURE			
Operating expenses	3 - 5	(11832,05.25)	(10455,32.32)
Depreciation		(138,35.90)	(130,16.35)
Interest	6	(25,49.66)	(10,73.35)
Total		(11995,90.81)	(10596,22.02)
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			
		2184,52.67	1861,68.09
Taxation for the year – current tax	9	(338,21.00)	(260,00.00)
– deferred tax		(38,93.00)	(26,80.00)
– fringe benefit tax		(40,00.00)	(35,00.00)
Taxation adjustments of previous years (net)	17	1,67.11	(21.00)
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS			
		1769,05.78	1539,67.09
Exceptional items (net of tax)	13	156,41.20	315,70.25
NET PROFIT			
		1925,46.98	1855,37.34
Balance brought forward		803,65.39	650,65.71
Available for distribution			
		2729,12.37	2506,03.05
Dividends:			
On equity shares :			
Interim - Rs. 3.00 per share - declared on 29th July, 2007 (includes Rs. 17.49 lakhs on Final Dividend for 2006)		(662,30.35)	(661,72.23)
Platinum Jubilee - Rs. 3.00 per share - declared on 31st October, 2007		(660,57.83)	—
Interim and Final dividend of 2005 paid to the shareholders of the erstwhile Vashisti Detergents Limited		—	(1,72.31)
Final - Rs. 3.00 per share - proposed		(653,23.90)	(662,03.28)
Tax on distributed profits (includes Rs. 19,68.74 lakhs on Final Dividend for 2006)		(355,49.95)	(185,89.84)
Transfer to General Reserve		(200,00.00)	(191,00.00)
Balance carried forward			
		197,50.34	803,65.39
Earnings Per Share (Rs.) - Basic & Diluted (Face value of Re. 1 each)			
	15	8.73	8.41

For notes, statements, additional information, segment information, related party disclosures and accounting policies See pages: 53, 57 to 59, 76 to 79 and 81 to 88

In terms of our report of even date

Signatures to pages: 53, 54, 57 to 59, 76 to 79 and 81 to 88

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai: 13th February, 2008

Mumbai: 13th February, 2008

Balance Sheet as at 31st December, 2007

Figures in brackets represent deductions

	Schedule	2007 Rs. lakhs	2006 Rs. lakhs
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	217,74.63	220,67.76
Reserves and surplus	2	1221,48.78	2502,80.51
		1439,23.41	2723,48.27
Loan funds			
Secured loans	3	25,51.86	37,12.90
Unsecured loans	4	63,01.17	35,47.40
		88,53.03	72,60.30
		1527,76.44	2796,08.57
APPLICATION OF FUNDS			
Fixed assets			
Gross block		2669,07.72	2462,68.85
Depreciation and impairment loss		(1146,57.39)	(1061,93.99)
Net block	5	1522,50.33	1400,74.86
Capital work-in-progress		185,63.75	110,26.03
		1708,14.08	1511,00.89
Investments	6	1440,80.74	2413,93.15
Deferred Tax			
Deferred Tax Assets	14	403,71.06	385,42.59
Deferred Tax Liabilities	15	(191,32.31)	(160,87.89)
		212,38.75	224,54.70
Current assets, loans and advances			
Inventories	7	1953,59.86	1547,71.10
Sundry debtors	8	443,37.46	440,37.10
Cash and bank balances	9	200,86.21	416,94.30
Other current assets	10	12,39.25	21,73.23
Loans and advances	11	667,18.17	742,89.78
		3277,40.95	3169,65.51
Current liabilities and provisions			
Liabilities	12	(3837,08.53)	(3201,64.12)
Provisions	13	(1273,89.55)	(1321,41.56)
		(5110,98.08)	(4523,05.68)
Net current assets		(1833,57.13)	(1353,40.17)
		1527,76.44	2796,08.57

For schedules, contingent liabilities, additional information,
segment information, related party disclosures

Signatures to pages: 55, 60 to 75
and 81 to 88.

See pages : 60 to 75 and 81 to 88.
In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai: 13th February, 2008

Mumbai: 13th February, 2008

Cash Flow Statement for the year ended 31st December, 2007

	2007 Rs. lakhs	2006 Rs. lakhs
A. Cash Flow from Operating Activities:		
Profit before taxation and exceptional items	2184,52.67	1861,68.09
<i>Adjustments for:</i>		
Depreciation	138,35.90	130,16.35
Surplus on disposal of investments (net)	(70,65.17)	(15,98.93)
Provision/(reversal of provision) for diminution in value of investments, net of cost over fair value of current investments (net)	1,49.76	(1,74.79)
Deficit/(Surplus) on disposal of fixed assets (net)	(31,15.46)	(17,36.16)
Discounting charge for Employee Stock Option	—	3,03.78
Interest income	(64,22.87)	(65,63.57)
Dividend income	(102,98.49)	(81,43.40)
Interest expenditure	25,49.66	10,73.35
	(103,66.67)	(38,23.37)
Operating Profit before Working Capital Changes	2080,86.00	1823,44.72
<i>Adjustments for :</i>		
Trade and Other Receivables	(39,83.77)	(164,41.30)
Inventories	(399,25.98)	(224,30.12)
Trade Payables and Other Liabilities	561,31.88	375,62.23
	122,22.13	(13,09.19)
Cash generated from operations	2203,08.13	1810,35.53
Taxes paid (including fringe benefit tax) (net of refunds)	(492,59.87)	(437,30.77)
Cash flow before exceptional items	1710,48.26	1373,04.76
Compensation Under Voluntary Separation Schemes	(15,79.96)	(19,47.51)
Amount received from LIC on commutation of receivables under annuity schemes	—	20,25.91
Consideration received on sale of Nihar and Cococare brands	—	229,02.37
Sales Tax paid on Brand Sale	—	(8,03.36)
Cost incurred for relocation of the foods division to Mumbai	(19,56.88)	—
Consideration received on sale of Sangam brand	5,00.00	—
Net Cash from Operating Activities	1680,11.42	1594,82.17
B. Cash Flow from Investing Activities:		
Purchase of fixed assets	(329,28.17)	(154,19.78)
Sale of fixed assets	80,41.81	47,34.27
Capital Subsidy Received	—	1,39.56
Purchase of investments	(14150,55.48)	(9731,83.40)
Investment in subsidiary companies	(2.00)	—
Sale of investments	15148,67.36	9137,37.59
Interest received	70,25.89	67,90.38
Dividend received	102,98.49	81,43.40
Cash flow before exceptional items	922,47.90	(550,57.98)
Consideration received on disposal of a subsidiary company	—	106,24.65
Consideration received on disposal of long-term investments	—	194,29.31
Consideration received on disposal of 51% share in subsidiary companies	—	52,09.51
Consideration received on disposal of unused land and building	101,28.37	—
Net Cash from/(used in) Investing Activities	1023,76.27	(197,94.51)
C. Cash Flow from Financing Activities:		
Dividends paid	(1954,47.12)	(1210,70.12)
Tax on distributed profits	(337,47.40)	(170,22.94)
Interest paid	(25,53.96)	(13,38.23)
Bank overdrafts, etc (net)	15,31.65	18,24.26
Proceeds from borrowings	651,28.80	281,38.53
Buyback of equity shares	(626,27.25)	—
Cost in relation to buyback of shares	(5,26.54)	—
Proceeds from share allotment under Employee Stock Option Scheme	12,36.30	33,92.25
Repayments of borrowings	(651,28.80)	(283,96.56)
Net Cash used in Financing Activities	(2921,34.32)	(1344,72.81)
Net (Decrease)/Increase in Cash and Cash equivalents (A+B+C)	(217,46.63)	52,14.85
Cash and Cash equivalents as at 1st January (Opening Balance)	416,94.30	355,03.19
Cash and Cash equivalents as at 1st January, 2006 of Vashisti Detergents Limited	—	9,76.26
Cash and Cash equivalents as at 1st January, 2007 of Modern Food Industries (India) Limited	1,10.42	—
Cash and Cash equivalents as at 28th February, 2007 of Daverashola Estates Private Limited (On acquisition of Ice-Cream business)	28.12	—
Cash and Cash equivalents as at 31st December (Closing Balance)	200,86.21	416,94.30

For notes

See page : 80

In terms of our report of even date

Sharmila A. Karve

Partner

Membership No. 43229

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Mumbai : 13th February, 2008

Signatures to pages : 56 and 80

Douglas Baillie

D. Sundaram

Raju Thomas

Ashok Gupta

Managing Director and CEO

Finance Director

Vice President - Finance

Executive Director - Legal

and Company Secretary

Mumbai : 13th February, 2008

Notes to Profit and Loss Account

	2007 Rs. lakhs	2006 Rs. lakhs
INCOME		
1 Sales	14757,41.78	13035,06.32
Less: Excise duty	<u>(1039,66.41)</u>	<u>(931,67.70)</u>
	13717,75.37	12103,38.62
Sales include duty drawback and licence premium on exports	<u>16,91.31</u>	<u>14,21.57</u>
2 Other income		
Income from services rendered	180,45.78	154,63.57
Interest income - bank and other accounts (gross)	40,48.01	35,47.14
(Tax deducted at source Rs. 9,89.89 lakhs; 2006 - Rs. 7,95.44 lakhs)		
Interest income - non trade (gross) (Note 7)	21,37.79	17,77.25
(Tax deducted at source Rs. 20.85 lakhs; 2006 - Rs. 20.25 lakhs)		
Interest income - Subsidiary - long term (gross)	—	4,15.89
(Tax deducted at source Rs. Nil; 2006 - Rs. 2,08.12 lakhs)		
Interest income - Subsidiary - current (gross)	2,37.07	8,23.29
(Tax deducted at source Rs. 51.84 lakhs; 2006 - Rs. 1,77.44 lakhs)		
Dividend income - trade - long term (gross)	9,98.28	13,32.67
Dividend income - non trade - current (gross)	80,35.43	56,59.86
Dividend income - Subsidiaries - long term (gross)	12,64.78	11,50.87
(Tax deducted at source Rs. 1,26.47 lakhs; 2006 - Rs. 57.54 lakhs)		
Surplus on disposal of investments (net) (Note 8)	70,65.17	15,98.93
Surplus on fixed assets sold etc. (net)	31,15.46	17,36.16
Miscellaneous income	13,20.34	19,45.86
	<u>462,68.11</u>	<u>354,51.49</u>
OPERATING EXPENSES		
3. Materials consumed and Purchase of goods		
Raw materials consumed	4134,70.96	3813,71.21
Packing materials consumed	1155,67.64	1053,52.70
Purchase of goods	2164,87.83	1751,51.11
4. General expenditure		
Salaries, wages, bonus, etc.	664,52.19	555,53.54
Contribution to provident and other funds	51,02.25	40,28.55
Workmen and staff welfare expenses	52,26.70	46,98.71
Processing charges	136,13.84	125,11.50
Consumption of stores and spare parts	87,51.60	68,55.41
Repairs and maintenance	9,14.03	12,94.18
— Buildings	67,96.27	62,25.53
— Plant	11,83.37	6,64.48
— Others	198,88.54	180,79.37
Power, light, fuel and water	120,53.34	117,30.39
Rent	47,57.79	94,72.40
Rates and taxes	7,19.81	8,18.37
Insurance	1422,89.77	1272,87.75
Advertising and sales promotion	731,41.26	651,47.15
Carriage and freight	6,06.72	5,01.09
Agents' commission and brokerage	(84.27)	(16,17.11)
Provision/(write back) for doubtful debts and advances (net)	150,34.60	137,59.93
Travelling and motor car expenses	757,81.71	584,02.81
Miscellaneous expenses (Note 12)	(1,10.58)	(1,59.85)
Expenses shared by subsidiary companies for use of common facilities		
5. Stocks		
Opening stocks :		
— Work-in-progress	31,01.07	2,629.71
— Processed chemicals	84.62	91.82
— Finished goods	659,43.34	534,10.04
Adjustment to stocks :		
— As at 1st January, 2007 of Modern Food Industries (India) Limited [Note 14(i)]	9.24	—
Closing stocks :		
— Work-in-progress	(41,47.41)	(31,01.07)
— Processed chemicals	(11.72)	(84.62)
— Finished goods	(811,84.77)	(659,43.34)
Excise Duty on Increase/(Decrease) of Finished goods	17,65.51	14,00.56
	<u>11832,05.25</u>	<u>10455,32.32</u>

Notes to Profit and Loss Account

6. Interest paid on bank and other accounts Rs. 2,549.66 lakhs (2006 - Rs. 1,073.35 lakhs).
7. Interest income - non trade (gross) comprises of Rs. 18,08.54 lakhs (2006 - Rs. 14,48.00 lakhs) and Rs. 3,29.25 lakhs (2006 - Rs. 3,29.25 lakhs) in respect of long term and current investments respectively.
8. Surplus on disposal of investments (net) comprises of:
 - a surplus on disposal of current investments (net) Rs. 70,65.17 lakhs (2006 - Rs. 15,14.75 lakhs)
 - a surplus on disposal of long term investments (net) Rs. Nil (2006 - Rs. 84.18 lakhs)
9. The tax year for the Company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months up to 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008.
10. The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled/appropriate rates applicable at the year end) debited to the Profit and Loss Account is Rs. 8,77.01 lakhs (2006 - credit of Rs. 2,32.51 lakhs).

	2007 Rs. lakhs	2006 Rs. lakhs
11. Operating expenses include		
A) Auditors' remuneration and expenses		
i) Audit fees	2,56.18	2,13.26
ii) Tax audit fees	1,06.74	1,06.63
iii) Fees for other services	1,72.18	34.70
iv) Reimbursement of out-of-pocket expenses	14.61	15.51
B) Payments to Cost auditors		
i) Cost audit fees	6.97	7.52
ii) Reimbursement of out-of-pocket expenses	0.55	0.35
C) Research and Development expenses	49,38.63	35,74.48
12. Miscellaneous expenses		
i) include charge in respect of excess of cost over fair value of current investments (net) Rs. 1,49.76 lakhs [2006 - Rs. 66.21 lakhs (net)]		
	2007 Rs. lakhs	2006 Rs. lakhs
13. Exceptional Items		
i) Reduction in liability for retirement benefits arising from impact of revised interest rates and lower annuity costs	62,98.06	32,99.34
ii) Profit arising from disposal of unused land and building	100,85.27	—
iii) Profit arising from the transfer of two factory units and land to three separate subsidiaries	22,54.45	—
iv) Reversal of Provision for impairment of sea food export business assets	5,71.83	—
v) Profit on disposal of assets of a business	4,00.00	—
vi) Profit on disposal of Nihar and Cococare brands	—	20,650.00
vii) Profit arising on disposal of long term investments	—	123,22.48
viii) Reversal of provision for employee related costs at Sewri/ Bombay factory consequent to its closure	—	100,67.91
ix) Profit on disposal of 51% share in a subsidiary company	—	48,77.25
Total exceptional income	196,09.61	512,16.98
x) Cost in relation to buyback of shares	(6,00.00)	—
xi) Provision against advance given to a fully owned subsidiary	(3,00.00)	(36,50.00)
xii) Loss on acquisition of business from a subsidiary	(46.44)	—
xiii) Provision for retirement benefits arising out of one time change in assumptions	—	(64,92.00)
xiv) Discounting charge arising from commutation of receivables from LIC under annuity schemes	—	(19,15.93)
xv) Residual costs on disposal of plantation subsidiaries	—	(8,69.30)
xvi) Provision for diminution in value of investments in subsidiaries	—	(6,49.11)
xvii) Restructuring costs across businesses comprising:		
a) Compensation under voluntary separation schemes	(18,11.90)	(49,59.12)
b) Relocation of the foods division to Mumbai	(25,23.88)	(98.56)
Total exceptional expenditure	(52,82.22)	(186,34.02)
Net	143,27.39	325,82.96
Taxation on the above - Credit/(Charge) on current tax	(16,11.44)	(36,73.15)
- Credit/(Charge) on deferred tax	(16,51.78)	26,60.44
xviii) One time reduction in tax liability arising from amalgamation of Modern Food Industries (India) Limited (a wholly owned subsidiary) with the Company	45,77.03	—
Total tax credit / (charge) - net	13,13.81	(10,12.71)
Exceptional items (net of tax)	156,41.20	315,70.25

Notes to Profit and Loss Account

14. i) Pursuant to the Scheme of arrangement for amalgamation of erstwhile subsidiary Modern Food Industries (India) Limited and its subsidiary Modern Food & Nutrition Industries Limited with the Company, as approved by the shareholders in the Court-convened meeting held on 30th October, 2006 and subsequently sanctioned by the Honourable High Court of Bombay on 9th February 2007, the assets and liabilities of Modern Food Industries (India) Limited and its subsidiary Modern Food & Nutrition Industries Limited were transferred to and vested in the Company with effect from 1st October, 2006. The scheme has accordingly been given effect to in these accounts. The amalgamation has been accounted for under the pooling of interests method as prescribed by Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and other reserves of the erstwhile subsidiary as at the aforementioned date have been taken over at their book values, subject to adjustments made for the differences in the accounting policies between the Companies and/or as specified in the scheme.
- ii) Pursuant to the Scheme of arrangement for demerger of the Jamnagar, Shamnagar, Janmam properties of the Company to its subsidiaries with effect from 1st November, 2006, as approved by the shareholders in the Court-convened meeting held on 30th October, 2006 and subsequently sanctioned by the Honourable High Court of Bombay on 9th February, 2007, the assets and liabilities of the divisions were transferred to the subsidiaries for a consideration in the form of equity shares. Profit arising from the demerger has been accounted for as an exceptional item. [Refer Note 13(iii)].
- iii) The Company purchased assets and liabilities of the ice-cream business of Daverashola Estates Private Limited on a going concern basis with effect from 28th February, 2007.
- iv) In view of the above, the current year's figures are accordingly, not comparable to those of the previous year.
15. Earnings Per Share has been computed as under:
- | | 2007 | 2006 |
|--|-----------------------|----------------|
| Net Profit (Rs. lakhs) | 1925,46.98 | 1855,37.34 |
| Weighted average number of Equity shares outstanding | 2,20,45,77,163 | 2,20,55,19,601 |
| Earnings Per Share (Rs.) - Basic and Diluted (Face value of Re. 1 per share) | 8.73 | 8.41 |
16. The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown, etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 4 to profit and loss account.
17. Taxation adjustments of previous years include interest, etc.
18. For information on Joint Ventures refer Schedule 22 to the Balance Sheet.
19. Previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
1. CAPITAL			
Authorised			
2,250,000,000	equity shares of Re. 1 each	225,00.00	22,500.00
Issued and subscribed			
2,17,74,63,355	(2006: 2,20,67,76,097) equity shares of Re. 1 each fully called and paid up	217,74.63	220,67.76
Of the above shares			
(i) 1,13,48,49,460	Shares of Re. 1 each are held by Unilever PLC., the holding company, and its subsidiaries including 79,48,06,750 shares of Re. 1 each held by Unilever PLC.		
(ii) 79,53,79,675	Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.		
(iii) 1,31,68,54,620	Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.		
		217,74.63	220,67.76

Notes:

- The Company has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st December, 2007 are 73,06,750 (2006 - 95,02,955). Of these 12,47,400 (2006 - 17,40,700) options have vested in 2004, 17,59,635 (2006 - 22,76,965) have vested in 2005, 19,06,515 (2006 - 26,30,540) have vested in 2006, 10,67,700 have vested in 2007 (2006 - 14,26,950) and 13,25,500 will vest in 2008 (2006 - 14,27,800). During the year 9,23,030 (2006 - 20,83,832) options were exercised.
- During the year, 3,02,35,772 equity shares have been bought back pursuant to the buy back programme [Refer Note (f) of Schedule 2].

2. RESERVES AND SURPLUS

	As at 31st December, 2006	Adjustments on Amalgamation [Note 14(i)]	Additions	Deductions	As at 31st December, 2007
CAPITAL RESERVES					
Capital Reserve	4,22.23				4,22.23
Capital Subsidy	5,03.99				5,03.99
Capital Redemption Reserve	1,15.00		(f) 3,02.36		4,17.36
Share Premium Account	298,51.85		12,87.92	(f) (311,39.77)	—
Revaluation Reserve	66.59				66.59
Other Reserves (c)	2,51.05				2,51.05
Employee Stock Options (d)	5,97.51			(60.85)	5,36.66
Total Capital Reserves	318,08.22		15,90.28	(312,00.62)	21,97.88
REVENUE RESERVES					
Export Profit Reserve	12,21.95				12,21.95
Development Allowance Reserve	26.72				26.72
General Reserve	1368,58.23	(180,12.09)	(a) 200,00.00	(e) & (f) (398,94.25)	989,51.89
Total Revenue Reserves	1381,06.90	(180,12.09)	200,00.00	(398,94.25)	1002,00.56
PROFIT AND LOSS ACCOUNT BALANCE	803,65.39		(a) 197,50.34	(b) (803,65.39)	197,50.34
TOTAL RESERVES – 31st December, 2007	2502,80.51	(180,12.09)	413,40.62	(1514,60.26)	1221,48.78
TOTAL RESERVES – 31st December, 2006	2085,50.16	35,15.92	1034,34.45	(652,20.02)	2502,80.51

- Transfer from profit and loss account.
- Transfer to profit and loss account.
- Not available for capitalisation/declaration of dividend/share valuation.
- In respect of options granted under the Company's stock option scheme, in accordance with guidelines issued by Securities and Exchange Board of India, the accounting value of options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. In the current year, salaries, wages, bonus, etc. includes charge of Rs. Nil (2006 - Rs. 3,03.78 lakhs), on account of discounting charge on Employees Stock Options.

Employee Stock Options

	As at 31st December, 2006	Additions	Deductions	As at 31st December, 2007
Employee Stock Options Outstanding	7,51.82	—	—	7,51.82
Less: Transfer to share premium	(1,54.31)	—	(60.85)	(2,15.16)
Employee Stock Options	5,97.51	—	(60.85)	5,36.66

- Includes adjustment of Post Retirement Medical Benefit of Rs. 127,35.60 lakhs and Deferred tax credit of Rs. 43,28.83 lakhs thereon in terms of the transitional provision of AS 15 Revised.
- Pursuant to the shareholders' approval for buy back of equity shares under Section 77A of the Companies Act, 1956, the Company has bought back 3,02,35,772 equity shares through open market transactions for an aggregate amount of Rs. 626,27.25 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs 311,39.77 lakhs and Rs. 311,85.12 lakhs respectively. Capital redemption reserve has been created out of general reserve for Rs 3,02.36 lakhs being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
3. SECURED LOANS		
Loans and Advances from Banks:		
– Bank overdrafts	25,51.86	37,12.90
Secured by hypothecation of stocks, book debts, etc.		
	25,51.86	37,12.90
4. UNSECURED LOANS		
Short-term loans and advances:		
From Banks		
– Overdrawn book balance on current account	61,84.14	34,30.37
Other loans and advances		
Other than from banks	1,17.03	1,17.03
(repayable before 31st December, 2008 - Rs. 82.86; 2007 - Rs. Nil)		
	63,01.17	35,47.40
5. FIXED ASSETS		

Rs. lakhs

	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	Cost/ Valuation as at 31st December, 2006	Cost taken over consequent to amalgamation [(d)(ii)]	Additions	Deductions/ Transfers [(d)(iii)]	Cost/ Valuation as at 31st December, 2007	As at 31st December, 2006	Depreciation taken over consequent to amalgamation [(d)(iv)]	Additions	Deductions/ Transfers	As at 31st December, 2007	As at 31st December, 2007	As at 31st December, 2006	
Land – Freehold	54,40.88	1,07.39	1,16.20	(0.62)	56,63.85	—	—	—	—	—	56,63.85	54,40.88	
– Lease hold	35,00.82	22.34	0.19	(2,22.42)	33,00.93	2,63.64	10.30	71.48	(23.90)	3,21.52	29,79.41	32,37.18	
Buildings (a)	588,38.37	10,18.19	50,99.99	(1841.85)	631,14.70	123,84.02	6,02.36	16,54.38	(9,32.16)	137,08.60	494,06.10	464,54.35	
Plant & machinery	1431,10.12	15,58.49	192,24.65	(6411.36)	1574,81.90	657,12.01	10,18.59	103,28.95	(33,46.94)	737,12.61	837,69.29	773,98.11	
Railway sidings	0.59	—	—	—	0.59	0.59	—	—	—	0.59	—	—	
Furniture, fittings & office equipments	163,97.80	2,59.90	18,22.54	(24,38.19)	160,42.05	107,83.18	2,07.90	10,33.22	(21,80.32)	98,43.98	61,98.07	56,14.62	
Trade Marks	144,85.03	—	—	—	144,85.03	144,85.03	—	—	—	144,85.03	—	—	
Goodwill	11,82.29	—	—	—	11,82.29	11,82.29	—	—	—	11,82.29	—	—	
Software	18,32.15	—	34,26.94	—	52,59.09	4,02.84	—	687.71	—	10,90.55	41,68.54	14,29.31	
Motor vehicles	14,80.80	52.16	—	(11,55.67)	377.29	9,80.39	46.35	60.16	(7,74.68)	3,12.22	65.07	5,00.41	
Total – 31st December, 2007	2462,68.85	30,18.47	296,90.51	(120,70.11)	2669,07.72	1061,93.99	18,85.50	138,35.90	(72,58.00)	1146,57.39	1522,50.33	1400,74.86	
– 31st December, 2006	2375,11.02	71,20.26	138,56.79	(122,19.22)	2462,68.85	989,61.28	35,40.15	130,16.35	(93,23.79)	1061,93.99	1400,74.86	—	

- NOTES :**
- Buildings include Rs.2.29 lakhs (2006 - Rs.2.39 lakhs) being the value of shares in co-operative housing societies.
 - The title deeds of immovable properties aggregating Rs.55,78.10 lakhs (2006 - Rs. 43,36.32 lakhs), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
 - Capital expenditure commitments - Rs.149,80.51 lakhs (2006 - Rs. 38,75.29 lakhs)
 - (i) Taken over, pursuant to the Scheme of arrangement for Amalgamation of Modern Food Industries (India) Limited and Modern Food and Nutrition Industries Limited effective 1st October, 2006 and includes additions and deductions for the period 1st October, 2006 to 31st December, 2006.
(ii) Includes transfers, pursuant to the schemes of arrangement for demerger of Jamnagar, Shamnagar and Janmam properties to subsidiaries.
 - Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Company's interest.

	2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Long-term, Unquoted, unless otherwise stated)		

A. INVESTMENTS IN GOVERNMENT SECURITIES

7 Year National Savings Certificates - II Issue	1.05	1.05
Government of India stock of the face value of Rs. 12,00.00 lakhs (2006 - Rs. 2,00.00 lakhs) (Rs. 10,00.00 lakhs purchased during the year) (Current Investments) (Quoted)	12,14.60	2,12.14
TOTAL - A	12,15.65	2,13.19

**B. INVESTMENTS IN SUBSIDIARY COMPANIES AT COST
SHARES AND DEBENTURES**

Unilever India Exports Limited	25,10,000	Equity shares of Rs.10 each fully paid	2,51.00	2,51.00
Levers Associated Trust Limited	50,000	Ordinary shares of Rs.10 each fully paid	5.00	5.00
Levindra Trust Limited	50,000	Ordinary shares of Rs.10 each fully paid	5.00	5.00

Schedules to Balance Sheet

			2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...)				
(Long-term, Unquoted, unless otherwise stated)				
Hindlever Trust Limited	50,000	Ordinary shares of Rs.10 each fully paid	5.00	5.00
Unilever Nepal Limited	736,560	Equity shares of Nepalese Rs.100 each fully paid	4,60.00	4,60.00
Bon Limited	10,000,000	Equity shares of Rs.10 each fully paid	10,00.00	10,00.00
Pond's Exports Limited	9,800,147	Equity shares of Rs.10 each fully paid	9,80.01	9,80.01
Daverashola Estates Private Limited	221,700	(2006 - 50,000) Equity shares of Rs.10 each fully paid (171,700 shares have been allotted pursuant to scheme of arrangement - Refer Note 14(ii) to Profit and Loss Account)	4,51.42	5.00
Modern Food Industries (India) Limited	—	(2006 - 147,550) Equity shares of Rs.1,000 each (Cancelled consequent to the merger with the Company - Refer Note 14(i) to Profit and Loss Account)	—	157,41.46
	—	(2006 - 2,500) Secured Non-Convertible Redeemable Seven Years Debentures Coupon Rate 3.50% p.a. for first 36 months and 14.50% p.a. for next 48 months (Cancelled consequent to the merger with the Company - Refer Note 14(i) to Profit and Loss Account)	—	25,00.00
Shamnagar Estates Private Limited	15,000,000	Equity shares of Rs.10 each fully paid (15,000,000 shares have been allotted pursuant to scheme of arrangement - Refer Note 14(ii) to Profit and Loss Account)	15,00.00	—
Jamnagar Properties Private Limited	5,000,000	Equity shares of Rs.10 each fully paid (5,000,000 shares have been allotted pursuant to scheme of arrangement - Refer Note 14(ii) to Profit and Loss Account)	5,00.00	—
Brooke Bond Real Estates Private Limited	10,000	Equity shares of Rs.10 each fully paid (10,000 shares allotted during the year)	1.00	—
Hindustan Unilever Field Services Private Limited	10,000	Equity shares of Rs.10 each fully paid (10,000 shares allotted during the year)	1.00	—
TOTAL - B			51,59.43	209,52.47
C. TRADE INVESTMENTS AT COST SHARES				
Tata Chemicals Limited	5,532,000	Equity shares of Rs.10 each fully paid (quoted)	16,82.80	16,82.80
Capgemini Business Services (India) Limited (formerly Unilever India Shared Services Limited)	2,450	Ordinary shares of Rs.100 each fully paid	2.16	2.16
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs.100 each fully paid	0.05	0.05
Hi Tech Surfactants Limited	58,400	Equity shares of Rs.10 each fully paid	5.87	5.87
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs.100 each fully paid	2,65.56	2,65.56
	913,000	7% Cumulative Redeemable Preference Shares of Rs.100 each fully paid	9,13.00	9,13.00
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs.10 each fully paid	0.10	0.10
Kimberly Clark Lever Private Limited	36,250,000	Equity shares of Rs.10 each fully paid	36,25.00	36,25.00
Coffee Futures India Exchange Limited	1	Equity share of Rs.10,000 each fully paid	0.10	0.10
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs.100 each fully paid	2.40	2.40
TOTAL - C			64,97.04	64,97.04
D. NON-TRADE INVESTMENTS AT COST SHARES, DEBENTURES & BONDS				
Comfund Financial Services India Limited	240,000	Equity shares of Rs.10 each fully paid	24.00	24.00
Assam Bengal Cereals Limited	8,284	Equity shares of Rs.10 each fully paid	0.83	0.83
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs.0.14 lakh)	0.17	0.17
Woodlands Hospital and Medical Research Centre Limited	1	5% Non-redeemable Registered Debenture stock (Face value Rs.0.27 lakh)	0.27	0.27
	44	1/2% Debentures of Rs.100 each (Face value Rs.0.05 lakh : Cost Rs.100)	—	—
Shillong Club Limited	56	5% Debentures of Rs.100 each (Cost Rs.Nil)	—	—
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs.100 each fully paid	0.20	0.20
Biotech Consortium India Limited	100,000	Equity shares of Rs.10 each fully paid	10.00	10.00
Scooters India Limited	10,000	Equity shares of Rs.10 each fully paid (Quoted)	1.00	1.00
Annamallais Ropeway Company Limited	1,150	Ordinary shares of Rs.100 each fully paid (Cost Rs. Nil)	—	—
Saraswat Co-operative Bank Limited	2,005	Equity shares of Rs.10 each fully paid	0.20	0.20
National Bank for Agriculture and Rural Development	9,250	5.50% Capital Gains Bonds of Rs.10,000 each	9,25.00	9,25.00
	870	5.20% Capital Gains Bonds of Rs.10,000 each	87.00	87.00
	72,000	5.40% Capital Gains Bonds of Rs.10,000 each	72,00.00	72,00.00
	13,500	5.20% Capital Gains Bonds of Rs.10,000 each	13,50.00	13,50.00

Schedules to Balance Sheet

			2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...)				
		(Long-term, Unquoted, unless otherwise stated)		
	2,000	5.42% Capital Gains Bonds of Rs.10,000 each	2,00.00	2,00.00
	17,484	5.25% Capital Gains Bonds of Rs.10,000 each	17,48.39	17,48.39
National Housing Bank	—	(2006 - 30,75) 5.10% Capital Gains Bonds 2002 of Rs.10,000 each (Redeemed during the year)	—	3,07.50
	15,500	5.50% Capital Gains Bonds of Rs.10,000 each (Taken over consequent to the merger of Modern Food Industries (India) Limited with the Company)	15,50.00	—
Rural Electrification Board	213,000	5.50% Capital Gains Bonds of Rs.10,000 each	213,00.00	213,00.00
	5,000	5.50% Capital Gains Bonds of Rs.10,000 each (Purchased during the year)	50.00	—
OTHERS				
Unit Trust of India	4,877,837	Units of Rs.100 each under the 6.75% Tax Free US 64 Bonds (Current Investments) (Quoted)	47,43.70	48,90.03
ABN AMRO Mutual Fund	—	Units ABN AMRO Cash Fund - Institutional Plus Plan - Daily Dividend (218,500,000 Units purchased, 36,702 Units cumulated, 218,536,702 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 7,421,378) Units ABN AMRO Cash Fund - Institutional Plus Plan - Weekly Dividend (25,523 Units cumulated, 7,446,901 Units sold during the year) (Current Investment)	—	7,42.14
	—	(2006 - 20,000,000) Units ABN AMRO Fixed Term Plan - Series 1 - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
	—	Units ABN AMRO Flexible Short Term Plan - Series B - Quarterly Dividend (30,000,000, Units purchased, 530,619 Units cumulated, 30,530,619 Units sold during the year) (Current Investments)	—	—
	—	Units ABN AMRO Flexible Short Term Plan - Series C - Quarterly Dividend-Ren (10,000,000 Units purchased, 167,881 Units cumulated, 10,167,881 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Flexible Short Term Plan - Series E - Quarterly Dividend(39,999,101 Units purchased, 674,203 Units cumulated, 40,673,304 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 20,000,000) Units ABN AMRO Fixed Term Plan - Series 2 - 13 Months Plan - Growth (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
	—	(2006 - 33,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Quarterly Plan E - Dividend(506,719 Units cumulated, 33,506,719 Units sold during the year) (Current Investments)	—	33,00.00
	—	(2006 - 30,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Quarterly Plan G - Dividend(472,323 Units cumulated, 30,472,323 Units sold during the year)(Current Investments)	—	30,00.00
	—	(2006 - 10,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Yearly Plan - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	—	(2006 - 12,000,000) Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan A - Monthly Dividend (190,642 Units cumulated, 12,190,642 Units sold during the year) (Current Investments)	—	12,00.00
	—	(2006 - 45,000,000) Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan B - Dividend(798,968 Units cumulated, 45,798,968 Units sold during the year) (Current Investments)	—	45,00.00
	—	Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan C - Dividend (35,000,000 Units purchased, 651,465 Units cumulated, 35,651,465 Units sold during the year) (Current Investments)	—	—
	10,000,000	Units ABN AMRO Fixed Term Plan - Series 5 - 13 Months - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
	—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan A - Dividend (20,000,000 Units purchased, 418,213 Units cumulated, 20,418,213 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan B - Dividend (10,000,000 Units purchased, 212,359 Units cumulated, 10,212,359 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan C - Dividend (20,000,000 Units purchased, 438,694 Units cumulated, 20,438,694 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan D - Dividend (25,000,000 Units purchased, 520,963 Units cumulated, 25,520,963 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Interval Fund - Quarterly Plan G - Quarterly Dividend (10,000,000 Units purchased, 162,618 Units cumulated, 10,162,618 Units sold during the year)(Current Investments)	—	—
	—	Units ABN AMRO Interval Fund - Quarterly Plan I - Dividend (15,000,000 Units purchased, 254,259 Units cumulated, 15,254,259 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— Units ABN AMRO Money Plus Institutional Plan Fund - Daily Dividend (104,005,601 Units purchased, 253,990 Units cumulated, 104,259,591 Units sold during the year) (Current Investments)	—	—
	— Units ABN AMRO Money Plus Institutional Plan Fund - Weekly Dividend (147,713,167 Units purchased, 758,953 Units cumulated, 148,472,120 Units sold during the year)(Current Investments)	—	—
Birla Mutual Fund	— Units Birla Cash Plus - Institutional Premium Plan - Daily Dividend (1,619,591,796 Units purchased, 2,191,309 Units cumulated, 1,621,783,105 Units sold during the year)(Current Investments)	—	—
	— (2006 - 65,799,714) Units Birla Cash Plus - Institutional Premium Plan - Growth (65,799,714 Units sold during the year)(Current Investments)	—	75,00.00
	— (2006-78,678,145) Units Birla Cash Plus - Institutional Premium Plan - Weekly Dividend (77,779,170 Units purchased, 612,888 Units cumulated, 157,070,203 Units sold during the year)(Current Investments)	—	78,86.03
	— Units Birla Fixed Maturity Plan - Quarterly Series 2 - September 07 - Dividend (4,989,074 Units purchased, 4,989,074 Units sold during the year) (Current Investments)	—	—
	— (2006 - 39,884,336) Units Birla Fixed Maturity Plan - Quarterly Series 2 - December 06 -Dividend (738,198 Units cumulated, 40,622,534 Units sold during the year) (Current Investments)	—	40,00.00
	— Units Birla Fixed Term Plan - Quarterly Series 10 - Dividend (5,000,000 Units purchased 5,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 14 - Dividend (15,000,000 Units purchased, 15,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 16 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 20 - Dividend (7,000,000 Units purchased, 7,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 21 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
	— (2006 - 30,000,000) Units Birla Fixed Term Plan - Quarterly Series 4 - Dividend (30,000,000 Units sold during the year) (Current Investments)	—	30,00.00
	— (2006 - 10,000,000) Units Birla Fixed Term Plan - Series E - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 20,000,000) Units Birla Fixed Term Plan - Series H - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
10,000,000	Units Birla Fixed Term Plan - Series S - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
20,000,000	Units Birla Fixed Term Plan - Series T - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
	— Units Birla Sun Life Interval Income Fund Quarterly Plan - Series I - Institutional Plan - Dividend (30,000,000 Units purchased, 512,164 Units cumulated, 30,512,164 Units sold during the year)(Current Investments)	—	—
	— Units Birla SunLife Liquid Plus - Institutional Plan - Daily Dividend (44,482,633 Units purchased, 199,283 Units cumulated, 44,681,916 Units sold during the year)(Current Investments)	—	—
106,753,740	Units Birla SunLife Liquid Plus - Institutional Plan - Weekly Dividend (104,902,150 Units purchased, 1,851,590 Units cumulated during the year)(Current Investments)	106,86.99	—
DSP Merrill Lynch Fund	— (2006 - 350,000) Units DSP Merrill Lynch Fixed Term Plan - Series 1F - Dividend (5,517 Units cumulated, 355,517 Units sold during the year)(Current Investments)	—	35,00.00
	— (2006 - 150,000) Units DSP Merrill Lynch Fixed Term Plan - Series 1G - Dividend (2,568 Units cumulated, 152,568 Units sold during the year)(Current Investments)	—	15,00.00
	— Units DSP Merrill Lynch Fixed Term Plan - Series 1O - Institutional Plan - Dividend (100,000 Units purchased, 1,667 Units cumulated, 101,667 Units sold during the year) (Current Investments)	—	—
	— (2006 - 240,000) Units DSP Merrill Lynch Fixed Term Plan - Series 3A- Growth (240,000 Units sold during the year)(Current Investments)	—	24,00.00
	— (2006 - 111,636) Units DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Daily Dividend (699,893 Units purchased, 1,207 units cumulated, 812,736 Units sold during the year) (Current Investments)	—	11,16.58
	— (2006 - 81,923) Units DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Weekly Dividend(188 Units cumulated, 82,111 Units sold during the year) (Current Investments)	—	8,19.22
	— Units DSP Merrill Lynch Liquidity Fund - Institutional Plan - Daily Dividend (699,861 Units purchased, 33 Units cumulated, 699,894 Units sold during the year) (Current Investments)	—	—
	— (2006 - 238,790) Units DSP Merrill Lynch Liquidity Fund - Institutional Plan - Growth (238,790 Units sold during the year)(Current Investments)	—	25,00.00

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...)			
(Long-term, Unquoted, unless otherwise stated)			
Deutsche Mutual Fund	—	—	18,00.00
	(2006 - 18,00,000) Units Deutsche Fixed Term Fund - Series 22 - Dividend (18,00,000 Units sold during the year) (Current Investments)	—	—
	—	—	—
	Units Deutsche Fixed Term Fund - Series 27 - Dividend (19,00,000 Units purchased, 19,00,000 Units sold during the year)(Current Investments)	—	—
	—	—	—
	Units Deutsche Fixed Term Fund - Series 31 - Dividend (10,00,000 Units purchased, 10,00,000 Units sold during the year) (Current Investments)	—	—
	—	—	—
	Units Deutsche Fixed Term Fund - Series 36 - Dividend (5,00,000 Units purchased, 5,00,000 Units sold during the year)(Current Investments)	—	—
	—	—	—
	(2006 - 5,481,837) Units Deutsche Fixed Term Fund - Series 4 - Growth (5,481,837 Units sold during the year)(Current Investments)	—	5,48.18
	—	—	—
	(2006 - 3,500,000) Units Deutsche Fixed Term Fund - Series 5 - Growth (3,500,000 Units sold during the year)(Current Investments)	—	3,50.00
	—	—	—
	(2006 - 11,00,000) Units Deutsche Fixed Term Fund - Series 6 - Growth (11,00,000 Units sold during the year)(Current Investments)	—	11,00.00
	—	—	—
	Units Deutsche Quarterly Interval Fund - Series 1 - Dividend (5,00,000 Units purchased, 171,210 Units cumulated, 5,171,210 Units sold during the year)(Current Investments)	—	—
Franklin Templeton Fund	—	—	43,00.00
	(2006 - 43,00,000) Units Franklin Templeton Fixed Term Fund - Series 5 - Growth (43,00,000 Units sold during the year)(Current Investments)	—	—
	20,00,000 Units Franklin Templeton Fixed Term Fund - Series VII (370 Days) - Growth (20,00,000 Units purchased during the year)(Current Investments)	20,00.00	—
	70,00,000 Units Templeton Fixed Horizon Fund - Series 1 - 13 Months - Institutional Plan - Growth (70,00,000 Units purchased during the year)(Current Investments)	70,00.00	—
	30,00,000 Units Templeton Fixed Horizon Fund - Series 1 - 15 Months - Institutional Plan - Growth (30,00,000 Units purchased during the year)(Current Investments)	30,00.00	—
	—	—	—
	Units Templeton Floating Rate Interest Fund - Long Term - Super Institutional Plan - Daily Dividend (87,275,538 Units purchased, 158,053 Units cumulated, 87,433,591 Units sold during the year)(Current Investments)	—	—
	—	—	—
	Units Templeton Floating Rate Interest Fund - Long Term - Super Institutional Plan - Weekly Dividend (106,809,698 Units purchased, 527,300 Units cumulated, 107,336,998 Units sold during the year)(Current Investments)	—	—
	220,032 Units Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend (9,792,525 Units purchased, 27,454 Units cumulated, 9,599,949 Units sold during the year)(Current Investments)	22,00.87	—
	—	—	—
	(2006 - 472,655) Units Templeton India Treasury Management Account - Super Institutional Plan - Growth (472,655 Units sold during the year) (Current Investments)	—	50,00.00
	—	—	—
	(2006 - 105,783) Units Templeton India Treasury Management Account - Super Institutional Plan - Weekly Dividend (560,817 Units purchased, 3,271 Units cumulated, 669,871 Units sold during the year)(Current Investments)	—	10,75.38
	—	—	—
	Units Templeton Quarterly Interval Fund - Plan A - Institutional Plan - Dividend (10,00,000 Units purchased, 213,022 Units cumulated, 10,213,022 Units sold during the year)(Current Investments)	—	—
	—	—	—
	Units Templeton Quarterly Interval Fund - Plan B - Institutional Plan - Dividend (9,989,711 Units purchased, 178,522 Units cumulated, 10,168,233 Units sold during the year) (Current Investments)	—	—
	—	—	—
	Units Templeton Quarterly Interval Fund - Plan C - Institutional Plan - Dividend (20,00,000 Units purchased, 349,258 Units cumulated, 20,349,258 Units sold during the year)(Current Investments)	—	—
HDFC Mutual Fund	—	—	27,00.80
	(2006 - 25,903,005) Units HDFC Cash Management Fund - Call Plan - Daily Dividend (24,426,890 Units purchased, 41,636 Units cumulated, 50,371,531 Units sold during the year) (Current Investments)	—	—
	—	—	—
	Units HDFC Cash Management Fund - Savings Plan - Daily Dividend (154,657,591 Units purchased, 28,471 Units cumulated, 154,686,062 Units sold during the year) (Current Investments)	—	—
	—	—	—
	(2006 - 47,732,296) Units HDFC Cash Management Fund - Savings Plus - Retail - Weekly Dividend (99,804,167 Units purchased, 662,617 Units cumulated, 148,199,080 Units sold during the year)(Current Investments)	—	47,82.19
	4,497,777 Units HDFC Cash Management Fund - Savings Plus - Wholesale - Daily Dividend (4,486,629 Units purchased, 11,148 Units cumulated during the year)(Current Investments)	4,51.19	—
	—	—	—
	Units HDFC Cash Management Fund - Savings Plus - Wholesale - Weekly Dividend (99,794,218 Units Purchased, 1,075,323 Units cumulated, 100,869,541 Units sold during the year) (Current Investments)	—	—
	—	—	—
	Units HDFC Floating Rate Interest Fund - Short Term Fund - Daily Dividend (49,606,674 Units purchased, 558,588 Units cumulated, 50,165,262 Units sold during the year) (Current Investments)	—	—
	9,973,810 Units HDFC Floating Rate Interest Fund - Short Term Fund - WP - Daily Dividend (60,086,783 Units purchased, 179,822 Units cumulated, 50,292,795 Units sold during the year)(Current Investments)	10,05.45	—
	—	—	—
	(2006 - 25,00,000) Units HDFC Fixed Maturity Plan - 13 Months - March 06 - Institutional Plan - Growth (25,00,000 Units sold during the year) (Current Investments)	—	25,00.00

Schedules to Balance Sheet

			2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)				
	25,000,000	Units HDFC Fixed Maturity Plan - 14 Months - March 07 (3) - Institutional Plan - Growth (25,000,000 Units purchased during the year)(Current Investments)	25,00.00	—
	18,000,000	Units HDFC Fixed Maturity Plan - 16 Months - December 06 (2) - Institutional Plan - Growth (Current Investments)	18,00.00	18,00.00
	35,000,000	Units HDFC Fixed Maturity Plan - 16 Months - January 07 (3) - Institutional Plan - Growth (35,000,000 Units purchased during the year)(Current Investments)	35,00.00	—
	—	Units HDFC Fixed Maturity Plan - 90D - April 07 (5) WP - Dividend (25,000,000 Units purchased, 25,000,000 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 50,000,000) Units HDFC Fixed Maturity Plan - 90D - December 06 (2) - Institutional Plan - Dividend (50,000,000 Units sold during the year)(Current Investments)	—	50,00.00
	—	Units HDFC Fixed Maturity Plan - 90D - January 07 (3) - Institutional Plan - Dividend (45,000,000 Units purchased, 45,000,000 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 25,000,000) Units HDFC Fixed Maturity Plan - 90D - November 06 (2) - Institutional Plan - Dividend (25,000,000 Units sold during the year)(Current Investments)	—	25,00.00
	—	(2006 - 17,413,473) Units HDFC Liquid Fund - Premium Plus Plan - Growth (17,413,473 Units sold during the year)(Current Investments)	—	25,00.00
	—	(2006 - 20,484,128) Units HDFC Liquid Fund - Premium Plus Plan - Weekly Dividend (42,286,260 Units purchased, 405,899 Units cumulated, 63,176,287 Units sold during the year) (Current Investments)	—	25,45.05
	—	Units HDFC Quarterly Interval Fund - Plan A - WP - Dividend (14,995,052 Units purchased, 228,662 Units cumulated, 15,223,714 Units sold during the year) (Current Investments)	—	—
	—	Units HDFC Quarterly Interval Fund - Plan C - WP - Dividend (12,000,000 Units purchased, 231,960 Units cumulated, 12,231,960 Units sold during the year) (Current Investments)	—	—
HSBC Mutual Fund	35,190,144	Units HSBC Cash Fund - Institutional Plus - Daily Dividend (713,048,413 Units purchased, 521,337 Units cumulated, 678,379,606 Units sold during the year) (Current Investments)	35,20.99	—
	—	(2006 - 10,000,000) Units HSBC Fixed Term Series 1 - Growth (10,000,000 Units sold during the year) (Current Investments)	—	10,00.00
	—	(2006 - 15,000,000) Units HSBC Fixed Term Series 14 - Growth (15,000,000 Units sold during the year) (Current Investments)	—	15,00.00
	12,000,000	(2006 - 12,000,000) Units HSBC Fixed Term Series 21 - Institutional Plan - Growth (Current Investments)	12,00.00	12,00.00
	20,000,000	Units HSBC Fixed Term Series 22 - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
	20,000,000	Units HSBC Fixed Term Series 25 - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
	—	(2006 - 20,000,000) Units HSBC Fixed Term Series 4 - Growth (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
	16,059,751	(2006 - 33,624,506) Units HSBC Liquid Plus Fund - Institutional Plan Plus - Daily Dividend (292,724,114 Units purchased, 2,953,275 Units cumulated, 313,242,144 Units sold during the year) (Current Investments)	16,08.00	33,62.52
	—	Units HSBC Liquid Plus Fund - Institutional Plan Plus - Weekly Dividend (231,603,824 Units purchased, 4,980,813 Units cumulated, 236,584,637 Units sold during the year)(Current Investments)	—	—
ICICI Prudential Mutual Fund	41,608,345	Units ICICI Prudential Flexible Income Plan - Daily Dividend (354,151,732 Units purchased, 2,755,681 Units cumulated, 315,299,068 Units sold during the year) (Current Investments)	43,99.46	—
	101,482,721	Units ICICI Prudential Flexible Income Plan - Weekly Dividend (286,383,315 Units purchased, 4,761,875 Units cumulated, 189,662,469 Units sold during the year)(Current Investments)	107,00.46	—
	—	(2006 - 10,000,000) Units ICICI Prudential Fixed Maturity Plan - S 34 - 3 Months Plus - Plan A - Dividend (221,110 Units cumulated, 10,221,110 Units sold during the year)(Current Investments)	—	10,00.00
	30,000,000	Units ICICI Prudential Fixed Maturity Plan - S 35 - 13 Months Plan B - Institutional Plan - Growth (30,000,000 Units purchased during the year) (Current Investments)	30,00.00	—
	—	Units ICICI Prudential Fixed Maturity Plan - S 35 - 3 Months - Plan A - Dividend (40,000,000 Units purchased, 756,451 Units cumulated, 40,756,451 Units sold during the year)(Current Investments)	—	—
	—	Units ICICI Prudential Fixed Maturity Plan - S 35 - 3 Months - Plan C - Dividend (40,000,000 Units purchased, 40,000,000 Units sold during the year) (Current Investments)	—	—
	—	Units ICICI Prudential Fixed Maturity Plan - S 37 - 1 Month - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year) (Current Investments)	—	—
	—	Units ICICI Prudential Fixed Maturity Plan - S 38 - 3 Months - Plan C - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year) (Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— (2006 - 40,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 28 - Institutional Plan - Growth (40,000,000 Units sold during the year) (Current Investments)	—	40,00.00
	— (2006 - 15,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 1 Month - Plan D - Dividend (77,550 Units cumulated, 15,077,550 Units sold during the year) (Current Investments)	—	15,00.00
	— (2006 - 40,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 3 Months - Plan D - Dividend (645,600 Units cumulated, 40,645,600 Units sold during the year) (Current Investments)	—	40,00.00
	— (2006 - 30,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 3 Months - Plan E - Dividend (474,600 Units cumulated, 30,474,600 Units sold during the year) (Current Investments)	—	30,00.00
35,000,000	Units ICICI Prudential Fixed Maturity Plan - Series 34 - 16 Months Plan - Institutional Plan - Growth (35,000,000 Units purchased during the year) (Current Investments)	35,00.00	—
	— Units ICICI Prudential Fixed Maturity Plan - Series 34 - 6 Months Plan - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year) (Current Investments)	—	—
	— Units ICICI Prudential Fixed Maturity Plan - Series 35 - 1 Month - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year) (Current Investments)	—	—
25,000,000	Units ICICI Prudential Fixed Maturity Plan - Series 37 - 14 Months Plan - Institutional Plan - Growth (25,000,000 Units purchased during the year) (Current Investments)	25,00.00	—
	— (2006 - 20,000,000) Units ICICI Prudential Hybrid Fixed Maturity Plan - 13 Months - Institutional Plan - Growth (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
24,822,026	Units ICICI Prudential Interval Fund - Monthly Interval II - Dividend (24,822,026 Units purchased during the year)(Current Investments)	25,00.00	—
	— Units ICICI Prudential Interval Fund - Quarterly Interval I - Dividend (18,000,000 Units Purchased, 679,237 Units cumulated, 18,679,237 Units sold during the year) (Current Investments)	—	—
12,511,745	Units ICICI Prudential Liquid - Institutional Plus - Growth (Current Investments)	21,00.00	21,00.00
38,032,109	Units ICICI Prudential Liquid - Super Institutional Plan - Daily Dividend (3,444,803,179 Units purchased, 3,976,024 Units cumulated, 3,410,747,094 Units sold during the year) (Current Investments)	38,03.40	—
	— (2006 - 107,811,931) Units ICICI Prudential Liquid - Super Institutional Plan - Growth (107,811,931 Units sold during the year)(Current Investments)	—	113,00.00
	— (2006 - 38,333,658) Units ICICI Prudential Liquid - Super Institutional Plan - Weekly Dividend (760,466,527 Units purchased, 4,207,033 Units cumulated, 803,007,218 Units sold during the year) (Current Investments)	—	38,34.90
	— Units ICICI Prudential Sweep Plan - Cash Option - Daily Dividend (37,000,000 Units purchased, 57,126 Units cumulated, 37,057,126 Units sold during the year) (Current Investments)	—	—
Kotak Mahindra Mutual fund	— (2006 - 5,000,000) Units Kotak Fixed Maturity Plan - 3 Months - Series 6 - Dividend (77,923 Units cumulated, 5,077,923 Units sold during the year)(Current Investments)	—	5,00.00
	— (2006 - 10,000,000) Units Kotak Fixed Maturity Plan - 3 Months - Series 7 - Dividend (178,403 Units cumulated, 10,178,403 Units sold during the year) (Current Investments)	—	10,00.00
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 13 - Dividend (5,000,000 Units purchased, 91,502 Units cumulated, 5,091,502 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 16 - Dividend (20,000,000 Units purchased, 418,756 Units cumulated, 20,418,756 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 17 - Dividend (8,000,000 Units purchased, 165,076 Units cumulated, 8,165,076 Units sold during the year)(Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 21 - Dividend (5,000,000 Units purchased, 86,327 Units cumulated, 5,086,327 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 22 - Dividend (10,000,000 Units purchased, 168,812 Units cumulated, 10,168,812 Units sold during the year)(Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 24 - Dividend (10,000,000 Units purchased, 164,551 Units cumulated, 10,164,551 Units sold during the year)(Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 25 - Dividend (10,000,000 Units purchased, 178,258 Units cumulated, 10,178,258 Units sold during the year)(Current Investments)	—	—
	— (2006 - 15,000,000) Units Kotak Fixed Maturity Plan Series 13 - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— Units Kotak Quarterly Interval Plan - Series I - Dividend (5,086,327 Units purchased, 83,740 Units cumulated, 5,170,067 Units sold during the year) (Current Investments)	—	—

Schedules to Balance Sheet

6. INVESTMENTS (Contd...)

(Long-term, Unquoted, unless otherwise stated)

			2007 Rs. lakhs	2006 Rs. lakhs
LIC Mutual Fund	—	(2006 - 5,000,000) Units LIC Mutual Fund Fixed Maturity Plan - Series 5 - Growth (5,000,000 Units sold during the year)(Current Investments)	—	5,00.00
Principal Mutual Fund	—	Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend (761,923,647 Units purchased, 436,989 Units cumulated, 762,360,636 Units sold during the year)(Current Investments)	—	—
	—	(2006 - 51,026,695) Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Growth (51,026,695 Units sold during the year) (Current Investments)	—	57,00.00
	—	(2006 - 20,385,149) Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Monthly Dividend (20,385,149 Units sold during the year) (Current Investments)	—	20,39.02
	—	(2006 - 3,214,125) Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Weekly Dividend (53,990,893 Units purchased, 152,489 Units cumulated, 57,357,507 Units sold during the year)(Current Investments)	—	3,21.44
	—	Units Principal Institutional Plan Floating Rate Fund - Fixed Maturity Plan - Institutional Plan - Daily Dividend (273,699,019 Units purchased, 1,205,526 Units cumulated, 274,904,545 Units sold during the year)(Current Investments)	—	—
	—	Units Principal Institutional Plan Floating Rate Fund - Fixed Maturity Plan - Institutional Plan - Weekly Dividend (306,332,111 Units purchased, 4,491,902 Units cumulated, 310,824,013 Units sold during the year)(Current Investments)	—	—
	—	(2006 - 15,000,000) Units Principal PNB Fixed Maturity Plan 385 Days - Series 1 - Institutional Plan - Growth (15,000,000 Units sold during the year) (Current Investments)	—	15,00.00
	—	(2006 - 10,000,000) Units Principal PNB Fixed Maturity Plan 385 Days - Series 2 - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	—	(2006 - 6,000,000) Units Principal PNB Fixed Maturity Plan 91 Days - Series 5 - Dividend (6,000,000 Units sold during the year)(Current Investments)	—	6,00.00
	—	(2006 - 35,000,000) Units Principal PNB Fixed Maturity Plan 91 Days - Series 6 - Dividend (35,000,000 Units sold during the year)(Current Investments)	—	35,00.00
	—	Units Principal PNB Fixed Maturity Plan 91 Days - Series VIII - Dividend (25,000,000 Units purchased, 25,000,000 Units sold during the year) (Current Investments)	—	—
Reliance Mutual Fund	10,000,000	Units Reliance Fixed Horizon Fund 2 - Annual Plan - Series 6 - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
	—	Units Reliance Fixed Horizon Fund 2 - Monthly Plan - Series 1 - Institutional Plan - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year) (Current Investments)	—	—
	—	Units Reliance Fixed Horizon Fund 2 - Quarterly Plan - Series 6 - Institutional Plan - Dividend (6,000,000 Units purchased, 6,000,000 Units sold during the year) (Current Investments)	—	—
	—	Units Reliance Fixed Horizon Fund Series 1 - Monthly Plan 4 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 20,000,000) Units Reliance Fixed Horizon Fund Series 1 - Quarterly Plan 2 - Dividend (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
	—	(2006 - 15,000,000) Units Reliance Fixed Horizon Fund Series 1 - Quarterly Plan 4 - Dividend (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	19,983,813	Units Reliance Interval Fund - Monthly Series I - Institutional Plan - Dividend (19,983,813 Units purchased during the year)(Current Investments)	20,00.00	—
	50,281,895	Units Reliance Interval Fund - Monthly Series II - Institutional Plan - Dividend (79,978,509 Units purchased, 303,385 Units cumulated, 29,999,999 Units sold during the year)(Current Investments)	50,30.89	—
	—	Units Reliance Interval Fund - Quarterly Series I - Institutional Plan - Dividend (19,996,801 Units purchased, 19,996,801 Units sold during the year) (Current Investments)	—	—
	—	Units Reliance Interval Fund - Quarterly Series II - Institutional Plan - Dividend (62,998,500 Units purchased, 1,061,675 Units cumulated, 64,060,175 Units sold during the year)(Current Investments)	—	—
	—	Units Reliance Interval Fund - Quarterly Series III - Institutional Plan - Dividend (9,999,600 Units purchased, 168,943 Units cumulated, 10,168,543 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 9,881,243) Units Reliance Liquid Fund - Cash Plan - Daily Dividend (20,644,281 Units purchased, 40,811 Units cumulated, 30,566,335 Units sold during the year)(Current Investments)	—	11,00.88
	—	Units Reliance Liquidity Fund - Daily Dividend (29,998,500 Units purchased, 31,122 Units cumulated, 30,029,622 Units sold during the year)(Current Investments)	—	—
SBI Mutual Fund	—	Units SBI Magnum Debt Fund Series - 90 Days - 13 - August 07 - Dividend (40,000,000 Units purchased, 689,160 Units cumulated, 40,689,160 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

6. INVESTMENTS (Contd...)

(Long-term, Unquoted, unless otherwise stated)

		2007 Rs. lakhs	2006 Rs. lakhs
Standard Chartered Mutual Fund	— Units SBI Magnum Debt Fund Series - 90 Days - 14 - September 07 - Dividend (15,000,000 Units purchased, 258,885 Units cumulated, 15,258,885 Units sold during the year)(Current Investments)	—	—
	15,000,000 Units SBI Magnum Debt Fund Series - 90 Days - 16 - October 07 - Dividend (15,000,000 Units purchased during the year)(Current Investments)	15,00.00	—
	— (2006 - 25,000,000) Units SBI Magnum Debt Fund Series - 90 Days - December 06 - Dividend (399,600 Units cumulated, 25,399,600 Units sold during the year)(Current Investments)	—	25,00.00
	— Units SBI Magnum Debt Fund Series - 90 Days - February 07 - Dividend (28,000,000 Units purchased, 583,989 Units cumulated, 28,583,989 Units sold during the year)(Current Investments)	—	—
	— Units SBI Magnum Debt Fund Series - 90 Days - May 07 - Dividend (40,000,000 Units purchased, 766,840 Units cumulated, 40,766,840 Units sold during the year)(Current Investments)	—	—
	— Units Grindlays Cash Fund - Plan C - Super Institutional Plan - Daily Dividend (46,997,650 Units purchased, 5,858 Units cumulated, 47,003,508 Units sold during the year)(Current Investments)	—	—
	— Units Grindlays Floating Rate Fund - Institutional Plan - Long Term Plan - Plan B - Daily Dividend (90,344,019 Units purchased, 704,206 Units cumulated, 91,048,225 Units sold during the year)(Current Investments)	—	—
	— Units Grindlays Floating Rate Fund - Institutional Plan - Long Term Plan - Plan B - Weekly Dividend (16,710,385 Units purchased, 79,496 Units cumulated, 16,789,881 Units sold during the year) (Current Investments)	—	—
	— (2006 - 15,000,000) Units Grindlays Fixed Maturity Plan - 20 - Plan A - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 24,000,000) Units Grindlays Fixed Maturity Plan - 22 - Plan A - Growth (24,000,000 Units sold during the year)(Current Investments)	—	24,00.00
	— (2006 - 15,000,000) Units Standard Chartered Fixed Maturity Plan - 2 - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 20,000,000) Units Standard Chartered Fixed Maturity Plan - Quarterly Series 1 - Dividend (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 10 - Dividend (20,000,000 Units purchased, 421,400 Units cumulated, 20,421,400 Units sold during the year) (Current Investments)	—	—
	— (2006 - 40,000,000) Units Standard Chartered Fixed Maturity Plan - Quarterly Series 2 - Dividend (40,000,000 units sold during the year) (Current Investments)	—	40,00.00
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 3 - Dividend (50,000,000 Units purchased, 931,819 Units cumulated, 50,931,819 Units sold during the year) (Current Investments)	—	—
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 7 - Dividend (20,000,000 Units purchased, 421,400 Units cumulated, 20,421,400 Units sold during the year) (Current Investments)	—	—
	10,000,000 Units Standard Chartered Fixed Maturity Plan - Yearly Series 3 - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
	— (2006 - 28,022,495) Units Standard Chartered Liquidity Manager Fund - Daily Dividend (48,495,150 Units purchased, 37,573 Units cumulated, 76,555,218 Units sold during the year)(Current Investments)	—	28,02.53
	— (2006 - 38,812) Units Standard Chartered Liquidity Manager Fund Plus - Daily Dividend (2,253,762 Units purchased, 3,228 Units cumulated, 2,295,802 Units sold during the year) (Current Investments)	—	3,88.15
Sundaram Mutual fund	— Units Sundaram BNP Paribas Fixed Term Plan - Series XXXV - (90 Days) - Institutional Plan - Dividend (5,000,000 Units purchased, 83,035 Units cumulated, 5,083,035 Units sold during the year)(Current Investments)	—	—
	— Units Sundaram BNP Paribas Liquid Plus - Super Institutional Plan - Daily Dividend (4,997,947 Units purchased, 20,695 Units cumulated, 5,018,642 Units sold during the year)(Current Investments)	—	—
	5,056,289 Units Sundaram BNP Paribas Liquid Plus - Super Institutional Plan - Weekly Dividend (4,958,059 Units purchased, 98,230 Units cumulated during the year) (Current Investments)	5,12.31	—
	— Units Sundaram BNP Paribas Money Fund - Super Institutional Plan - Daily Dividend (4,952,800 Units purchased, 442 Units cumulated, 4,953,242 Units sold during the year) (Current Investments)	—	—
Tata Mutual Fund	— Units Tata Fixed Horizon Fund - Series 10 - Plan E - Institutional Plan - Dividend (5,000,000 Units purchased, 103,992 Units cumulated, 5,103,992 Units sold during the year) (Current Investments)	—	—

Schedules to Balance Sheet

6. INVESTMENTS (Contd...)

(Long-term, Unquoted, unless otherwise stated)

		2007 Rs. lakhs	2006 Rs. lakhs
UTI Mutual Fund	— (2006 - 15,000,000) Units Tata Fixed Horizon Fund - Series 2 - Plan B - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 10,000,000) Units Tata Fixed Horizon Fund - Series 2 - Plan C- Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 10,000,000) Units Tata Fixed Horizon Fund - Series 3 - Plan F - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 24,000,000) Units Tata Fixed Horizon Fund - Series 3 - Plan G - Growth (24,000,000 Units sold during the year)(Current Investments)	—	24,00.00
	5,000,000 Units Tata Fixed Horizon Fund - Series 7 - Plan D - Institutional Plan - Growth (Current Investments)	5,00.00	5,00.00
	— Units Tata Fixed Horizon Fund - Series 8 - Plan B - Institutional Plan - Dividend (20,000,000 Units purchased, 98,977 Units cumulated, 20,098,977 Units sold during the year)(Current Investments)	—	—
	— Units Tata Fixed Horizon Fund - Series 8 - Plan E - Institutional Plan - Dividend (5,000,000 Units purchased, 92,717 Units cumulated, 5,092,717 Units sold during the year) (Current Investments)	—	—
	— Units Tata Fixed Horizon Fund - Series 9 - Plan C - Institutional Plan - Dividend (10,000,000 Units purchased, 71,075 Units cumulated, 10,071,075 Units sold during the year)(Current Investments)	—	—
	— Units UTI - Fixed Maturity Plan - April 07 - Quarterly Series 2 - Institutional Plan - Dividend(25,000,000 Units purchased, 512,392 Units cumulated, 25,512,392 Units sold during the year)(Current Investments)	—	—
	— Units UTI - Fixed Maturity Plan - August 07 - Quarterly Series 2 - Institutional Plan - Dividend (20,000,000 Units purchased, 339,638 Units cumulated, 20,339,638 Units sold during the year)(Current Investments)	—	—
	— (2006 - 10,000,000) Units UTI - Fixed Maturity Plan - August 06 - Yearly Series - Growth(10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 25,000,000) Units UTI - Fixed Maturity Plan - December 06 - Half Yearly Series - Dividend (589,026 Units cumulated, 25,589,026 Units sold during the year) (Current Investments)	—	25,00.00
	— Units UTI - Fixed Maturity Plan - January 07 - Quarterly Series 2 - Dividend (8,000,000 Units purchased, 152,050 Units cumulated, 8,152,050 Units sold during the year) (Current Investments)	—	—
	— Units UTI - Fixed Maturity Plan - June 07 - Quarterly Series 2 - Dividend (5,000,000 Units purchased, 81,143 Units cumulated, 5,081,143 Units sold during the year)(Current Investments)	—	—
	— Units UTI - Fixed Maturity Plan - May 07 - Quarterly Series 1 - Dividend (25,000,000 Units purchased, 495,475 Units cumulated, 25,495,475 Units sold during the year)(Current Investments)	—	—
	— (2006 - 5,000,000) Units UTI - Fixed Maturity Plan - November 06 - Quarterly Series 1 - Dividend (78,038 Units cumulated, 5,078,038 Units sold during the year)(Current Investments)	—	5,00.00
	— (2006 - 10,000,000) Units UTI - Fixed Maturity Plan - October 06 - Quarterly Series 2 - Dividend (154,198 Units cumulated, 10,154,198 Units sold during the year)(Current Investments)	—	10,00.00
	5,000,000 Units UTI Fixed Income Interval Fund - Monthly Plan II - Institutional Plan - Dividend (5,000,000 Units purchased during the year)(Current Investments)	5,00.00	—
	— Units UTI Fixed Income Interval Fund - Quarterly Plan I - Institutional Plan - Dividend (10,000,000 Units purchased, 361,556 Units cumulated, 10,361,556 Units sold during the year)(Current Investments)	—	—
	— Units UTI Fixed Income Interval Fund - Quarterly Plan III - Institutional Plan - Dividend (10,000,000 Units purchased, 165,417 Units cumulated, 10,165,417 Units sold during the year)(Current Investments)	—	—
TOTAL - D		1322,10.77	2245,59.60
TOTAL (A + B + C + D)		1450,82.89	2522,22.30
Provision for diminution in value of long-term investments		(10,02.15)	(108,29.15)
TOTAL		1440,80.74	2413,93.15
Aggregate book value of investments	Unquoted	1364,38.64	2346,07.18
	Quoted - Market Value Rs. 287,83.32 lakhs	76,42.10	67,85.97
	(2006 - Rs.170,28.57 lakhs)		
TOTAL		1440,80.74	2413,93.15

2007

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
Advances recoverable in cash or in kind or for value to be received including:- Rs. 136,06.42 lakhs (2006 - Rs. 133,16.73 lakhs) not due before 31st December, 2008	484,71.96	447,14.94
Considered doubtful	30,61.98	30,80.36
	515,33.94	477,95.30
Less: Provision for doubtful advances	(30,61.98)	(30,80.36)
	484,71.96	447,14.94
Deposits with Customs, Port Trust, Excise, etc.	162,88.41	151,01.31
	667,18.17	742,89.78
12. LIABILITIES		
Acceptances	880,25.03	682,85.68
Sundry creditors (Schedule 21)	2878,46.23	2463,73.36
Advances and progress payments - Property Development Activity	—	5.97
Security advances	9,35.46	16,37.35
Dividends declared pending payment/encashment	69,01.81	38,57.46
Interest accrued but not due on loans	—	4.30
	3837,08.53*	3201,64.12*
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
13. PROVISIONS		
Provision for retirement/post retirement benefits and other employee benefits	548,50.41	534,64.09
Proposed dividend	653,23.90	662,85.45
Current taxation (provisions in excess of payments) including tax on distributed profits	18,31.42	60,39.76
Fringe Benefit Taxation	15,45.03	8,77.00
Miscellaneous provisions (Schedule 19)	38,38.79	54,75.26
	1273,89.55	1321,41.56
14. DEFERRED TAX ASSETS		
On employee separation and retirement*	209,22.60	18,855.91
On other timing differences	136,35.94	145,10.11
On fiscal allowances on investments	—	53.50
Other items	58,12.52	51,23.07
*Includes deferred tax of Rs. 43,28.83 lakhs on Post Retirement Medical Benefit accounted as per AS15 Revised [Refer Note (e) of Schedule 2]		
	403,71.06	385,42.59

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
15. DEFERRED TAX LIABILITIES		
On fiscal allowances	191,32.31	160,87.89
Note: Net Deferred tax assets taken over consequent to the Scheme of arrangement for amalgamation Rs. Nil (2006 - Rs. 4,59.80 lakhs)		
	191,32.31	160,87.89
16. Certain demands for increased wages, etc. received from workmen have been referred to adjudication. In the opinion of the Company's management, the ultimate liability to the Company, if any, with respect to such demands would not have a material effect on the accounts.		

17 DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st December, 2007 and recognised in the financial statements in respect of Employee Benefit Schemes:

	Gratuity	Management Pension	Officers Pension	Rs. lakhs Post Retirement Medical Benefits
I. Components of Employer Expense				
(a) Current Service Cost	4,50.80	15,28.99	1,49.90	19.20
(b) Interest Cost	6,87.79	40,72.70	2,37.59	81.60
(c) Expected Return on Plan Assets	(6,26.90)	(7,46.79)	(4,23.34)	—
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Past Service Cost	—	—	—	—
(g) Actuarial (Gain)/Loss	—	(74,62.04)	—	11,63.98
(h) Total expense/(gain) recognised in the Profit & Loss Account	5,11.69	(26,07.14)	(35.85)	12,64.78
II. Net Asset/(Liability) recognised in Balance Sheet as at 31st December, 2007				
(a) Present Value of Obligation as at 31st December, 2007	99,20.60	519,85.10	26,89.20	141,45.30
(b) Fair Value of Plan Assets as at 31st December, 2007	(100,62.64)	(129,53.60)	(64,39.60)	—
(c) (Asset)/Liability recognised in the Balance Sheet	—*	390,31.50	—*	141,45.30
*The excess of assets over liabilities in respect of Gratuity and Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.				
III. Change in Defined Benefit Obligations (DBO) during the year ended as on 31st December, 2007				
(a) Present Value of Obligation as at 31st December, 2006	103,01.83	569,00.82	33,80.44	11,60.93
(b) Current Service Cost	4,50.80	15,28.99	1,49.90	19.20
(c) Interest Cost	6,87.79	40,72.70	2,37.59	81.60
(d) Curtailment Cost/(Credit)	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—
(f) Plan Amendments	—	—	—	—
(g) Acquisitions	—	—	—	—
(h) Actuarial (Gain)/Loss	(3,58.84)	(57,11.71)	(6,37.63)	11,63.98
(i) Benefits Paid	(11,60.98)	(48,05.70)	(4,41.10)	(10,16.01)
(j) Present Value of Obligation as at 31st December, 2007	99,20.60	519,85.10	26,89.20	141,45.30

Note: The Present Value of Obligation as at 31st December, 2007 for Post Retirement Medical Benefits include Rs. 127,35.60 lakhs adjusted to General Reserve on adoption of AS 15 (Revised). Refer Note(e) of Schedule 2.

Schedules to Balance Sheet

17. DEFINED BENEFIT PLANS (Contd.)

	Gratuity	Management Pension	Officers Pension	Rs. Lakhs Post Retirement Medical Benefits
IV. Changes in the Fair value of Plan Assets				
(a) Present Value of Plan Assets as at 31st December, 2006	103,02.70	121,72.98	63,01.03	—
(b) Acquisition Adjustment	—	—	—	—
(c) Expected Return on Plan Assets	6,26.90	7,46.79	4,23.34	—
(d) Actuarial Gain/(Loss)	2,94.02	17,50.33	1,56.33	—
(e) Actual Company Contribution	—	30,89.20	—	10,16.01
(f) Benefits Paid	(11,60.98)	(48,05.70)	(4,41.10)	(10,16.01)
(g) Fair Value of Plan Assets as at 31st December, 2007	100,62.64	129,53.60	64,39.60	—
V. Actuarial Assumptions				
(a) Discount Rate (per annum)	7.75%	7.75%	7.75%	7.75%
(b) Expected Rate of Return on Assets (per annum)	7.00%	7.00%	7.00%	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.				
VI. Effect of Increase or Decrease in Healthcare costs				
Effect of 1% increase in Healthcare Costs on				
- the aggregate of service cost and interest cost				1,01.97
- Defined Benefit Obligation				12,73.10
Effect of 1% decrease in Healthcare Costs on				
- the aggregate of service cost and interest cost				(1,32.82)
- Defined Benefit Obligation				(11,68.00)
VII. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st December, 2007				
(a) Government of India Securities	22.00%	—	—	—
(b) Corporate Bonds	15.00%	—	—	—
(c) Bank Deposits (Special Deposit Scheme, 1975)	58.00%	—	—	—
(d) Administered by Life Insurance Corporation of India	—	100.00%	100.00%	—
(e) Others	5.00%	—	—	—

18. DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st December, 2007 are as under:

	Rs. lakhs							
Currency exchange	GBP/INR	USD/INR	THB/INR	AUD/USD	EUR/USD	GBP/USD	JPY/USD	SEK/USD
a. Number of 'buy' contracts	—	106 (26)	1	2 (1)	2 (3)	—	1 (1)	1
b. Aggregate amount	—	24,02.40 (5,28.03)	1,50.06	1,37.71 (0.05)	27.96 (8.92)	—	15,34.23 (15,64.88)	18.85
c. Number of 'sell' contracts	1	79 (66)	—	1	2 (4)	1 (2)	2 (3)	—
d. Aggregate amount	69.44	16,09.46 (8,21.86)	—	1.50	52.40 (27.72)	5.00 (15.14)	27,77.12 (25,22.72)	—
The foreign currency exposures not hedged as at the year end are as under:								
Currency exchange	GBP	USD	THB	AUD	EUR	CHF	JPY	SEK
Net Unhedged Exposure	0.20 (0.30)	0.20 (4.60)	—	0.10 (3.50)	0.20 (2.80)	0.10	16.00 (3,01.70)	1.10
(figures in bracket pertain to 2006)								

19. PROVISIONS

	As at 1st January, 2007	Provision made during the year	Amounts utilised/ reversed during the year	As at 31st December, 2007
	Rs. lakhs	Rs. lakhs	Rs. lakhs	Rs. lakhs
Miscellaneous provisions	54,75.26	—	(16,36.47)	38,38.79
Future cash outflow in respect of the above is determinable only on occurrence of uncertain future events.				

20. CONTINGENT LIABILITIES

	2007 Rs. lakhs	2006 Rs. lakhs
(a) Claims made against the Company not acknowledged as debts		
Income tax matters	258,86.03	277,96.56
Sales tax matters-gross Rs. 271,56.16 lakhs (2006 - Rs. 227,49.36 lakhs) net of tax	179,25.78	150,91.93
Excise and Customs duty matters-gross Rs. 72,78.03 lakhs (2006 - Rs. 68,29.02 lakhs) net of tax	48,04.23	45,30.37
Other matters - gross Rs. 11,62.93 lakhs (2006 - Rs. 1,76.55 lakhs) net of tax	7,67.65	1,17.13
(b) Guarantees given to Banks etc. in respect of third parties	52.52	1,03.52

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

21. MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December, 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

22. INTEREST IN JOINT VENTURE

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

Name	Country of Incorporation	Percentage of own- ership interest as at 31st December, 2007	Percentage of own- ership interest as at 31st December, 2006
Kimberly Clark Lever Private Limited	India	50%	50%

The Company's interest in the Joint Venture is reported as Longterm Investment (Schedule 6) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of, the effect of transactions between the Company and the joint venture) related to its interests in this joint venture, based on financial information as certified by the auditors of the Joint Venture, are:

	As at 31st December, 2007 (Rs. lakhs)	As at 31st December, 2006 (Rs. lakhs)
I. ASSETS		
1. Fixed Assets	12,33.13	11,95.65
2. Investments	—	—
3. Current Assets, Loans and Advances		
a) Inventories	11,14.43	7,92.51
b) Sundry Debtors	2,96.96	3,01.26
c) Cash and Bank Balances	44,80.82	40,17.16
d) Other Current Assets	2,61.20	2,89.65
e) Loans and Advances	19,29.78	14,18.44
II. LIABILITIES		
1. Secured Loans	—	(1.07)
2. Deferred Tax Net	(1,60.97)	(1,53.00)
3. Current Liabilities and Provisions		
a) Liabilities	(26,30.68)	(17,83.90)
b) Provisions	(16,19.88)	(12,76.83)
	For the year ended 31st December, 2007 (Rs. lakhs)	For the year ended 31st December, 2006 (Rs. lakhs)
III. INCOME		
1. Sales (net of excise duty)	70,37.82	62,70.73
2. Other Income	3,73.34	3,03.09
IV. EXPENSES		
1. Operating Expenses	(63,27.66)	(52,06.52)
2. Depreciation	(1,31.51)	(1,25.41)
3. Interest	—	(0.88)
4. Provision for Taxation (including deferred taxation)	(3,51.06)	(4,43.03)
5. Exceptional items	—	—
V. OTHER MATTERS		
Contingent Liabilities	—	—

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

Statements forming part of the Profit and Loss Account

1. Licensed/Installed annual capacities on single shift basis (unless otherwise stated)

	Licensed Capacity		Installed Capacity	
	2007 Tonnes	2006 Tonnes	2007 Tonnes	2006 Tonnes
Scheduled:				
Soaps	3,58,639	3,30,305	2,29,834	182,834
Synthetic detergents (f)	4,72,969	4,53,906	3,08,669	303,113
Personal products	2,17,531	2,15,352	76,325	65,025
Glycerine	8,857	8,857	2,833	2,833
Fabric softener	2,833	2,833	4,281	4,281
Fatty acids	84,667	84,667	60,000	46,667
Perfumery and cosmetic products (units)	30,00,000	30,00,000	37,50,000	37,50,000
Perfumery and cosmetic products	3,022	3,022	3,136	3,136
Packet Tea below 1kg. and tea bags	5,000	5,000	—	—
Instant Tea	1,500	1,500	1,920	1,200
Frozen Surimi, Fresh and Frozen fish, Mollusees etc.	16,500	25,125	16,500	25,125
Ice-cream/Frozen desserts (Million Litres) (g)	26	22	17	13
Non-scheduled:				
Packed Tea (h)	N.A.	N.A.	1,62,138	1,93,138
Packed Coffee	N.A.	N.A.	10,500	7,900
Scourers (i)	N.A.	N.A.	33,467	23,467
Cleaners (Litres)	N.A.	N.A.	1,48,00,000	1,48,00,000

(a) N.A. - Not Applicable

(b) Licensed capacities include registered capacities for activities existing prior to the Industries (Development and Regulation) Act, 1951, and the Industrial Entrepreneurs Memorandum (IEM) filed with the Government and duly acknowledged by them under the Scheme of delicensing notified by the Government but excludes non-scheduled activities where IEMs have been filed in lieu of DGTD registrations.

(c) The installed capacities are as per certificate given by a Director on which the auditors have relied.

(d) The capacity mentioned is annual capacity based on maximum utilisation of plant and machinery.

(e) Licensed and installed capacities for the year indicated above include those vested in the Company consequent to merger and amalgamation of various companies with the Company.

(f) Synthetic detergents includes Laundry Soap Capacities.

(g) Ice-creams and Frozen Desserts are alternate capacities.

(h) Packet tea being a non-scheduled activity no license or approval is required except for registration for statistical purposes. However, Government of India has issued one license for certain packet tea units treating them as a specimen of processed food industry.

(i) Scourers, being a non-scheduled activity, no industrial license is required. However, under the Government Scheme of Single point clearance for Kandla Free Trade Zone, a licence for 1,667 tonnes per annum has been granted.

	2007 Tonnes	2006 Tonnes
2. Production		
Processed triglycerides/hydrogenated oils/vanaspati	3,671**	7,760**
Soaps	3,46,430**	3,44,049**
Synthetic detergents	9,04,081**	8,37,187**
Personal Products ('000 nos.)	42,23,573	45,04,098
Glycerine: Refined	3,677**	5,630**
Packed Tea	64,830**	61,481**
Instant Tea	1,226	1,360
Packed Coffee	21,407**	13,484**
Processed Foods	21,880	22,432
Canned and Processed Fruits and Vegetables	34,533**	28,010**
Frozen Desserts (Million Litres)	12	8

** Includes:

(a) Third party processing:
Processed triglycerides/hydrogenated oils/vanaspati - Nil (2006 - 2,744 tonnes), Soaps - 5,488 tonnes (2006 - 1,129 tonnes), Synthetic detergents - 3,94,373 tonnes (2006 - 3,50,316 tonnes), Glycerine: Refined - 2,008 tonnes (2006 - 3,635 tonnes), Packed Tea - 12,833 tonnes (2006 - 5,610 tonnes), Packed Coffee - 13,649 tonnes (2006 - 6,401 tonnes), Canned and Processed Fruits and Vegetables - 16,557 tonnes (2006 - 12,684 tonnes).

(b) Processing in leased units: Processed triglycerides/hydrogenated oil/vanaspati - 3,671 tonnes (2006 - 5,016 tonnes).

Statements forming part of the Profit and Loss Account

	2007		2006	
	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
3. Sales (including exports)				
Soaps	3,98,901	3040,80.37	3,93,079	2808,68.65
	828*		1,076*	
Synthetic detergents	11,76,923	2955,16.14	11,05,209	2508,44.92
	20,193*		795*	
Personal Products ('000 nos.)	1,24,28,498	3860,79.53	1,12,96,720	3457,52.56
	1,71,156*		34,071*	
Tea	93,917	1551,21.38	1,00,470	1409,50.69
Coffee	24,851	478,63.06	26,900	419,10.19
Frozen Desserts & Ice-Creams (Million Litres)	17	158,49.46	15	134,42.16
Processed triglycerides/hydrogenated oils/anaspati	15,912	77,97.86	21,455	86,94.11
	2,799*		3,206*	
Canned and Processed Fruits and Vegetables	33,337	292,91.93	32,986	233,17.30
Branded Staple Foods (a)	2,15,881	277,28.46	2,30,727	177,92.62
Speciality Chemicals (b)	7,234	31,77.09	10,357	37,49.95
	1,847*		2,748*	
Others (c)		992,70.09		830,15.47
		13717,75.37		12103,38.62

Notes:

- (a) Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs.
 (b) Speciality Chemicals comprises Glycerine, Fine Chemicals, Mixtures of Odoriferous substances, Functionalised biopolymers, Perfumery compounds, Flavouring essences and Oleo chemicals.
 (c) Others includes Scourers, Marine products, Agri commodities, Water, Ayush services etc.
 * Figures denote quantities used for captive consumption/ reprocessing/ sales promotion.

	2007		2006		2005	
	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
4. Closing stocks (including processed chemicals)						
Processed triglycerides/hydrogenated oils/anaspati	282	1,17.39	998	3,61.19	1,720	8,30.25
Soaps	30,052	202,11.94	31,248	192,00.65	26,747	139,96.23
Synthetic detergents	51,937	153,47.47	47,062	126,76.68	45,156	104,87.78
Personal Products ('000 nos.)	15,62,692	303,72.06	11,99,500	199,29.46	11,06,333	154,46.18
Tea	6,337	60,01.81	7,213	62,85.72	5,225	38,78.16
Coffee	1,239	20,25.89	1,299	14,67.25	1,164	15,83.09
Functionalised biopolymers	—	—	—	—	112	27.34
Others		71,19.93		61,07.01		72,52.83
		811,96.49		660,27.96		535,01.86

	2007		2006	
	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
5. Raw materials consumed @				
Oils, fats and rosins	2,83,479	926,01.00	2,82,167	822,56.09
Chemicals and perfumes	11,23,943	1917,22.49	10,65,344	1813,50.54
Tea	83,153	595,05.13	90,797	620,58.24
Coffee	25,706	210,48.65	25,860	184,92.28
Others		485,93.69		372,14.06
		4134,70.96		3813,71.21

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

		2007			2006	
		%	Rs. lakhs		%	Rs. lakhs
6. Value of imported and indigenous materials consumed						
Raw materials	- Imported	17	689,44.84	17	644,33.06	
	- Indigenous	83	3445,26.12	83	3169,38.15	
Spare parts and components (including stores)	- Imported	28	24,56.77	47	32,35.83	
	- Indigenous	72	62,94.83	53	36,19.58	

Statements forming part of the Profit and Loss Account

		2007 Rs. lakhs		2006 Rs. lakhs
7. Value of imports on CIF basis (excluding purchases from canalising agencies and imported items purchased locally)				
Raw and packing materials		725,15.84		715,62.91
Spare parts and components		22,63.17		23,40.08
Capital goods		11,45.09		2,71.90
		759,24.10		741,74.89
		2007		2006
	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
8. Purchase of goods				
Processed triglycerides/ hydrogenated oils/ vanaspati	14,325	61,50.12	16,179	53,84.08
Soaps	52,103	264,40.68	54,607	236,39.88
Synthetic detergents	2,97,910	583,93.45	2,70,723	449,27.19
Personal Products ('000 nos.)	87,39,272	802,57.10	69,19,860	654,04.23
Ice-creams (Million Litres)	5	23,90.39	7	30,90.76
Others (agri commodities, scourers, edible oils and fats, etc.)		650,05.53		499,15.64
Total		2386,37.27		1923,61.78
Less : Excise duty on purchases		(221,49.44)		(172,10.67)
		2164,87.83		1751,51.11
		2007 Rs. lakhs		2006 Rs. lakhs
9. Earnings in foreign exchange				
Exports at FOB (including exports to Nepal and Bhutan)		1264,65.45		1247,49.25
Others (income from services, freight, insurance, claims, proceeds from sale of fixed assets, etc.)		219,05.27		188,59.54
		1483,70.72		1436,08.79
10. Expenditure in foreign currency (on payment basis) (subject to deduction of tax where applicable)				
Consultancy		9,04.20		7,34.88
Royalty		55,06.28		70,79.38
Other matters:				
(a) Imports of goods for resale		49,25.18		47,88.26
(b) Others		81,98.55		73,34.21
		195,34.21		199,36.73
11. Net dividend remitted in foreign currency				
2005 Final to 7 shareholders on 1,13,48,49,460 shares of Re.1 each		—		283,71.24
2006 Interim to 7 shareholders on 1,13,48,49,460 shares of Re.1 each		—		340,45.48
2006 Final to 7 shareholders on 1,13,48,49,460 shares of Re.1 each		340,45.48		—
2007 Interim to 7 shareholders on 1,13,48,49,460 shares of Re. 1 each		340,45.48		—
2007 Platinum Jubilee Dividend to 7 shareholders on 1,13,48,49,460 shares of Re. 1 each		340,45.48		—
		1021,36.44		624,16.72
12.	Previous year's figures have been regrouped wherever necessary to conform to this year's classification.			

Statements forming part of the Profit and Loss Account

	2007 Rs. lakhs	2006 Rs. lakhs
13. Directors' remuneration		
Salaries	4,26.86	3,76.83
Performance Linked Bonus/Commission to Whole-time Directors	4,51.83	4,65.83
Commission to Non-Wholetime Directors	25.00	25.00
Contribution to provident fund	43.00	96.80
Other perquisites*	32.40	43.62
	<u>9,79.09</u>	<u>10,08.08</u>

* The stock options granted by the Company were at market price and not at a discount. But consequent to the Scheme of Arrangement between the Company and its members for issue of bonus debentures, the value of stock options outstanding were reduced by Rs. 8.76 per option. In accordance with the guidelines issued by Securities and Exchange Board of India, and also as a conservative accounting policy, the accounting value of options arising out of the reduction of Rs. 8.76 per option is being amortised over the vesting period. Accordingly perquisites include amortisation of Employee Stock Options amounting to Rs.Nil (2006: Rs. 12.21 lakhs).

Note:

Provisions for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall company basis are excluded above.

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

	2007 Rs. lakhs	2006 Rs. lakhs
Net Profit after taxation	1925,46.98	1855,37.34
Add :		
Depreciation (as per accounts)	138,35.90	130,16.35
Directors' remuneration	9,79.09	10,08.08
Directors' fees	10.80	12.60
Provision/(write back) for doubtful debts and advances (net)	(2,15.73)	20,32.89
Book deficit/(surplus) on fixed assets sold, scrapped, etc. (net)	(31,15.46)	17,36.16
Surplus on disposal of investments (net)	(70,65.17)	(15,98.93)
Provision for diminution in value of investment in subsidiaries	—	6,49.11
Provision/(write back) for diminution in value of investments and excess of cost over fair value of current investments (net), included in miscellaneous expenses	1,49.76	(174.79)
Profit arising on disposal of long-term investments	—	(123,22.49)
Profit arising on disposal of brands	—	(206,50.00)
Profit arising on disposal of 51% share in a subsidiary company	—	(48,77.25)
Profit arising on disposal of land & building	(100,85.27)	—
Diminution of Goodwill arising on acquisition of business from a subsidiary	46.44	—
Loss arising on disposal of subsidiary companies	—	8,69.30
Profit arising on demerger of subsidiaries	(22,54.45)	—
Reversal of provision for impairment of sea food exports business assets	(5,71.83)	—
Profit on disposal of assets of business	(4,00.00)	—
Cost in relation to buyback of shares	6,00.00	—
Taxation for the year (after considering exceptional items)	402,33.08	332,13.71
	<u>321,47.16</u>	129,14.74
	<u>2246,94.14</u>	1984,52.08
Less:		
Depreciation under Section 350	144,77.93	138,77.32
Deficit / (Surplus) on disposal of fixed assets (net) under Section 349	39,62.67	35.74
	<u>184,40.60</u>	139,13.06
Net profit for Section 198 of the Companies Act, 1956	<u>2062,53.54</u>	1845,39.02
Commission to Non-Wholetime Directors at 1%	20,62.54	18,45.39
Commission to Wholetime Directors	103,12.68	92,26.95
Commission payable for the year	4,76.83	4,90.83

Notes to the Cash Flow Statement for the year ended 31st December, 2007

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. During the year, the Company demerged its Jamnagar Properties Private Limited & Shamnagar Estates Private Limited to its fully owned subsidiaries, for a consideration of Rs. 24,46.42 lakhs received in the form of fully paid equity shares.
3. During the year, the Company purchased assets and liabilities of the Ice-cream business of Daverashola Estates Private Limited on a going concern basis for a consideration of Rs. 19,00.00 lakhs, settled against outstanding deposits.
4. In view of Note 2 above & Note 14 to the Profit and Loss Account, the current year's figures are not comparable with that of the previous year.
5. Figures in brackets indicate Cash Outgo.
6. The previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.

Segment Information for the Year Ended 31st December, 2007

Information about Primary Business Segments

	2007 Rs. lakhs			2006 Rs. lakhs		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Soaps and Detergents	6374,52.65		6374,52.65	5595,88.75		5595,88.75
Personal Products	3671,82.55		3671,82.55	3359,78.62		3359,78.62
Beverages	1532,77.67		1532,77.67	1330,73.98		1330,73.98
Foods	537,73.16		537,73.16	384,90.60		384,90.60
Ice Creams	160,64.09		160,64.09	137,06.66		137,06.66
Exports	1342,25.64		1342,25.64	1278,88.42		1278,88.42
Other Operations	278,45.39	6,82.41	285,27.80	170,75.16	9,49.88	180,25.04
Total Segment	13898,21.15	6,82.41	13905,03.56	12258,02.19	9,49.88	12267,52.07
Eliminations			(682.41)			(949.88)
Total Revenue (see Note 3 to Segment Information)			13898,21.15			12258,02.19
RESULT						
Soaps and Detergents			996,70.41			738,00.26
Personal Products			1036,20.62			923,34.51
Beverages			231,61.07			208,48.12
Foods			18,71.74			9,75.43
Ice Creams			13,64.79			17,61.42
Exports			47,35.11			63,27.56
Other Operations			(112,74.70)			(67,59.04)
Total Segment			2231,49.04			1892,88.26
Total Consolidated			2231,49.04			1892,88.26
Un-allocated expenditure net of un-allocated income			(257,83.48)			(182,86.51)
Operating Profit			1973,65.56			1710,01.75
Interest expenses			(25,49.66)			(10,73.35)
Interest/dividend income and surplus on disposal of investments (net of provision/write back for diminution in long-term investments and mark down of current investment)			236,36.77			162,39.69
Taxation for the year (including adjustments of previous years)			(415,46.89)			(322,01.00)
Profit after taxation and before exceptional items			1769,05.78			1539,67.09
Exceptional items - income and expenditure (Segment)						
Soaps and Detergents		6,55.96			77,87.84	
Personal Products		8,77.86			192,59.87	
Beverages		5,83.69			(31,31.72)	
Foods		1,87.86			(7,78.23)	
Ice Creams		43.65			(3,49.39)	
Exports		5,24.69			(6,33.77)	
Other Operations		3,64.07			(20,42.09)	
			32,37.78			201,12.51
Exceptional items — income and expenditure (Unallocated/Corporate)			110,89.61			124,70.45
Tax charge (net)			(32,63.22)			(10,12.71)
One time reduction in tax liability arising from amalgamation of Modern Food Industries (India) Limited (a wholly owned subsidiary) with the Company			45,77.03			—
Net Profit			1925,46.98			1855,37.34

Segment Information for the Year Ended 31st December, 2007

Information about Primary Business Segments

Other Information

	Segment Assets Rs. lakhs		Segment Liabilities Rs. lakhs	
	2007	2006	2007	2006
Soaps and Detergents	1877,93.29	1669,71.54	(1751,69.40)	(1608,88.24)
Personal Products	898,13.16	716,22.57	(751,75.79)	(556,20.41)
Beverages	593,70.22	485,53.90	(540,21.88)	(529,14.52)
Foods	159,91.31	123,23.63	(158,45.83)	(109,77.33)
Ice Creams	115,38.19	80,52.66	(77,73.80)	(74,09.03)
Exports	565,76.63	565,39.34	(258,12.00)	(273,97.97)
Other Operations	52,75.20	48,47.42	(77,28.36)	(57,37.19)
Total	4263,58.00	3689,11.06	(3615,27.06)	(3209,44.69)
Unallocated Corporate Assets/(Liabilities)	2566,48.83	3790,91.08	(1775,56.36)	(1547,09.18)
Total Assets/(Liabilities)	6830,06.83	7480,02.14	(5390,83.42)	(4756,53.87)

	Capital Expenditure Rs. lakhs		Depreciation Rs. lakhs		Non – Cash Expenses other than Depreciation Rs. lakhs	
	Year 2007	Year 2006	Year 2007	Year 2006	Year 2007	Year 2006
Soaps and Detergents	66,84.60	67,07.50	66,97.02	63,00.20	10,00.83	4,71.69
Personal Products	78,94.31	24,89.80	28,98.04	24,30.36	5,53.56	3,04.47
Beverages	13,73.57	16,80.83	8,79.79	7,02.05	2,96.86	(54.45)
Foods	5,61.68	2,89.67	3,50.21	2,01.55	81.61	1,19.78
Ice Creams	12,93.36	1,38.15	7,53.64	6,32.93	29.30	29.54
Exports	27,02.31	4,81.73	11,70.59	11,90.35	30.22	30.22
Other Operations	8.90	22.69	69.72	30.16	1,37.76	0.05

Segment Information for the Year Ended 31st December, 2007

Information about secondary Business Segments

	2007 Rs. lakhs	2006 Rs. lakhs
Revenue by Geographical Market		
India	12395,20.61	10842,72.18
Outside India	1503,00.54	1415,30.01
Total	13898,21.15	12258,02.19
Additions to Fixed Assets and Intangible Assets		
India	205,18.73	118,10.37
Outside India	—	—
Total	205,18.73	118,10.37
Carrying Amount of Segment Assets		
India	4239,43.49	3659,64.30
Outside India	24,14.51	29,46.76
Total	4263,58.00	3689,11.06

Notes:

1. Business Segments

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

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

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

The above business segments have been identified considering :

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

Revenue, Results, Assets and Liabilities of the erstwhile subsidiary Modern Food Industries (India) Limited, which amalgamated with the company, are included in foods segment. (Refer Note 14(i))

2. Geographical Segments

The geographical segments considered for disclosure are as follows:

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

	2007 Rs. lakhs	2006 Rs. lakhs
3. Revenue comprises:		
Sales	13717,75.37	12103,38.62
Income from services rendered (included in Other Income)	180,45.78	154,63.57
	13898,21.15	12258,02.19

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

Related Party Disclosures

A. Enterprises where control exists

- (i) **Holding Company:**
Unilever PLC
- (ii) **Subsidiaries:**
Unilever India Exports Limited
Bon Limited
Unilever Nepal Limited
Modern Food Industries (India) Limited
(Upto 30th September, 2006)
Pond's Exports Limited
Tea Estates India Limited
(Upto 28th February, 2006)
Capgemini Business Services (India) Limited
(Formerly known as Unilever India Shared Services Limited) (Upto 10th September, 2006)
Modern Food and Nutrition Industries Limited
(Upto 30th September, 2006)
Daverashola Estates Private Limited
Jamnagar Properties Private Limited
(With effect from 1st March, 2007)
Shamnagar Estates Private Limited
(With effect from 1st March, 2007)
Hindustan Unilever Field Services Private Limited
(With effect from 19th December, 2007)
Brooke Bond Real Estates Private Limited
(With effect from 31st October, 2007)
Levers Associated Trust Limited
Levindra Trust Limited
Hindlever Trust Limited

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

- (i) **Fellow Subsidiaries:**
Brooke Bond Assam Estates Limited
Brooke Bond Group Limited
Brooke Bond South India Estates Limited
Lever Faberge UK
Unilever U.K. Central Resources Limited
Unilever Overseas Holdings Limited
Unilever Australia Limited
Lever Brothers Bangladesh Limited
Unilever Canada
Unilever Cote d'Ivoire
Unilever Ghana Limited
Unilever Kenya Limited
Unilever New Zealand Limited
Lever Brothers Pakistan Limited
Unilever Singapore Pte Limited
Unilever Foods Espana, S.A - Division Frigo
Unilever South Africa (Pty.) Limited
Unilever Ceylon Limited
Unilever Overseas Holdings AG
Lever Brothers West Indies Limited
Unilever Research Laboratory, Port Sunlight
Unilever Research Laboratory, Colworth House
BB Kenya Group
Unilever N.V.
Unilever Overseas Holdings B.V.
Unilever Brasil Limited
Lever Chile S.A.
Unilex Cameroon S.A.
Unilever France S.A.
Unilever International Paris
Unilever Deutschland GmbH
Lever Faberge Deutschland GmbH
Unilever Hong Kong Limited
BBL Japan K.K.
Nippon Lever K.K.

Fellow Subsidiaries: (Contd.)

Sagit SPA, Italy
Unilever Ethiopia
Unilever Philippines (Pro), Inc.
PT Unilever Indonesia TBK
Unilever Thai Trading Limited
Unilever Thai Holding Limited
Unilever Sanayi ve Ticaret Turk A.S.
Unilever Home & Personal Care USA
Lever Egypt SAE
Lipton Division, Canada
Lever Arabia Limited
Lever Brothers Nigeria Limited
Lipton Soft Drinks (Ireland)
Lever Israel
Elida P/S, Vietnam
Unilever Polska
Lever International Marine Supplies (LIMS) BV
Unilever Gulf Free Zone Establishment, Arabia
Unilever (China) Limited
Unilever South Central Europe
Unilever Baltic LLC
Unilever Levant, Lebanon
Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S.
Unilever Best Foods, Vietnam
Unilever SNG, Russia
Unilever Taiwan Limited
Unilever Ukraine
Unilever Tuketim Mersin Serbest Bolge Subesi, Turkey
Towells Lever LLC, Arabia
Binzagr Lever Limited, Arabia
Unilever Industries Private Limited
Digital Securities Private Limited
Lever Faberge France
Unilever Tanzania Limited
Unilever Cambodia Limited
Lever Faberge Belgium
Unilever Maghreb Export SA, Tunisia
Unilever UK & CN Holdings, UK
Lipton Limited, UK
Unilever (Malaysia) Holdings, Sdn Berhad
Lever Ponds Division, Canada
Europalma International Insurance Services B.V.
Lipton US Group
Lever Faberge Italia SPA
Unilever United States Inc.
Hefei Lever Detergents Co. Limited, China
Unilever Korea
Unilever Vietnam
Unilever Canada - Foods
Unilever Nigeria
Lipton Limited (Head Office)/Lipton Tea Supply Limited
Unilever Market Development SA
Bahrain Technical & Trading Co. W.L.L
Unilever Bestfoods Benelux B.V. Netherlands
Bestfoods - Germany
Bestfoods Nordic AS (Denmark)
Unilever Bestfoods - Ireland
Frozen Fish International GmbH, Germany
Unilever Uganda Limited
Unilever Finland OY
Unilever Sverige AB
Unilever UK Food Manchester
Unilever Kenya Limited
Unilever Iran P.J.S.C
Unilever Magyarorszag KFT
Commercial United for Import
Unilever Germany GmbH-HPC
Unilever Mozambique LDA
Unilever Schweiz GmbH
Unilever Trading LLC
Elida Faberge Ltd.

Other Related parties with whom the Company had transaction etc.

(ii) Joint Ventures	:	Kimberly Clark Lever Private Limited Quest International India Limited (upto 31st May, 2006)
(iii) Associate	:	Capgemini Business Services (India) Limited (Formerly known as Unilever India Shared Services Limited)
(iv) Key Management Personnel	:	H. Manwani Douglas Baillie (from March 2006) M. K. Sharma (upto May 2007) D. Sundaram S. Ravindranath (upto April 2007) A. Adhikari (upto February 2006) A. K.Mathur (upto December 2006) D. Buch (from March 2006) N. Paranjpe (from March 2006) S. Dube (upto June 2007) Ashok Gupta (from June 2007) Shrijeet Mishra (from June 2007) Sanjiv Kakkar (from January 2007) Leena Menon (from June 2007)
(v) Employees' Benefit Plans where there is significant influence	:	Hindustan Lever Gratuity Fund The Union Provident Fund The Hind Lever Provident Fund The Hind Lever Pension Fund Hindustan Unilever Limited Employees Superannuation Fund

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st December, 2007

		2007	2006
		Rs. lakhs	Rs. lakhs
(i) Holding Company	:		
	Dividend paid	715,32.61	437,14.37
	Royalty paid	75,62.87	70,66.90
	Income from services rendered	164,41.35	145,31.87
	Outstanding balances:		
	- Receivables at the year end	34,07.07	37,83.46
(ii) Subsidiaries*	:		
	Sale of finished goods/raw materials etc.	16,61.89	23,17.85
	Sale of fixed assets	24,46.42	1,10.21
	Expenses shared by subsidiary companies	1,10.58	1,53.85
	Dividend received	12,64.78	11,50.87
	Interest received	2,37.07	12,39.18
	Rent received	54.00	54.00
	Processing charges paid	—	6,57.88
	Purchase of goods	2,10.58	14,39.30
	Commitment Charges	—	2,56.41
	Rent paid	12.00	81.14
	Investment in equity shares	24,48.42	—
	Deposits - Outstanding receivable at the year end	16,57.00	16,57.00
	Advances and loans:		
	- Receivables at the year end	59,07.80	181,23.53
	- Inter corporate deposits:		
	- Advanced during the year	15,50.00	131,03.00
	- Repayments during the year	16,89.99	8,50.00
* For transactions with subsidiary relating to amalgamation (refer Note 14)			
(iii) Fellow Subsidiaries	:		
	Sale of finished goods/raw materials etc.	778,03.19	710,70.81
	Sale of fixed assets	18.64	1,75.56
	Rent Received	1,10.00	1,10.00
	Income from services rendered	8,48.22	8,21.71
	Expenses shared by a fellow subsidiary (Other)	6.00	6.00
	Purchase of goods	119,14.37	69,22.30
	Dividend paid	306,03.83	187,02.35
	Royalty paid	1,56.59	1,64.16
	Purchase of Fixed Assets	—	2.18
	Advances and loans:		
	- Receivables	197,27.99	194,63.32
	- Payables	7,84.27	7,74.82

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st December, 2007 (Contd...)

		2007	2006
		Rs. lakhs	Rs. lakhs
(iv) Joint Ventures			
	Purchase of goods	136,81.90	135,83.15
	Other income	2,04.50	3,34.82
	Dividend received	4,35.00	3,62.50
	Advances and loans :		
	- Receivables	14.90	—
	- Payables	—	1,16.49
(v) Associate			
	Outstanding receivable at the year end	39.20	85.12
	Expenses for services received	33,57.62	—
(vi) Key Management Personnel			
	Remuneration	15,56.47	13,49.43
	Rent paid	9.55	39.49
	Dividend paid	11.96	9.58
	Sale of asset	—	11,80.00
	Loans - Repayments (including interest) during the year	—	0.10
(vii) Employees' Benefit Plans where there is significant influence			
	Contributions during the year	40,75.42	30,54.19
	Outstanding payables at the year end	5,19.67	11.91
	Outstanding receivables at the year end	9,33.04	16,24.48

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

	2007	2006
	Rs. lakhs	Rs. lakhs
Sale of finished goods/raw materials etc.		
- Unilever Gulf Free Zone Establishment, Arabia	251,20.89	226,64.15
Sale of fixed assets		
- Unilever UK Foods - Manchester	—	175.56
- H. Manwani	—	11,80.00
- Jamnagar Properties Private Limited	5,00.00	—
- Shamnagar Estates Private Limited	15,00.00	—
- Daverashola Estates Private Limited	4,46.42	—
Expenses shared by subsidiary Companies/fellow subsidiary companies		
Unilever India Exports Limited	26.50	51.22
Pond's Exports Limited	84.08	1,02.63
Dividend received		
Unilever Nepal Limited	12,64.78	11,50.87
Kimberly Clark Lever Pvt. Limited	4,35.00	3,62.50
Interest received		
Modern Food Industries (India) Limited	—	10,25.00
Unilever India Exports Limited	81.81	—
Pond's Exports Limited	1,55.26	—
Rent received		
Unilever Industries Private Limited	1,10.00	1,10.00
Unilever India Exports Limited	54.00	54.00
Processing charges paid		
Bon Limited	—	6,41.61
Purchase of fixed assets		
Unilever Best Foods Limited, UK	—	2.18

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

	2007	2006
	Rs. lakhs	Rs. lakhs
Purchase of goods		
Kimberly Clark Lever Pvt. Limited	136,81.90	124,79.81
Unilever Deutschland GmbH	—	30,17.99
Unilever Thai Holdings Limited	41,33.38	—
Commitment Charges paid		
Unilever Nepal Limited	—	2,56.41
Rent paid		
Unilever India Exports Limited	12.00	—
Bon Limited	—	81.14
D. Sundaram	4.22	—
S. Ravindranath	2.83	—
M. K. Sharma	2.50	—
Investment in equity shares		
Jamnagar Properties Private Limited	5,00.00	—
Shamnagar Estates Private Limited	15,00.00	—
Daverashola Estates Private Limited	4,46.42	—
Deposits outstanding receivable at the year end		
Unilever India Exports Limited	16,57.00	16,57.00
Inter corporate deposits advanced during the year		
Modern Food Industries (India) Limited	—	7,600.00
Pond's Exports Limited	12,00.00	—
Bon Limited	2,00.00	37,50.00
Inter corporate deposits repayments during the year		
Capgemini Business Services (India) Limited	—	850.00
Pond's Exports Limited	16,89.99	—
Other income		
Kimberly Clark Lever Private Limited	2,04.50	3,34.82
Dividend paid		
Unilever PLC	715,32.61	437,14.37
Royalty paid		
Unilever PLC	75,62.87	70,66.90
Outstanding balances payable at the year end		
Lipton Limited (Head Office)/Lipton Tea Supply Limited	4,63.46	3,76.88
Unilever U.K. Central Resources Ltd.	—	2,46.12
Unilever N.V.	1,46.15	—
Elida Faberge Ltd.	—	1,02.74
Kimberly Clark Lever Private Limited	—	1,16.49
The Union Provident Fund	5,19.67	—
Outstanding balances receivable at the year end		
Unilever Gulf Free Zone Establishment, Arabia	55,37.91	53,37.72
Modern Food Industries (India) Limited	—	106,48.54
Bon Limited	41,39.74	—
Unilever PLC	34,07.07	—
Income from services rendered		
Unilever PLC	164,41.35	145,31.87
Expenses for services received		
Capgemini Business Services (India) Limited	33,57.62	—
Remuneration		
M. K. Sharma	—	2,00.84
S. Ravindranath	—	1,45.27
D. Sundaram	1,78.22	1,57.92
Douglas Baillie	4,91.34	4,59.07
Nitin Paranjpe	2,28.27	—
Sanjiv Kakkar	2,15.61	—
Contributions during the year		
The Union Provident Fund	17,29.22	5,09.82
The Hind Lever Pension Fund	19,56.74	13,79.83
The Hind Lever Provident Fund	3,89.46	11,40.94

Statement Pursuant to Part IV of the Companies Act, 1956
Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	11-2030
State Code	11
Balance Sheet Date	31.12.2007

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

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

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

Total Liabilities	68,300,683
Total Assets	68,300,683

SOURCES OF FUNDS

Paid-up Capital	2,177,463
Reserves and Surplus	12,214,878
Secured Loans	255,186
Unsecured Loans	630,117

APPLICATION OF FUNDS

Net Fixed Assets	17,081,408
Investments	14,408,074
Net Current Assets	(18,335,713)
Deferred Tax	2,123,875
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

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

Turnover (Total Income)	141,804,348
Total Expenditure	(119,959,081)
Profit/(Loss) Before Tax and Exceptional Items	21,845,267
Profit/(Loss) After Tax and Exceptional Items	19,254,698
Earnings Per Share (in Rs.)	8.73
Dividend Rate (%)	900

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

Item Code No. (ITC Code)	34.01
Product Description	SOAP
Item Code No. (ITC Code)	34.02
Product Description	DETERGENTS
Item Code No. (ITC Code)	09.02
Product Description	TEA

Auditors' Report to the Members of Hindustan Unilever Limited (Formerly known as Hindustan Lever Limited)

1. We have audited the attached Balance Sheet of Hindustan Unilever Limited (Formerly known as Hindustan Lever Limited) as at 31st December, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraphs 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st December, 2007, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2007 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai : 13th February, 2008

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hindustan Unilever Limited (formerly known as Hindustan Lever Limited) on the Financial Statements for the year ended 31st December, 2007]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) Fixed assets are physically verified by the management according to a phased programme designed to cover all the locations once in two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) Inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regards to the explanation certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examinations of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding Rs. five lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax and cess which have not been deposited on account of any dispute. The particulars of excise duty, sales tax, customs duty, income-tax and service tax as at 31st December, 2007 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount under dispute not yet deposited Rs. Lakhs	Periods to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	42,42.40	1982, 1987 1989 to 1994 1996 to 2006	Appellate Authority – upto Commissioner's level
		35,04.99	1983 to 1986 1989 to 1991 1994 to 2006	Tribunal
		25.53	1979 to 1983	Supreme Court
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	94,06.91	1976, 1977 1982 to 2007	Appellate Authority – upto Commissioner's level
		69,28.18	1982 to 2005	Tribunal
		58,67.06	1982 to 1986 1988 to 2005	High Courts
Customs Act, 1962	Customs duty including interest and penalty, as applicable	1,65.65	1996, 2003	Appellate Authority – upto Commissioner's level
		7.44	1994	Tribunal
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	4,38.79	1979-80 1995-96	Appellate Authority – upto Commissioner's level
		1,07.59	1985-86 1991-92	Tribunal
		36.51	1981-82, 1982-83 & 1988-89	High Courts
Service Tax	Service tax including interest and penalty, as applicable	84.45	2004 to 2006	Appellate Authority – upto Commissioner's level

10. The Company has no accumulated losses as at 31st December, 2007 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayments of dues to any financial institutions or banks or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai : 13th February, 2008

2007

Additional Information : Economic Value Added (EVA)

What is EVA?

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

* **EVA = Net Operating Profit after Taxes (NOPAT) – Cost of Capital Employed (COCE)**, where,
NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungearing basis to provide a return to lenders and shareholders, and
COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed

* Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated company like HUL with an appropriate mix of short, medium and long term debt, net of taxes. We have considered a pre tax rate of 9.45% for 2007 (8.90% for 2006) after taking into account the trends over the years and market situations.

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

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 7.95% for 2007)
(+)

Market risk premium (taken at 11%) (x) Beta variant for the Company, (taken at 0.876) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HLL's cost of equity = 7.95% + 11% (x) 0.876 = 17.59%

What does EVA show?

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

When will EVA increase?

EVA will increase if :

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

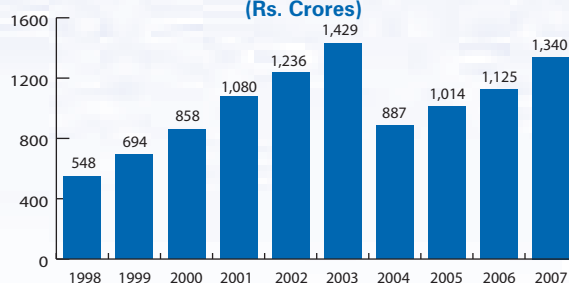
EVA in practice at Hindustan Unilever Ltd.

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

EVA Trends : 1998-2007 (Unaudited)

(Rs. crores)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Cost of Capital Employed (COCE)										
1. Average Debt	165	162	93	50	45	881	1588	360	163	382
2. Average Equity	1487	1908	2296	2766	3351	2899	2116	2200	2515	2402
3. Average Capital Employed : (1) + (2)	1652	2070	2389	2816	3396	3780	3704	2560	2677	2785
4. Cost of Debt, post-tax %	9.10	8.61	8.46	7.72	6.45	4.88	5.19	3.38	5.90	6.24
5. Cost of Equity %	19.70	19.70	19.70	16.70	14.40	12.95	14.77	15.50	16.38	17.59
6. Weighted Average Cost of Capital % (WACC)	18.64	18.83	19.27	16.54	14.30	11.07	10.66	13.80	15.74	16.03
7. COCE : (3) x (6)	308	390	460	466	486	418	395	353	421	446
Economic Value Added (EVA)										
8. Profit after tax, before exceptional items	837	1070	1310	1541	1716	1804	1199	1355	1540	1769
9. Add : Interest, after taxes	19	14	8	5	6	43	82	12	7	17
10. Net Operating Profits After Taxes (NOPAT)	856	1084	1318	1546	1722	1847	1282	1367	1547	1786
11. COCE, as per (7) above	308	390	460	466	486	418	395	353	421	446
12. EVA : (10) - (11)	548	694	858	1080	1236	1429	887	1014	1125	1340

Economics Value Added (EVA) (Rs. Crores)



Significant Accounting Policies

Basis for preparation of accounts

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India.

Revenue Recognition

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

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

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

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

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

Expenditure

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

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

Goodwill and other Intangible Assets

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

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

Impairment of Assets

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

Fixed Assets

Fixed assets are stated at cost less depreciation. In Tea/Coffee estates, the cost of extension planting of cultivable land including cost of development is capitalised.

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

- certain employee perquisite-related assets are depreciated over four to six years, the period of the perquisite scheme
- computers and related assets are depreciated over four years
- certain assets of the cold chain are depreciated over four/seven years
- motor vehicles are depreciated over six years and
- assets of certain subsidiaries are depreciated on the Written Down Value Method (WDV). The difference between the SLM basis and WDV basis is not significant.

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

Investments

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

Interests in Joint Ventures

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

Inventories

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

Sundry Debtors and Loans and Advances

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

Provisions

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

Retirement/Post-Retirement Benefits

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

Taxes on Income

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

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

Foreign Currency Translations

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

Segment Reporting

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

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

Profit and Loss Account for the year ended 31st December, 2007

Figures in brackets represent deductions

	Notes	2007 Rs. lakhs	2006 Rs. lakhs
INCOME			
Sales	1	13913,40.28	12410,97.61
Other income	2	453,14.03	392,91.88
Total		14366,54.31	12803,89.49
EXPENDITURE			
Operating expenses	3 - 5	(12009,17.07)	(10798,90.83)
Depreciation		(141,90.60)	(135,66.61)
Interest	6	(26,48.58)	(13,96.66)
Total		(12177,56.25)	(10948,54.10)
PROFIT BEFORE TAXATION, EXCEPTIONAL ITEMS AND SHARE OF ASSOCIATES PROFIT		2188,98.06	1855,35.39
Taxation for the year	9	(346,47.61)	(272,95.38)
– current tax		(39,65.18)	(22,81.79)
– deferred tax		(40,22.93)	(35,97.31)
– fringe benefit tax	18	5,04.94	(46.02)
– adjustments of previous years (net)			
PROFIT AFTER TAXATION, BEFORE EXCEPTIONAL ITEMS AND SHARE OF ASSOCIATES PROFIT		1767,67.28	1523,14.89
Exceptional items (net of tax)	13	151,19.88	370,49.75
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE SHARE OF ASSOCIATES PROFIT		1918,87.16	1893,64.64
Share of Associates net profit / (loss)	14	—	51.35
PROFIT BEFORE MINORITY INTERESTS		1918,87.16	1894,15.99
Minority Interests		(3,98.19)	(3,63.39)
NET PROFIT		1914,88.97	1890,52.60
Balance brought forward		640,27.44	452,12.49
Available for distribution		2555,16.41	2342,65.09
Dividends:			
On equity shares:			
Interim - Rs. 3.00 per share - declared on 29th July, 2007			
(includes Rs. 17.49 lakhs on final dividend for 2006)		(662,30.35)	(661,72.23)
Platinum Jubilee - Rs. 3.00 per share - declared on 31st October, 2007		(660,57.83)	—
Interim and Final dividend of 2005 paid to the shareholders of the erstwhile			
Vashisti Detergents Limited		—	(1,72.31)
Final - Rs. 3.00 per share - proposed		(653,23.90)	(662,03.28)
Tax on distributed profits (includes Rs. 19,68.74 lakhs on final dividend for 2006)		(356,10.94)	(185,89.83)
Transfer to General Reserve		(200,00.00)	(191,00.00)
Balance carried forward		22,93.39	640,27.44
Earnings Per Share (Rs.) - Basic & Diluted (Face value of Re.1 each)	15	8.69	8.57

For notes, statements, additional information, segment information, related party disclosures and accounting policies
See pages : 93, 97, 98 and 116 to 121

Signatures to pages : 93, 94, 97, 98 and
116 to 121

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai: 13th February, 2008

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai: 13th February, 2008

Balance Sheet as at 31st December, 2007

Figures in brackets represent deductions

	Schedule	2007 Rs. lakhs	2006 Rs. lakhs
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	217,74.63	220,67.76
Reserves and Surplus	2	1290,41.26	2402,79.90
		1508,15.89	2623,47.66
Minority Interests		5,49.68	4,69.16
Loan funds			
Secured loans	3	38,86.28	53,37.58
Unsecured loans	4	63,28.69	39,11.17
		102,14.97	92,48.75
		1615,80.54	2720,65.57
APPLICATION OF FUNDS			
Fixed assets			
Gross block		2727,26.06	2697,48.25
Depreciation and impairment loss		(1168,36.06)	(1228,41.80)
Net block	5	1558,90.00	1469,06.45
Capital work-in-progress		188,82.11	116,11.34
		1747,72.11	1585,17.79
Investments	6	1429,18.84	2352,32.87
Deferred Tax			
Deferred Tax Assets	7	409,49.38	391,36.92
Deferred Tax Liabilities	8	(195,14.02)	(164,13.43)
		214,35.36	227,23.49
Current assets, loans and advances			
Inventories	9	2003,77.42	1604,36.93
Sundry debtors	10	464,93.06	480,39.39
Cash and bank balances	11	262,42.19	460,90.03
Other current assets	12	18,52.47	22,56.34
Loans and advances	13	669,92.65	621,46.53
		3419,57.79	3189,69.22
Current liabilities and provisions			
Liabilities	14	(3897,67.27)	(3280,67.59)
Provisions	15	(1297,36.29)	(1353,10.21)
		(5195,03.56)	(4633,77.80)
Net current assets		(1775,45.77)	(1444,08.58)
		1615,80.54	2720,65.57

For schedules, contingent liabilities, additional information, segment information, related party disclosures
See pages : 99 to 114 and 116 to 121

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai: 13th February, 2008

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai: 13th February, 2008

Cash Flow Statement for the year ended 31st December, 2007

	2007 Rs. lakhs	2006 Rs. lakhs
A. Cash Flow from Operating Activities :		
Profit before taxation and exceptional items	2188,98.06	1855,35.41
Adjustments for:		
Depreciation	141,90.60	135,66.61
Surplus on disposal of investments (net)	(70,67.05)	(16,01.99)
(Reversal of provision)/Provision for diminution in value of investments and excess of cost over fair value of current investments (net)	1,49.68	(1,75.11)
Deficit/(surplus) on fixed assets sold, scrapped, etc. (net)	(30,86.15)	(17,59.20)
Discounting charge for Employee stock option	—	3,03.78
Interest income	(65,99.66)	(57,36.38)
Dividend income	(87,35.42)	(70,96.83)
Interest expenditure	26,48.58	13,96.66
	(84,99.42)	(11,02.46)
Operating Profit before Working Capital Changes	2103,98.64	1844,32.95
Adjustments for:		
Trade and Other Receivables	(27,62.00)	(43,93.38)
Inventories	(399,40.49)	(223,32.13)
Trade Payables and Other Liabilities	574,74.75	366,96.41
	147,72.26	99,70.90
Cash generated from operations	2251,70.90	1944,03.85
Taxes paid (including fringe benefit tax) (net of refunds)	(500,41.73)	(455,86.03)
Cash flow before exceptional items	1751,29.17	1488,17.82
Compensation under Voluntary Separation Schemes	(15,79.96)	(58,03.57)
Amount received from LIC on commutation of receivables under annuity schemes	—	20,25.91
Cost incurred for relocation of the foods division to Mumbai	(19,56.88)	—
Consideration received on disposal of Sangam Business (incl. Brand)	13,00.00	—
Consideration received on disposal of Nihar and Cococare Brands	—	229,02.37
Sales tax paid on Brand sale	—	(8,03.36)
Net Cash from Operating Activities	1728,92.33	1671,39.17
B. Cash Flow from Investing Activities:		
Purchase of fixed assets	(334,56.13)	(166,92.15)
Sale of fixed assets	87,26.15	47,84.98
Capital subsidy received	—	1,39.56
Purchase of investments	(14255,55.16)	(9802,98.39)
Sale of investments	15247,86.56	9197,71.40
Interest received	59,22.72	55,26.95
Dividend received	87,35.42	70,96.83
Cash flow before exceptional items	891,59.56	(596,70.82)
Sale of interest in joint ventures	—	54,02.00
Consideration received on disposal of unused factory land and building	101,28.37	—
Consideration received on disposal of fixed asset	8,06.68	—
Consideration received on disposal of long-term investment	—	140,27.31
Consideration received on disposal of 51% share in a subsidiary Company	—	52,09.51
Consideration received on disposal of subsidiary Companies	—	106,24.65
Net Cash from/(used in) Investing Activities	1000,94.61	(244,07.35)
C. Cash Flow from Financing Activities:		
Dividends paid	(1954,39.50)	(1210,16.38)
Tax on distributed profits	(337,99.73)	(170,22.94)
Interest paid	(26,44.28)	(18,74.52)
Buyback of equity shares	(626,27.25)	—
Cost in relation to buyback of equity shares	(5,26.54)	—
Bank overdrafts (net)	9,60.44	17,18.25
Proceeds from borrowings	665,02.52	317,79.46
Proceeds from share allotment under Employee Stock Option Scheme	12,36.30	33,92.25
Repayments of borrowings	(664,96.74)	(361,13.76)
Net Cash used in Financing Activities	(2928,34.78)	(1391,37.64)
Net (Decrease)/Increase in Cash and Cash equivalents (A+B+C)	(198,47.84)	35,94.18
Cash and Cash equivalents as at 1st January (Opening Balance)	460,90.03	419,84.64
Cash and Cash equivalents as at October, 2006 of Unilever India Shared Services Limited	—	(1,52.21)
Cash and Cash equivalents as at January, 2006 of Doom Dooma Tea Company Limited	—	(87.56)
Cash and Cash equivalents as at February, 2006 of Tea Estates India Limited	—	(36.22)
Cash and Cash equivalents as at January, 2006 of Vashisti Detergents Limited	—	9,76.26
Cash and Cash equivalents as at May, 2006 of Quest International India Limited	—	(1,89.06)
Cash and Cash equivalents as at 31st December (Closing Balance)	262,42.19	460,90.03

For notes:

See page: 115

In terms of our report of even date

Sharmila A. Karve
Partner
Membership No. 43229

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai : 13th February, 2008

Signatures to pages: 96 and 115

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai : 13th February, 2008

Notes to Profit and Loss Account

	2007 Rs. lakhs	2006 Rs. lakhs
INCOME		
1. Sales	14883,99.95	13280,62.12
Less: Excise duty	(1040,97.49)	(932,35.24)
	13843,02.46	12348,26.88
Share of Joint Ventures - Schedule 20 (b)	70,37.82	62,70.73
	13913,40.28	12410,97.61
Sales include duty drawback and licence premium on exports	24,25.71	22,25.45
2. Other income		
Income from services rendered	184,11.05	200,80.66
Interest income – bank and other accounts (gross)	40,93.98	36,24.86
Interest income – non trade (gross) (Note 7)	21,39.19	18,42.87
Dividend income – trade - long-term (gross)	5,65.32	13,44.12
Dividend income – non trade - current (gross)	81,70.10	57,52.58
Surplus on disposal of investments (net) (Note 8)	70,67.05	16,01.99
Surplus on fixed assets sold etc. (net)	30,87.62	17,58.84
Miscellaneous income	14,06.38	29,82.87
	449,40.69	389,88.79
Share of Joint Ventures - Schedule 20 (b)	3,73.34	3,03.09
	453,14.03	392,91.88
OPERATING EXPENSES		
3. Materials consumed and Purchase of goods		
Raw materials consumed	4224,92.61	3960,09.33
Packing materials consumed	1171,10.10	1078,91.60
Purchase of goods	2098,30.59	1699,87.04
4. General expenditure		
Salaries, wages, bonus, etc.	676,42.48	595,71.81
Contribution to provident and other funds	51,76.51	42,90.76
Workmen and staff welfare expenses	53,29.41	49,83.53
Processing charges	150,39.47	135,32.14
Consumption of stores and spare parts	88,34.55	70,07.92
Repairs and maintenance	9,35.49	13,64.03
- Buildings	68,74.92	64,97.99
- Plant	12,07.44	8,97.60
- Others	201,45.85	193,06.78
Power, light, fuel and water	122,43.24	123,81.11
Rent	4,803.34	95,71.44
Rates and taxes	7,39.56	8,49.99
Insurance	1436,96.71	1288,15.72
Advertising and sales promotion	736,92.29	662,59.89
Carriage and freight	7,06.99	7,35.29
Agents' commission and brokerage	(90.60)	(16,68.97)
Provision / (write back) for doubtful debts and advances (net)	152,60.75	149,31.04
Travelling and motor car expenses	766,27.74	622,99.45
Miscellaneous expenses (Note 12)		
5. Stocks		
Opening stocks : - Work-in-progress	36,31.76	30,98.02
- Processed chemicals	84.62	91.82
- Finished goods	669,57.87	552,56.60
Closing stocks : - Work-in-progress	(43,05.59)	(36,31.76)
- Processed chemicals	(11.72)	(84.62)
- Finished goods	(818,23.71)	(669,57.87)
Excise Duty on Increase / (Decrease) of Finished goods	17,56.74	13,96.63
	11945,89.41	10746,84.31
Share of Joint Ventures - Schedule 20 (b)	63,27.66	52,06.52
	12009,17.07	10798,90.83
6.	Interest paid on bank and other accounts Rs. 26,48.58 lakhs (2006 - Rs. 13,95.78 lakhs) and the Share of Joint Ventures Rs. Nil (2006 - Rs. 0.88 lakhs).	
7.	Interest received- non trade (gross) comprises of Rs. 18,09.94 lakhs (2006 - Rs. 15,13.62 lakhs) and Rs. 3,29.25 lakhs (2006 - Rs. 3,29.25 lakhs) in respect of long-term and current investments respectively.	
8.	Surplus on disposal of investments (net) comprises of :	
	- a surplus on disposal of current investments (net) Rs. 70,67.05 lakhs (2006 - Rs. 15,17.81 lakhs)	
	- a surplus on disposal of long term investments (net) Rs. Nil (2006 - Rs. 84.18 lakhs)	
9.	The tax year for the companies incorporated in India being the year ending 31st March, the provision for taxation for the year of these companies is the aggregate of the provision made for the three months ended 31st March, 2007 and the provision based on the figures for the remaining nine months up to 31st December, 2007, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2007 to 31st March, 2008. The tax year for Unilever Nepal Limited is the year ending 15th July.	

Notes to Profit and Loss Account

10. The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled/appropriate rates applicable at the year end) debited to the Profit and Loss Account is Rs. 8,73.40 lakhs (2006 - credit of Rs. 24.26 lakhs).
11. Operating expenses include Research and Development expenses of Rs. 49,38.63 lakhs (2006 - Rs. 36,07.87 lakhs)
12. **Miscellaneous expenses:**
Include charge in respect of excess of cost over fair value of current investments (net) Rs. 1,49.76 lakhs [2006 - Rs. 66.29 lakhs (net)]

		2007 Rs. lakhs	2006 Rs. lakhs
13. Exceptional Items			
i)	Reduction in liability for retirement benefits, arising from impact of revised interest rates and lower annuity costs	62,98.06	36,23.30
ii)	Profit arising out of disposal of plantation subsidiaries	—	100,15.22
iii)	Reversal of provision for employee related costs at Sewri/Bombay Factory consequent to its closure	—	100,67.91
iv)	Profit on disposal of 51% share in a subsidiary company	—	44,59.54
v)	Profit arising out of disposal of a long-term investment	—	79,91.44
vi)	Profit on disposal of Nihar and Cococare brands	—	205,00.00
vii)	Profit on disposal of Sangam business	11,77.09	—
viii)	Profit on disposal of fixed asset	7,39.60	—
ix)	Profit arising from disposal of unused land and building	100,85.27	—
x)	Reversal of Provision for impairment of sea food export business assets	5,71.83	—
	Total exceptional income	188,71.85	566,57.41
xi)	Loss arising out of disposal of a Joint Venture	—	(11,59.29)
xii)	Restructuring costs across businesses comprising:		
a)	Compensation under Voluntary Separation Schemes	(18,11.90)	(95,73.84)
b)	Relocation of the foods division to Mumbai	(25,23.88)	(98.56)
xiii)	Provision for retirement benefits arising out of one time change in assumptions	—	(64,92.00)
xiv)	Discounting charges arising from commutation of receivables from LIC under annuity schemes	—	(19,15.93)
xv)	Cost in relation to buyback of shares	(6,00.00)	—
	Total exceptional expenditure	(49,35.78)	(192,39.62)
	Net	139,36.07	374,17.79
	Taxation on the above - Credit/(Charge) on current tax	(17,41.44)	(36,87.63)
	- Credit/(Charge) on deferred tax	(16,51.78)	33,19.59
xvi)	One time reduction in tax liability arising from amalgamation of Modern Food Industries (India) Limited (a wholly owned subsidiary) with Hindustan Unilever Limited	45,77.03	—
	Total tax credit/(charge) - net	11,83.81	(3,68.04)
	Exceptional items (net of tax)	151,19.88	370,49.75

- | | | | |
|-----|---|----------------|----------------|
| 14. | Capgemini Business Services (India) Limited, in which the Group holds 49% of shares, has not been consolidated as an associate for the year 2007, as the Group does not participate in the management of the company. | | |
| 15. | Earnings Per Share has been computed as under: | 2007 | 2006 |
| | Net Profit (Rs.lakhs) | 1914,88.97 | 1890,52.60 |
| | Weighted average number of Equity shares outstanding | 2,20,45,77,163 | 2,20,55,19,601 |
| | Earnings Per Share (Rs.) - Basic and Diluted (Face value of Re.1 per share) | 8.69 | 8.57 |
| 16. | The significant leasing arrangements of the Companies in the Group are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 4 to profit and loss account | | |
| 17. | The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Ventures", issued by the Institute of Chartered Accountants of India. Refer Schedule 20 to the Balance sheet. | | |
| 18. | Taxation adjustments of previous years include interest, etc. | | |
| 19. | The previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification. | | |

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
1. CAPITAL		
Authorised		
22,500,00,000 equity shares of Re. 1 each	225,00.00	225,00.00
Issued and subscribed		
2,17,74,63,355 (2006: 2,20,67,76,097) equity shares of Re. 1 each fully called and paid up	217,74.63	220,67.76
Of the above shares		
(i) 1,13,48,49,460	Shares of Re. 1 each are held by Unilever PLC., the holding company, and its subsidiaries including 79,48,06,750 shares of Re. 1 each held by Unilever PLC.	
(ii) 79,53,79,675	Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.	
(iii) 1,31,68,54,620	Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.	
	217,74.63	220,67.76

Notes:

- Hindustan Unilever Limited has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st December, 2007 are 73,06,750 (2006 - 95,02,955). Of these 12,47,400 (2006 - 17,40,700) options have vested in 2004, 17,59,635 (2006 - 22,76,965) have vested in 2005, 19,06,515 (2006 - 26,30,540) have vested in 2006, 10,67,700 have vest in 2007 (2006 - 14,26,950) and 13,25,500 will vest in 2008 (2006 - 14,27,800). During the year 9,23,030 (2006 - 20,83,832) options were exercised.
- During the year, 3,02,35,772 equity shares have been bought back pursuant to the buy back programme [Refer note (f) of Schedule 2]

2. RESERVES AND SURPLUS

	As at 31st December, 2006	Transfers/ Adjustment	Additions	Deductions	As at 31st December, 2007
CAPITAL RESERVES					
Capital Reserve	422.23	—	—	—	422.23
Capital Subsidy	505.22	—	—	—	505.22
Capital Redemption Reserve	115.00	—	(f) 302.36	—	417.36
Share Premium Account	29,851.85	—	1,287.92	(f) (31,139.77)	—
Revaluation Reserve	66.59	—	—	—	66.59
Other Reserves (c)	251.05	—	—	—	251.05
Employee Stock Options (d)	597.51	—	—	(60.85)	536.66
Total Capital Reserves	31,809.45	—	1,590.28	(31,200.62)	2,199.11
REVENUE RESERVES					
Export Profit Reserve	1,226.40	—	—	—	1,226.40
Development Allowance Reserve	26.72	—	—	—	26.72
General Reserve	143,189.89	(g) (15,399.05)	(a) 20,000.00	(e) & (f) (39,894.25)	107,896.59
Total Revenue Reserves	144,443.01	(15,399.05)	20,000.00	(39,894.25)	109,149.71
PROFIT AND LOSS ACCOUNT BALANCE	64,027.44	(g) 15,399.05	(a) 2,293.39	(b) (64,027.44)	17,692.44
TOTAL RESERVES - 31st December, 2007	240,279.90	—	23,883.67	(135,122.31)	(h) 129,041.26
TOTAL RESERVES - 31st December, 2006	194,936.38	3,615.93	87,096.50	(45,368.91)	(h) 240,279.90

(a) Transfer from profit and loss account

(b) Transfer to profit and loss account

(c) Not available for capitalisation/declaration of dividend/share valuation.

(d) In respect of options granted under the Hindustan Unilever Limited's stock option scheme, in accordance with guidelines issued by Securities and Exchange Board of India, the accounting value of options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. In the current year, salaries, wages, bonus, etc. includes charge of Rs.Nil (2006 - Rs. 3,03.78 lakhs), on account of discounting charge on Employees Stock Options.

	As at 31st December, 2006	Additions	Deductions	As at 31st December, 2007
Employee Stock Options				
Employee Stock Options Outstanding	751.82	—	—	751.82
Less: Transfer to share premium	(154.31)	—	(60.85)	(215.16)
Employee Stock Options	597.51	—	(60.85)	536.66

(e) Includes adjustment of Post Retirement Medical Benefit of Rs. 12,735.60 lakhs and Deferred tax credit of Rs. 4,328.83 lakhs thereon in terms of the transitional provision of AS 15 Revised.

Schedules to Balance Sheet

- (f) Pursuant to the shareholders' approval for buy back of equity shares under Section 77A of the Companies Act, 1956, Hindustan Unilever Limited has bought back 3,02,35,772 equity shares through open market transactions for an aggregate amount of Rs. 626,27.25 lakhs, by utilizing Share Premium account and General Reserve to the extent of Rs. 311,39.77 lakhs and Rs 311,85.12 lakhs respectively. Capital redemption reserve has been created out of general reserve for Rs 302.36 lakhs being the nominal value of shares bought back in terms of Section 77AA of the Companies Act, 1956.
- (g) Represents movement from Profit and Loss account to General Reserve pursuant to the scheme of arrangement for amalgamation of an erstwhile subsidiary with Hindustan Unilever Limited (previous year represents addition on amalgamation of an erstwhile associate with Hindustan Unilever Limited)
- (h) Including share of Joint Venture Rs. 35,25.00 lakhs (2006 - Rs. 29,24.09 lakhs)

3. SECURED LOANS

	2007 Rs. lakhs	2006 Rs. lakhs
Loans and Advances from Banks :		
- Bank overdrafts	25,51.86	37,73.98
- Secured by hypothecation of stocks, book debts, etc.		
- Export Packing Credit	13,34.42	15,62.53
- Secured by a pari passu charge on certain current assets.		
	38,86.28	53,36.51
Share of Joint Ventures - Schedule 20 (b)	—	1.07
	38,86.28	53,37.58

4. UNSECURED LOANS

Short- term loans & advances:

From Banks

- Overdrawn book balance on current account

Other loans and advances

- Other than from Banks

(repayable before 31st December, 2008 - Rs. 82.86 lakhs; 2007 - Rs. Nil)

	62,11.66	37,94.14
	1,17.03	1,17.03
	63,28.69	39,11.17
Share of Joint Ventures - Schedule 20 (b)	—	—
	63,28.69	39,11.17

5. FIXED ASSETS

	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	Cost/ Valuation as at 31st December, 2006	Cost taken over consequent to acquisition/ initial adoption	Additions	Deductions/ Transfers	Cost/ Valuation as at 31st December, 2007	As at 31st December, 2006	Depreciation taken over consequent to acquisition/ arising on initial adoption	Additions	Deductions/ Transfers	As at 31st December, 2007	As at 31st December, 2007	As at 31st December, 2006
Goodwill on consolidation	12,753.61	—	—	(12,753.61)	—	12,753.61	—	—	(12,753.61)	—	—	—
Land - Freehold	5,721.16	—	48.95	(0.63)	5,769.48	—	—	—	—	—	5,769.48	5,721.16
- Lease hold	3,556.29	—	44.54	(222.42)	3,378.41	282.43	—	86.45	(14.99)	353.89	3,024.52	3,273.86
Buildings	63,096.00	—	4,689.33	(1,965.32)	65,820.01	13,529.10	—	1,742.06	(970.84)	14,300.32	51,519.69	49,566.90
Plant & machinery	147,228.27	—	18,285.04	(6,829.12)	158,684.19	67,775.33	—	10,430.11	(3,471.17)	74,734.27	83,949.92	79,452.94
Railway sidings	0.59	—	—	—	0.59	0.59	—	—	—	0.59	—	—
Furniture, fittings & office equipments	16,975.87	—	1,808.02	(2,488.08)	16,295.81	11,160.36	—	1,050.39	(2,204.90)	10,005.85	6,289.96	5,815.51
Trade Marks	14,485.03	—	—	—	14,485.03	14,485.03	—	—	—	14,485.03	—	—
Goodwill	634.15	—	—	—	634.15	634.15	—	—	—	634.15	—	—
Software	1,832.15	—	3,426.94	—	5,259.09	402.86	—	687.71	—	1,090.57	4,168.52	1,429.29
Motor vehicles	1,557.89	—	—	(1,155.82)	402.07	1,043.84	—	62.36	(777.21)	328.99	73.08	514.05
Total	267,841.01	—	28,302.82	(25,415.00)	270,728.83	122,067.30	—	14,059.08	(20,192.72)	115,933.66	154,795.17	145,773.71
Share of Joint Ventures Schedule - 20(b)	1,907.24	—	96.59	(6.60)	1,997.23	774.50	—	131.51	(3.61)	902.40	1,094.83	1,132.74
Total - 2007	269,748.25	—	28,399.41	(25,421.60)	272,726.06	122,841.80	—	14,190.59	(20,196.33)	116,836.06	155,890.00	146,906.45
Total - 2006	270,506.97	7,317.73	15,404.40	(23,480.85)	269,748.25	119,181.67	3,668.87	13,566.61	(13,575.35)	122,841.80	146,906.45	

NOTES :

- a) Capital expenditure commitments - Rs.1,49,92.01 lakhs (2006 - Rs.39,87.23 lakhs).
- b) The title deeds of immovable properties aggregating Rs. 55,78.10 lakhs (2006 - Rs.43,72.13 lakhs), acquired on transfer of businesses/undertakings are in the process of being transferred in the name of the respective Companies.
- c) Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Company's interest.

Schedules to Balance Sheet

			2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Long-term, Unquoted, unless otherwise stated)				
A. INVESTMENTS IN GOVERNMENT SECURITIES				
7 Year National Savings Certificates - II Issue			1.05	1.14
Government of India stock of the face value of Rs. 1,200.00 lakhs (2006 - Rs. 2,00.00 lakhs) (Rs.10,00.00 lakhs purchased during the year) (Current Investments) (Quoted)			12,14.60	2,12.14
Government Stocks/Bonds (Quoted)			—	498.53
		TOTAL - A	12,15.65	7,11.81
B. TRADE INVESTMENTS AT COST				
SHARES				
Capgemini Business Services (India) Limited (Formerly known as Unilever India Shared Services Limited)	2,450	Equity shares of Rs.100 each fully paid	4,54.85	4,54.85
In Other Companies				
Tata Chemicals Limited	5,532,000	Equity shares of Rs.10 each fully paid (Quoted)	52,17.26	52,17.26
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs.100 each fully paid	0.05	0.05
Hi Tech Surfactants Limited	58,400	Equity shares of Rs.10 each fully paid	5.87	5.87
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs.100 each fully paid	2,65.56	2,65.56
	913,000	7% Cumulative Redeemable Preference Shares of Rs.100 each fully paid	9,13.00	9,13.00
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs.10 each fully paid	0.10	0.10
Coffee Futures India Exchange Limited	1	Equity share of Rs.10,000 each fully paid	0.10	0.10
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs.100 each fully paid	2.40	2.40
S.C. Johnson Products Private Limited	1,104,000	Equity shares of Rs.5 each fully paid	7.02	7.02
Share of Joint Ventures - Schedule - 20(b)			—	—
		TOTAL - B	68,66.21	68,66.21
C. NON-TRADE INVESTMENTS AT COST				
SHARES, DEBENTURES & BONDS				
Comfund Financial Services India Limited	240,000	Equity shares of Rs.10 each fully paid	24.00	24.00
Assam Bengal Cereals Limited	8,284	Equity shares of Rs.10 each fully paid	0.83	0.83
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs.0.14 lakhs)	0.17	0.17
Woodlands Hospital and Medical Research Centre Limited	1	5% Non-redeemable Registered Debenture stock (Face value Rs.0.27 lakhs)	0.27	0.27
	44	1/2% Debentures of Rs.100 each (Face value Rs.0.05 lakhs : Cost Rs.100)	—	—
Shillong Club Limited	56	5% Debentures of Rs.100 each (Cost Rs.Nil)	—	—
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs.100 each fully paid	0.20	0.20
Biotech Consortium India Limited	100,000	Equity shares of Rs.10 each fully paid	10.00	10.00
Scooters India Limited	10,000	Equity shares of Rs.10 each fully paid (Quoted)	1.00	1.00
Annamallais Ropeway Company Limited	1,150	Ordinary shares of Rs.100 each fully paid (Cost Rs.Nil)	—	—
Saraswat Co-operative Bank Limited	2,005	Equity shares of Rs.10 each fully paid	0.20	0.20
National Bank for Agriculture and Rural Development	9,250	5.50% Capital Gains Bonds of Rs.10,000 each	9,25.00	9,25.00
	870	5.20% Capital Gains Bonds of Rs.10,000 each	87.00	87.00
	72,000	5.40% Capital Gains Bonds of Rs.10,000 each	72,00.00	72,00.00
	13,500	5.20% Capital Gains Bonds of Rs.10,000 each	13,50.00	13,50.00
	2,000	5.42% Capital Gains Bonds of Rs.10,000 each	2,00.00	2,00.00
	17,484	5.25% Capital Gains Bonds of Rs.10,000 each	17,48.39	17,48.39
National Housing Bank	—	(2006 - 3,075) 5.10% Capital Gains Bonds 2002 of Rs.10,000 each (Redeemed during the year)	—	307.50
	15,500	5.50% Capital Gains Bonds of Rs.10,000 each (Taken over consequent to the merger of Modern Food Industries (India) Limited with the Company)	15,50.00	15,50.00
Rural Electrification Board	213,000	5.50% Capital Gains Bonds of Rs.10,000 each	213,00.00	213,00.00
	5,000	5.50% Capital Gains Bonds of Rs.10,000 each (Purchased during the year)	50.00	—
OTHERS				
Unit Trust of India	4,877,837	Units of Rs.100 each under the 6.75% Tax Free US 64 Bonds (Current Investments) (Quoted)	47,43.70	48,90.03
	5,000	Master Gain 92 of Rs. 10 each	0.50	0.50
ABN AMRO Mutual Fund	—	Units ABN AMRO Cash Fund - Institutional Plus Plan - Daily Dividend (218,500,000 Units purchased, 36,702 Units cumulated, 218,536,702 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
—	(2006 - 7,421,378) Units ABN AMRO Cash Fund - Institutional Plus Plan - Weekly Dividend (25,523 units cumulated, 7,446,901 Units sold during the year) (Current Investments)	—	7,42.14
—	(2006 - 20,000,000) Units ABN AMRO Fixed Term Plan - Series 1 - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
—	Units ABN AMRO Flexible Short Term Plan - Series B - Quarterly Dividend (30,000,000 Units purchased, 530,619 Units cumulated, 30,530,619 Units sold during the year) (Current Investments)	—	—
—	Units ABN AMRO Flexible Short Term Plan - Series C - Quarterly Dividend-Ren (10,000,000 Units purchased, 167,881 Units cumulated, 10,167,881 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Flexible Short Term Plan - Series E - Quarterly Dividend (39,999,101 Units purchased, 674,203 Units cumulated, 40,673,304 Units sold during the year)(Current Investments)	—	—
—	(2006-20,000,000) Units ABN AMRO Fixed Term Plan - Series 2 - 13 Months Plan - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
—	(2006 - 33,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Quarterly Plan E - Dividend (506,719 Units cumulated, 33,506,719 Units sold during the year)(Current Investments)	—	33,00.00
—	(2006 - 30,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Quarterly Plan G - Dividend (472,323 Units cumulated, 30,472,323 Units sold during the year)(Current Investments)	—	30,00.00
—	(2006 - 10,000,000) Units ABN AMRO Fixed Term Plan - Series 3 - Yearly Plan - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
—	(2006 - 12,000,000) Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan A - Monthly Dividend (190,642 Units cumulated, 12,190,642 Units sold during the year)(Current Investments)	—	12,00.00
—	(2006 - 45,000,000) Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan B - Dividend (798,968 Units cumulated, 45,798,968 Units sold during the year)(Current Investments)	—	45,00.00
—	Units ABN AMRO Fixed Term Plan - Series 4 - Quarterly Plan C - Dividend (35,000,000 Units purchased, 651,465 Units cumulated, 35,651,465 Units sold during the year)(Current Investments)	—	—
10,000,000	Units ABN AMRO Fixed Term Plan - Series 5 - 13 Months - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan A - Dividend (20,000,000 Units purchased, 418,213 Units cumulated, 20,418,213 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan B - Dividend (10,000,000 Units purchased, 212,359 Units cumulated, 10,212,359 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan C - Dividend (20,000,000 Units purchased, 438,694 Units cumulated, 20,438,694 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Fixed Term Plan - Series 7 - Quarterly Plan D - Dividend (25,000,000 Units purchased, 520,963 Units cumulated, 25,520,963 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Interval Fund - Quarterly Plan G - Quarterly Dividend (10,000,000 Units purchased, 162,618 Units cumulated, 10,162,618 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Interval Fund - Quarterly Plan I - Dividend (15,000,000 Units purchased, 254,259 Units cumulated, 15,254,259 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Money Plus Institutional Plan Fund - Daily Dividend (104,005,601 Units purchased, 253,990 Units cumulated, 104,259,591 Units sold during the year)(Current Investments)	—	—
—	Units ABN AMRO Money Plus Institutional Plan Fund - Weekly Dividend (147,713,167 Units purchased, 758,953 Units cumulated, 148,472,120 Units sold during the year)(Current Investments)	—	—
Birla Mutual Fund	Units Birla Cash Plus - Institutional Premium Plan - Daily Dividend (1,619,591,796 Units purchased, 2,191,309 Units cumulated, 1,621,783,105 Units sold during the year) (Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— (2006 - 65,799,714) Units Birla Cash Plus - Institutional Premium Plan - Growth (65,799,714 Units sold during the year)(Current Investments)	—	75,00.00
	— (2006 - 78,678,145) Units Birla Cash Plus - Institutional Premium Plan - Weekly Dividend (77,779,170 Units purchased, 612,888 Units cumulated, 157,070,203 Units sold during the year)(Current Investments)	—	78,86.03
	— Units Birla Fixed Maturity Plan - Quarterly Series 2 - September 07 - Dividend (4,989,074 Units purchased, 4,989,074 Units sold during the year)(Current Investments)	—	—
	— (2006 - 39,884,336) Units Birla Fixed Maturity Plan - Quarterly Series 2 - December 06 - Dividend (738,198 Units cumulated, 40,622,534 Units sold during the year) (Current Investments)	—	40,00.00
	— Units Birla Fixed Term Plan - Quarterly Series 10 - Dividend(5,000,000 Units purchased, 5,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 14 - Dividend (15,000,000 Units purchased, 15,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 16 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 20 - Dividend (7,000,000 Units purchased, 7,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Birla Fixed Term Plan - Quarterly Series 21 - Dividend(10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
	— (2006 - 30,000,000) Units Birla Fixed Term Plan - Quarterly Series 4 - Dividend (30,000,000 Units sold during the year)(Current Investments)	—	30,00.00
	— (2006 - 10,000,000) Units Birla Fixed Term Plan - Series E - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 20,000,000) Units Birla Fixed Term Plan - Series H - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
10,000,000	Units Birla Fixed Term Plan - Series S - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
20,000,000	Units Birla Fixed Term Plan - Series T - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
	— Units Birla Sun Life Interval Income Fund Quarterly Plan - Series I - Institutional Plan - Dividend (30,000,000 Units purchased, 512,164 Units cumulated, 30,512,164 Units sold during the year)(Current Investments)	—	—
	— Units Birla SunLife Liquid Plus - Institutional Plan - Daily Dividend (44,482,633 Units purchased, 199,283 Units cumulated, 44,681,916 Units sold during the year)(Current Investments)	—	—
106,753,740	Units Birla SunLife Liquid Plus - Institutional Plan - Weekly Dividend (104,902,150 Units purchased, 1,851,590 Units cumulated during the year) (Current Investments)	106,86.99	—
DSP Merrill Lynch Fund	— (2006-350,000) Units DSP Merrill Lynch Fixed Term Plan - Series 1F - Dividend (5,517 Units cumulated, 355,517 Units sold during the year) (Current Investments)	—	35,00.00
	— (2006-150,000) Units DSP Merrill Lynch Fixed Term Plan - Series 1G - Dividend (2,568 Units cumulated, 152,568 Units sold during the year)(Current Investments)	—	15,00.00
	— Units DSP Merrill Lynch Fixed Term Plan - Series 10 - Institutional Plan - Dividend (100,000 Units purchased, 1,667 Units cumulated, 101,667 Units sold during the year) (Current Investments)	—	—
	— (2006-240,000) Units DSP Merrill Lynch Fixed Term Plan - Series 3A- Growth (240,000 Units sold during the year)(Current Investments)	—	24,00.00
	— (2006 - 111,636) Units DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Daily Dividend (699,893 Units purchased, 1,207 Units cumulated, 812,736 Units sold during the year) (Current Investments)	—	11,16.58
	— (2006 - 81,923) Units DSP Merrill Lynch Liquid Plus Fund - Institutional Plan - Weekly Dividend (188 Units cumulated, 82,111 Units sold during the year)(Current Investments)	—	8,19.22
	— Units DSP Merrill Lynch Liquidity Fund - Institutional Plan - Daily Dividend(699,861 Units purchased, 33 Units cumulated, 699,894 Units sold during the year) (Current Investments)	—	—
	— (2006 - 238,790) Units DSP Merrill Lynch Liquidity Fund - Institutional Plan - Growth (238,790 Units sold during the year) (Current Investments)	—	25,00.00
Deutsche Mutual Fund	— (2006 - 18,000,000) Units Deutsche Fixed Term Fund - Series 22 - Dividend (18,000,000 Units sold during the year)(Current Investments)	—	18,00.00
	— Units Deutsche Fixed Term Fund - Series 27 - Dividend(19,000,000 Units purchased, 19,000,000 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— Units Deutsche Fixed Term Fund - Series 31 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
	— Units Deutsche Fixed Term Fund - Series 36 - Dividend (5,000,000 Units purchased, 5,000,000 Units sold during the year)(Current Investments)	—	—
	— (2006 - 5,481,837) Units Deutsche Fixed Term Fund - Series 4 - Growth (5,481,837 Units sold during the year) (Current Investments)	—	548.18
	— (2006 - 3,500,000) Units Deutsche Fixed Term Fund - Series 5 - Growth (3,500,000 Units sold during the year)(Current Investments)	—	350.00
	— (2006 - 11,000,000) Units Deutsche Fixed Term Fund - Series 6 - Growth (11,000,000 Units sold during the year)(Current Investments)	—	1,100.00
	— Units Deutsche Quarterly Interval Fund - Series 1 - Dividend (5,000,000 Units purchased, 171,210 Units cumulated, 5,171,210 Units sold during the year)(Current Investments)	—	—
Franklin Templeton Fund	— (2006 - 43,000,000) Units Franklin Templeton Fixed Term Fund - Series 5 - Growth (43,000,000 Units sold during the year)(Current Investments)	—	4,300.00
20,000,000	Units Franklin Templeton Fixed Term Fund - Series VII (370 Days) - Growth (20,000,000 Units purchased during the year)(Current Investments)	2,000.00	—
70,000,000	Units Templeton Fixed Horizon Fund - Series 1 - 13 Months - Institutional Plan - Growth (70,000,000 Units purchased during the year) (Current Investments)	7,000.00	—
30,000,000	Units Templeton Fixed Horizon Fund - Series 1 - 15 Months - Institutional Plan - Growth (30,000,000 Units purchased during the year)(Current Investments)	3,000.00	—
	— Units Templeton Floating Rate Interest Fund - Long Term - Super Institutional Plan - Daily Dividend (87,275,538 Units purchased, 158,053 Units cumulated, 87,433,591 Units sold during the year)(Current Investments)	—	—
	— Units Templeton Floating Rate Interest Fund - Long Term - Super Institutional Plan - Weekly Dividend (106,809,698 Units purchased, 527,300 Units cumulated, 107,336,998 Units sold during the year)(Current Investments)	—	—
220,032	Units Templeton India Treasury Management Account - Super Institutional Plan - Daily Dividend (9,792,525 Units purchased, 27,454 Units cumulated, 9,599,949 Units sold during the year)(Current Investments)	2,200.87	—
	— (2006 - 472,655) Units Templeton India Treasury Management Account - Super Institutional Plan - Growth (472,655 Units sold during the year) (Current Investments)	—	5,000.00
	— (2006 - 105,783) Units Templeton India Treasury Management Account - Super Institutional Plan - Weekly Dividend (560,817 Units purchased, 3,271 Units cumulated, 669,871 Units sold during the year)(Current Investments)	—	1,075.38
	— Units Templeton Quarterly Interval Fund - Plan A - Institutional Plan - Dividend (10,000,000 Units purchased, 213,022 Units cumulated, 10,213,022 Units sold during the year)(Current Investments)	—	—
	— Units Templeton Quarterly Interval Fund - Plan B - Institutional Plan - Dividend (9,989,711 Units purchased, 178,522 Units cumulated, 10,168,233 Units sold during the year)(Current Investments)	—	—
	— Units Templeton Quarterly Interval Fund - Plan C - Institutional Plan - Dividend (20,000,000 Units purchased, 349,258 Units cumulated, 20,349,258 Units sold during the year)(Current Investments)	—	—
HDFC Mutual Fund	— (2006 - 25,903,005) Units HDFC Cash Management Fund - Call Plan - Daily Dividend (24,426,890 Units purchased, 41,636 Units cumulated, 50,371,531 Units sold during the year)(Current Investments)	—	2,700.80
	— Units HDFC Cash Management Fund - Savings Plan - Daily Dividend (154,657,591 Units purchased, 28,471 Units cumulated, 154,686,062 Units sold during the year) (Current Investments)	—	—
	— (2006 - 47,732,296) Units HDFC Cash Management Fund - Savings Plus - Retail - Weekly Dividend (99,804,167 Units purchased, 662,617 Units cumulated, 148,199,080 Units sold during the year)(Current Investments)	—	4,782.19
4,497,777	Units HDFC Cash Management Fund - Savings Plus - Wholesale - Daily Dividend (4,486,629 Units purchased, 11,148 Units cumulated during the year) (Current Investments)	451.19	—
	— Units HDFC Cash Management Fund - Savings Plus - Wholesale - Weekly Dividend (99,794,218 Units purchased, 1,075,323 Units cumulated, 100,869,541 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— Units HDFC Floating Rate Interest Fund - Short Term Fund - Daily Dividend (49,606,674 Units purchased, 558,588 Units cumulated, 50,165,262 Units sold during the year)(Current Investments)	—	—
9,973,810	Units HDFC Floating Rate Interest Fund - Short Term Fund - WP - Daily Dividend (60,086,783 Units purchased, 179,822 Units cumulated, 50,292,795 Units sold during the year)(Current Investments)	10,05.45	—
—	(2006 - 25,000,000) Units HDFC Fixed Maturity Plan - 13 Months - March 06 - Institutional Plan - Growth (25,000,000 Units sold during the year) (Current Investments)	—	25,00.00
25,000,000	Units HDFC Fixed Maturity Plan - 14 Months - March 07 (3) - Institutional Plan - Growth (25,000,000 Units purchased during the year)(Current Investments)	25,00.00	—
18,000,000	Units HDFC Fixed Maturity Plan - 16 Months - December 06 (2) - Institutional Plan - Growth (Current Investments)	18,00.00	18,00.00
35,000,000	Units HDFC Fixed Maturity Plan - 16 Months - January 07 (3) - Institutional Plan - Growth (35,000,000 Units purchased during the year)(Current Investments)	35,00.00	—
—	Units HDFC Fixed Maturity Plan - 90D - April 07 (5) WP - Dividend (25,000,000 Units purchased, 25,000,000 Units sold during the year) (Current Investments)	—	—
—	(2006 - 50,000,000) Units HDFC Fixed Maturity Plan - 90D - December 06 (2) - Institutional Plan - Dividend (50,000,000 Units sold during the year) (Current Investments)	—	50,00.00
—	Units HDFC Fixed Maturity Plan - 90D - January 07 (3) - Institutional Plan - Dividend (45,000,000 Units purchased, 45,000,000 Units sold during the year)(Current Investments)	—	—
—	(2006 - 25,000,000) Units HDFC Fixed Maturity Plan - 90D - November 06 (2) - Institutional Plan - Dividend (25,000,000 Units sold during the year)(Current Investments)	—	25,00.00
—	(2006 - 17,413,473) Units HDFC Liquid Fund - Premium Plus Plan - Growth (17,413,473 Units sold during the year)(Current Investments)	—	25,00.00
—	(2006 - 20,484,128) Units HDFC Liquid Fund - Premium Plus Plan - Weekly Dividend (42,286,260 Units purchased, 405,899 Units cumulated, 63,176,287 Units sold during the year)(Current Investments)	—	25,45.05
—	Units HDFC Quarterly Interval Fund - Plan A - WP - Dividend (14,995,052 Units purchased, 228,662 Units cumulated, 15,223,714 Units sold during the year) (Current Investments)	—	—
—	Units HDFC Quarterly Interval Fund - Plan C - WP - Dividend (12,000,000 Units purchased, 231,960 Units cumulated, 12,231,960 Units sold during the year) (Current Investments)	—	—
HSBC Mutual Fund	35,190,144 Units HSBC Cash Fund - Institutional Plus - Daily Dividend (713,048,413 Units purchased, 521,337 Units cumulated, 678,379,606 Units sold during the year) (Current Investments)	35,20.99	—
—	(2006 - 10,000,000) Units HSBC Fixed Term Series 1 - Growth (10,000,000 Units sold during the year) (Current Investments)	—	10,00.00
—	(2006 - 15,000,000) Units HSBC Fixed Term Series 14 - Growth (15,000,000 Units sold during the year) (Current Investments)	—	15,00.00
12,000,000	(2006 - 12,000,000) Units HSBC Fixed Term Series 21 - Institutional Plan - Growth (Current Investments)	12,00.00	12,00.00
20,000,000	Units HSBC Fixed Term Series 22 - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
20,000,000	Units HSBC Fixed Term Series 25 - Institutional Plan - Growth (20,000,000 Units purchased during the year)(Current Investments)	20,00.00	—
—	(2006 - 20,000,000) Units HSBC Fixed Term Series 4 - Growth (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
16,059,751	(2006 - 33,624,506) Units HSBC Liquid Plus Fund - Institutional Plan Plus - Daily Dividend (292,724,114 Units purchased, 2,953,275 Units cumulated, 313,242,144 Units sold during the year)(Current Investments)	16,08.00	33,62.52
—	Units HSBC Liquid Plus Fund - Institutional Plan Plus - Weekly Dividend (231,603,824 Units purchased, 4,980,813 Units cumulated, 236,584,637 Units sold during the year)(Current Investments)	—	—
ICICI Prudential Mutual Fund	41,608,345 Units ICICI Prudential Flexible Income Plan - Daily Dividend (354,151,732 Units purchased, 2,755,681 Units cumulated, 315,299,068 Units sold during the year) (Current Investments)	43,99.46	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
101,587,875	Units ICICI Prudential Flexible Income Plan - Weekly Dividend (288,761,870 Units purchased, 4,858,853 Units cumulated, 192,032,848 Units sold during the year)(Current Investments)	109,51.27	—
—	(2006 - 10,000,000) Units ICICI Prudential Fixed Maturity Plan - S 34 - 3 Months Plus - Plan A - Dividend(221,110 Units cumulated, 10,221,110 Units sold during the year) (Current Investments)	—	10,00.00
—	(2006 - 9,402,266.45) Units of ICICI Prudential FRF - Plan D - Dividend (78,600.19 units cumulated, 9,480,866.64 units sold during the year) (Current Investments)	—	9,40.24
30,000,000	Units ICICI Prudential Fixed Maturity Plan - S 35 - 13 Months - Plan B - Institutional Plan - Growth (30,000,000 Units purchased during the year) (Current Investments)	30,00.00	—
—	Units ICICI Prudential Fixed Maturity Plan - S 35 - 3 Months - Plan A - Dividend (40,000,000 Units purchased, 756,451 Units cumulated, 40,756,451 Units sold during the year)(Current Investments)	—	—
—	Units ICICI Prudential Fixed Maturity Plan - S 35 - 3 Months - Plan C - Dividend (40,000,000 Units purchased, 40,000,000 Units sold during the year)(Current Investments)	—	—
—	Units ICICI Prudential Fixed Maturity Plan - S 37 - 1 Month - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year)(Current Investments)	—	—
—	Units ICICI Prudential Fixed Maturity Plan - S 38 - 3 Months - Plan C - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
—	(2006 - 40,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 28 - Institutional Plan - Growth (40,000,000 Units sold during the year)(Current Investments)	—	40,00.00
—	(2006 - 15,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 1 Month - Plan D - Dividend (77,550 Units cumulated, 15,077,550 Units sold during the year) (Current Investments)	—	15,00.00
—	(2006 - 40,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 3 Months - Plan D - Dividend (645,600 Units cumulated, 40,645,600 Units sold during the year) (Current Investments)	—	40,00.00
—	(2006 - 30,000,000) Units ICICI Prudential Fixed Maturity Plan - Series 32 - 3 Months - Plan E - Dividend (474,600 Units cumulated, 30,474,600 Units sold during the year) (Current Investments)	—	30,00.00
35,000,000	Units ICICI Prudential Fixed Maturity Plan - Series 34 - 16 Months Plan - Institutional Plan - Growth (35,000,000 Units purchased during the year)(Current Investments)	35,00.00	—
—	Units ICICI Prudential Fixed Maturity Plan - Series 34 - 6 Months Plan - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year)(Current Investments)	—	—
—	Units ICICI Prudential Fixed Maturity Plan - Series 35 - 1 Month - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year)(Current Investments)	—	—
25,000,000	Units ICICI Prudential Fixed Maturity Plan - Series 37 - 14 Months Plan - Institutional Plan - Growth (25,000,000 Units purchased during the year)(Current Investments)	25,00.00	—
—	(2006 - 20,000,000) Units ICICI Prudential Hybrid Fixed Maturity Plan - 13 Months - Institutional Plan - Growth (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
24,822,026	Units ICICI Prudential Interval Fund - Monthly Interval II - Dividend (24,822,026 Units purchased during the year)(Current Investments)	25,00.00	—
5,234,337	Units ICICI Prudential Interval Fund - Quarterly Interval I - Dividend (23,000,000 Units Purchased, 913,574 Units cumulated, 18,679,237 Units sold during the year) (Current Investments)	5,23.42	—
10,177,902	Units of ICICI Prudential Interval Fund - Quarterly Interval II - Dividend (10,000,000 units purchased, 177,901.89 units cumulated during the year)(Current Investments)	10,17.79	—
6,000,000	Units of ICICI Prudential Interval Fund II - Quarterly Interval - Plan F - Dividend (6,000,000 Units purchased during the year)(Current Investments)	6,00.00	—
12,511,745	Units ICICI Prudential Liquid - Institutional Plus - Growth (Current Investments)	21,00.00	21,00.00
38,429,008	Units ICICI Prudential Liquid - Super Institutional Plan - Daily Dividend (3,488,796,331 Units purchased, 4,192,800 Units cumulated, 3,454,560,123 Units sold during the year)(Current Investments)	38,43.09	—
—	(2006 - 107,811,931) Units ICICI Prudential Liquid - Super Institutional Plan - Growth (107,811,931 Units sold during the year)(Current Investments)	—	113,00.00
—	(2006 - 945,734.34) units of ICICI Prudential Liquid - Super IP - Monthly Dividend (945,734.34 units sold during the year)(Current Investments)	—	94.68
2,030,011	(2006 - 43,521,743) Units ICICI Prudential Liquid - Super Institutional Plan - Weekly Dividend (772,706,211 Units purchased, 4,383,295 Units cumulated, 818,518,238 Units sold during the year)(Current Investments)	2,03.17	43,53.90

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— Units ICICI Prudential Sweep Plan - Cash Option - Daily Dividend (37,000,000 Units purchased, 57,126 Units cumulated, 37,057,126 Units sold during the year) (Current Investments)	—	—
Kotak Mahindra Mutual fund	— (2006-5,000,000) Units Kotak Fixed Maturity Plan - 3 Months - Series 6 - Dividend (77,923 Units cumulated, 5,077,923 Units sold during the year) (Current Investments)	—	5,00.00
	— (2006-10,000,000) Units Kotak Fixed Maturity Plan - 3 Months - Series 7 - Dividend (178,403 Units cumulated, 10,178,403 Units sold during the year)(Current Investments)	—	10,00.00
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 13 - Dividend (5,000,000 Units purchased, 91,502 Units cumulated, 5,091,502 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 16 - Dividend (20,000,000 Units purchased, 418,756 Units cumulated, 20,418,756 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 17 - Dividend (8,000,000 Units purchased, 165,076 Units cumulated, 8,165,076 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 21 - Dividend (5,000,000 Units purchased, 86,327 Units cumulated, 5,086,327 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 22 - Dividend (10,000,000 Units purchased, 168,812 Units cumulated, 10,168,812 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 24 - Dividend (10,000,000 Units purchased, 164,551 Units cumulated, 10,164,551 Units sold during the year) (Current Investments)	—	—
	— Units Kotak Fixed Maturity Plan - 3 Months - Series 25 - Dividend (10,000,000 Units purchased, 178,258 Units cumulated, 10,178,258 Units sold during the year) (Current Investments)	—	—
	— (2006-15,000,000) Units Kotak Fixed Maturity Plan Series 13 - Growth (15,000,000 Units sold during the year) (Current Investments)	—	15,00.00
	— Units Kotak Quarterly Interval Plan - Series I - Dividend (5,086,327 Units purchased, 83,740 Units cumulated, 5,170,067 Units sold during the year)(Current Investments)	—	—
LIC Mutual Fund	— (2006 - 5,000,000) Units LIC Mutual Fund Fixed Maturity Plan - Series 5 - Growth (5,000,000 Units sold during the year)(Current Investments)	—	5,00.00
Principal Mutual Fund	— Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Daily Dividend (761,923,647 Units purchased, 436,989 Units cumulated, 762,360,636 Units sold during the year)(Current Investments)	—	—
	— (2006 - 51,026,695) Units Principal Institutional Plan Cash Management Fund Liquid Option- Institutional Premium Plan - Growth(51,026,695 Units sold during the year) (Current Investments)	—	57,00.00
	— (2006 - 20,385,149) Units Principal Institutional Plan Cash Management Fund Liquid Option- Institutional Premium Plan - Monthly Dividend(20,385,149 Units sold during the year) (Current Investments)	—	20,39.02
	— (2006 - 3,214,125) Units Principal Institutional Plan Cash Management Fund Liquid Option - Institutional Premium Plan - Weekly Dividend(53,990,893 Units purchased, 152,489 Units cumulated, 57,357,507 Units sold during the year)(Current Investments)	—	3,21.44
	— Units Principal Institutional Plan Floating Rate Fund - Fixed Maturity Plan - Institutional Plan - Daily Dividend (273,699,019 Units purchased, 1,205,526 Units cumulated, 274,904,545 Units sold during the year)(Current Investments)	—	—
	— Units Principal Institutional Plan Floating Rate Fund - Fixed Maturity Plan - Institutional Plan - Weekly Dividend (306,332,111 Units purchased, 4,491,902 Units cumulated, 310,824,013 Units sold during the year)(Current Investments)	—	—
	— (2006 - 15,000,000) Units Principal PNB Fixed Maturity Plan 385 Days - Series 1 - Institutional Plan - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 10,000,000) Units Principal PNB Fixed Maturity Plan 385 Days - Series 2 - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 6,000,000) Units Principal PNB Fixed Maturity Plan 91 Days - Series 5 - Dividend (6,000,000 Units sold during the year)(Current Investments)	—	6,00.00
	— (2006 - 35,000,000) Units Principal PNB Fixed Maturity Plan 91 Days - Series 6 - Dividend (35,000,000 Units sold during the year)(Current Investments)	—	35,00.00
	— Units Principal PNB Fixed Maturity Plan 91 Days - Series VIII - Dividend (25,000,000 Units purchased, 25,000,000 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

6. INVESTMENTS (Contd...)

(Long-term, Unquoted, unless otherwise stated)

			2007 Rs. lakhs	2006 Rs. lakhs
Reliance Mutual Fund	10,000,000	Units Reliance Fixed Horizon Fund 2 - Annual Plan - Series 6 - Institutional Plan - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
	—	Units Reliance Fixed Horizon Fund 2 - Monthly Plan - Series 1 - Institutional Plan - Dividend (20,000,000 Units purchased, 20,000,000 Units sold during the year) (Current Investments)	—	—
	—	Units Reliance Fixed Horizon Fund 2 - Quaterly Plan - Series 6 - Institutional Plan - Dividend (6,000,000 Units purchased, 6,000,000 Units sold during the year)(Current Investments)	—	—
	—	Units Reliance Fixed Horizon Fund Series 1 - Monthly Plan 4 - Dividend (10,000,000 Units purchased, 10,000,000 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 20,000,000) Units Reliance Fixed Horizon Fund Series 1 - Quarterly Plan 2 - Dividend (20,000,000 Units sold during the year)(Current Investments)	—	20,00.00
	—	(2006 - 15,000,000) Units Reliance Fixed Horizon Fund Series 1 - Quarterly Plan 4 - Dividend (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	19,983,813	Units Reliance Interval Fund - Monthly Series I - Institutional Plan - Dividend (19,983,813 Units purchased during the year)(Current Investments)	20,00.00	—
	50,281,895	Units Reliance Interval Fund - Monthly Series II - Institutional Plan - Dividend(79,978,509 Units purchased, 303,385 Units cumulated, 29,999,999 Units sold during the year)(Current Investments)	50,30.89	—
	—	Units Reliance Interval Fund - Quarterly Series I - Institutional Plan - Dividend (19,996,801 Units purchased, 19,996,801 Units sold during the year)(Current Investments)	—	—
	—	Units Reliance Interval Fund - Quarterly Series II - Institutional Plan - Dividend (62,998,500 Units purchased, 1,061,675 Units cumulated, 64,060,175 Units sold during the year) (Current Investments)	—	—
	—	Units Reliance Interval Fund - Quarterly Series III - Institutional Plan - Dividend (9,999,600 Units purchased, 168,943 Units cumulated, 10,168,543 Units sold during the year) (Current Investments)	—	—
	—	(2006 - 9,881,243) Units Reliance Liquid Fund - Cash Plan - Daily Dividend (20,644,281 Units purchased, 40,811 Units cumulated, 30,566,335 Units sold during the year) (Current Investments)	—	11,00.88
	—	Units Reliance Liquidity Fund - Daily Dividend(29,998,500 Units purchased, 31,122 Units cumulated, 30,029,622 Units sold during the year)(Current Investments)	—	—
SBI Mutual Fund	—	Units SBI Magnum Debt Fund Series - 90 Days - 13 - August 07 - Dividend (40,000,000 Units purchased, 689,160 Units cumulated, 40,689,160 Units sold during the year)(Current Investments)	—	—
	—	Units SBI Magnum Debt Fund Series - 90 Days - 14 - September 07 - Dividend (15,000,000 Units purchased, 258,885 Units cumulated, 15,258,885 Units sold during the year)(Current Investments)	—	—
	15,000,000	Units SBI Magnum Debt Fund Series - 90 Days - 16 - October 07 - Dividend (15,000,000 Units purchased during the year)(Current Investments)	15,00.00	—
	—	(2006 - 25,000,000) Units SBI Magnum Debt Fund Series - 90 Days - December 06 - Dividend (399,600 Units cumulated, 25,399,600 Units sold during the year) (Current Investments)	—	25,00.00
	—	Units SBI Magnum Debt Fund Series - 90 Days - February 07 - Dividend (28,000,000 Units purchased, 583,989 Units cumulated, 28,583,989 Units sold during the year)(Current Investments)	—	—
	—	Units SBI Magnum Debt Fund Series - 90 Days - May 07 - Dividend (40,000,000 Units purchased, 766,840 Units cumulated, 40,766,840 Units sold during the year)(Current Investments)	—	—
Standard Chartered Mutual Fund	—	Units Grindlays Cash Fund - Plan C - Super Institutional Plan - Daily Dividend (46,997,650 Units purchased, 5,858 Units cumulated, 47,003,508 Units sold during the year) (Current Investments)	—	—
	—	Units Grindlays Floating Rate Fund - Institutional Plan - LTP - Plan B - Daily Dividend (90,344,019 Units purchased, 704,206 Units cumulated, 91,048,225 Units sold during the year) (Current Investments)	—	—
	—	Units Grindlays Floating Rate Fund - Institutional Plan - LTP - Plan B - Weekly Dividend (16,710,385 Units purchased, 79,496 Units cumulated, 16,789,881 Units sold during the year)(Current Investments)	—	—
	—	(2006 - 15,000,000) Units Grindlays Fixed Maturity Plan - 20 - Plan A - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
	— (2006 - 24,000,000) Units Grindlays Fixed Maturity Plan - 22 - Plan A - Growth (24,000,000 Units sold during the year)(Current Investments)	—	24,00.00
	— (2006 - 15,000,000) Units Standard Chartered Fixed Maturity Plan - 2 - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 20,000,000) Units Standard Chartered Fixed Maturity Plan - Quarterly Series 1 - Dividend (20,000,000 Units sold during the year) (Current Investments)	—	20,00.00
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 10 - Dividend (20,000,000 Units purchased, 421,400 Units cumulated, 20,421,400 Units sold during the year)(Current Investments)	—	—
	— (2006 - 40,000,000) Units Standard Chartered Fixed Maturity Plan - Quarterly Series 2 - Dividend (40,000,000 units sold during the year) (Current Investments)	—	40,00.00
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 3 - Dividend (50,000,000 Units purchased, 931,819 Units cumulated, 50,931,819 Units sold during the year)(Current Investments)	—	—
	— Units Standard Chartered Fixed Maturity Plan - Quarterly Series 7 - Dividend (20,000,000 Units purchased, 421,400 Units cumulated, 20,421,400 Units sold during the year) (Current Investments)	—	—
	10,000,000 Units Standard Chartered Fixed Maturity Plan - Yearly Series 3 - Growth (10,000,000 Units purchased during the year)(Current Investments)	10,00.00	—
	— (2006-28,022,495) Units Standard Chartered Liquidity Manager Fund - Daily Dividend (48,495,150 Units purchased, 37,573 Units cumulated, 76,555,218 Units sold during the year)(Current Investments)	—	28,02.52
	— (2006-38,812) Units Standard Chartered Liquidity Manager Fund Plus - Daily Dividend (2,253,762 Units purchased, 3,228 Units cumulated, 2,295,802 Units sold during the year)(Current Investments)	—	388.15
Sundaram Mutual fund	— Units Sundaram BNP Paribas Fixed Term Plan - Series XXXV - (90 Days) - Institutional Plan - Dividend (5,000,000 Units purchased, 83,035 Units cumulated, 5,083,035 Units sold during the year)(Current Investments)	—	—
	— Units Sundaram BNP Paribas Liquid Plus - Super Institutional Plan - Daily Dividend (4,997,947 Units purchased, 20,695 Units cumulated, 5,018,642 Units sold during the year)(Current Investments)	—	—
	5,056,289 Units Sundaram BNP Paribas Liquid Plus - Super Institutional Plan - Weekly Dividend (4,958,059 Units purchased, 98,230 Units cumulated during the year)(Current Investments)	5,12.31	—
	— Units Sundaram BNP Paribas Money Fund - Super Institutional Plan - Daily Dividend (4,952,800 Units purchased, 442 Units cumulated, 4,953,242 Units sold during the year) (Current Investments)	—	—
Tata Mutual fund	— Units Tata Fixed Horizon Fund - Series 10 - Plan E - Institutional Plan - Dividend (5,000,000 Units purchased, 103,992 Units cumulated, 5,103,992 Units sold during the year) (Current Investments)	—	—
	— (2006 - 15,000,000) Units Tata Fixed Horizon Fund - Series 2 - Plan B - Growth (15,000,000 Units sold during the year)(Current Investments)	—	15,00.00
	— (2006 - 10,000,000) Units Tata Fixed Horizon Fund - Series 2 - Plan C- Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 10,000,000) Units Tata Fixed Horizon Fund - Series 3 - Plan F - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	— (2006 - 24,000,000) Units Tata Fixed Horizon Fund - Series 3 - Plan G - Growth (24,000,000 Units sold during the year)(Current Investments)	—	24,00.00
	5,000,000 Units Tata Fixed Horizon Fund - Series 7 - Plan D - Institutional Plan - Growth (Current Investments)	5,00.00	5,00.00
	— Units Tata Fixed Horizon Fund - Series 8 - Plan B - Institutional Plan - Dividend (20,000,000 Units purchased, 98,977 Units cumulated, 20,098,977 Units sold during the year) (Current Investments)	—	—
	— Units Tata Fixed Horizon Fund - Series 8 - Plan E - Institutional Plan - Dividend (5,000,000 Units purchased, 92,717 Units cumulated, 5,092,717 Units sold during the year)(Current Investments)	—	—
	— Units Tata Fixed Horizon Fund - Series 9 - Plan C - Institutional Plan - Dividend (10,000,000 Units purchased, 71,075 Units cumulated, 10,071,075 Units sold during the year)(Current Investments)	—	—

Schedules to Balance Sheet

		2007 Rs. lakhs	2006 Rs. lakhs
6. INVESTMENTS (Contd...) (Long-term, Unquoted, unless otherwise stated)			
UTI Mutual Fund	—	—	—
	Units UTI - Fixed Maturity Plan - April 07 - Quarterly Series 2 - Institutional Plan - Dividend (25,000,000 Units purchased, 512,392 Units cumulated, 25,512,392 Units sold during the year)(Current Investments)	—	—
	Units UTI - Fixed Maturity Plan - August 07 - Quarterly Series 2 - Institutional Plan - Dividend (20,000,000 Units purchased, 339,638 Units cumulated, 20,339,638 Units sold during the year)(Current Investments)	—	—
	(2006 - 10,000,000) Units UTI - Fixed Maturity Plan - August 06 - Yearly Series - Growth (10,000,000 Units sold during the year)(Current Investments)	—	10,00.00
	(2006 - 25,000,000) Units UTI - Fixed Maturity Plan - December 06 - Half Yearly Series - Dividend (589,026 Units cumulated, 25,589,026 Units sold during the year) (Current Investments)	—	25,00.00
	Units UTI - Fixed Maturity Plan - January 07 - Quarterly Series 2 - Dividend (8,000,000 Units purchased, 152,050 Units cumulated, 8,152,050 Units sold during the year) (Current Investments)	—	—
	Units UTI - Fixed Maturity Plan - June 07 - Quarterly Series 2 - Dividend (5,000,000 Units purchased, 81,143 Units cumulated, 5,081,143 Units sold during the year) (Current Investments)	—	—
	Units UTI - Fixed Maturity Plan - May 07 - Quarterly Series 1 - Dividend (25,000,000 Units purchased, 495,475 Units cumulated, 25,495,475 Units sold during the year) (Current Investments)	—	—
	(2006 - 5,000,000) Units UTI - Fixed Maturity Plan - November 06 - Quarterly Series 1 - Dividend (78,038 Units cumulated, 5,078,038 Units sold during the year)(Current Investments)	—	5,00.00
	(2006 - 10,000,000) Units UTI - Fixed Maturity Plan - October 06 - Quarterly Series 2 - Dividend (154,198 Units cumulated, 10,154,198 Units sold during the year)(Current Investments)	—	10,00.00
5,000,000	Units UTI Fixed Income Interval Fund - Monthly Plan II - Institutional Plan - Dividend (5,000,000 Units purchased during the year)(Current Investments)	5,00.00	—
	Units UTI Fixed Income Interval Fund - Quarterly Plan I - Institutional Plan - Dividend (10,000,000 Units purchased, 361,556 Units cumulated, 10,361,556 Units sold during the year)(Current Investments)	—	—
	Units UTI Fixed Income Interval Fund - Quarterly Plan III - Institutional Plan - Dividend (10,000,000 Units purchased, 165,417 Units cumulated, 10,165,417 Units sold during the year)(Current Investments)	—	—
	TOTAL - C	1348,46.15	2276,64.02
	TOTAL (A+B+C)	1429,28.01	2352,42.04
Provision for diminution in value of long-term investments		(9.17)	(9.17)
	TOTAL	1429,18.84	2352,32.87
Aggregate book value of investments	Unquoted	1317,42.28	2244,13.91
	Quoted - Market Value Rs. 287,83.32 lakhs (2006 - Rs.17527.57 lakhs)	111,76.56	108,18.96
	Total	1429,18.84	2352,32.87

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
7. DEFERRED TAX ASSETS		
On Employee Separation and Retirement *	211,74.27	213,49.94
On Other Timing Differences	137,53.20	123,55.86
On Fiscal Allowances on Investments	—	53.50
Other Items	60,21.91	53,77.62
	409,49.38	391,36.92
Share of Joint Ventures - Schedule 20 (b)	—	—
	409,49.38	391,36.92
* Includes deferred tax of Rs. 43,28.83 lakhs on post retirement medical benefit accounted as per AS 15 revised. (Refer Note (e) of Schedule 2)		
8. DEFERRED TAX LIABILITIES		
On Fiscal Allowances on Fixed Assets	(193,53.05)	(162,60.43)
	(193,53.05)	(162,60.43)
Share of Joint Ventures - Schedule 20 (b)	(1,60.97)	(1,53.00)
	(195,14.02)	(164,13.43)
9. INVENTORIES (at lower of cost and net realisable value)		
Stores and spare parts, etc.	31,76.83	29,46.60
Raw materials	993,16.05	758,30.62
Packing materials	105,36.52	101,44.17
Work-in-progress	43,05.59	36,31.76
Processed chemicals	11.72	84.62
Finished goods	818,67.51	669,57.87
Property Development Activity	48.77	48.77
- Work-in-progress		
	1992,62.99	1596,44.41
Share of Joint Ventures - Schedule 20 (b)	11,14.43	7,92.52
	2003,77.42	1604,36.93
10. SUNDRY DEBTORS (unsecured)		
Considered good		
Over 6 months old	25,88.35	30,55.51
Others	436,07.75	446,82.62
	461,96.10	477,38.13
Considered doubtful		
Over 6 months old	63,01.83	62,09.24
Others	—	45.41
	63,01.83	62,54.65
	524,97.93	539,92.78
Less: Provision for doubtful debts	(63,01.83)	(62,54.65)
	461,96.10	477,38.13
Share of Joint Ventures - Schedule 20 (b)	2,96.96	3,01.26
	464,93.06	480,39.39

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
11. CASH AND BANK BALANCES		
Cash on hand	1,14.47	1,16.85
With Scheduled banks - on current accounts	204,21.10	170,84.07
- on deposit accounts	12,25.80	248,71.94
	<u>217,61.37</u>	<u>420,72.86</u>
Share of Joint Ventures - Schedule 20 (b)	44,80.82	40,17.17
	<u>262,42.19</u>	<u>460,90.03</u>
12. OTHER CURRENT ASSETS		
Income accrued on investments	12,39.32	16,32.25
Fixed assets held for sale (at net book value or estimated net realisable value, whichever is lower)	3,51.95	3,34.44
	<u>15,91.27</u>	<u>19,66.69</u>
Share of Joint Ventures - Schedule 20 (b)	2,61.20	2,89.65
	<u>18,52.47</u>	<u>22,56.34</u>
13. LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received [including :-	486,66.69	452,81.94
Rs. 136,06.42 lakhs (2006 - Rs. 133,16.73 lakhs)		
not due before 31st December, 2008;]		
Considered doubtful	30,77.85	32,15.63
	<u>517,44.54</u>	<u>484,97.57</u>
Less : Provision for doubtful advances	(30,77.85)	(32,15.63)
	<u>486,66.69</u>	<u>452,81.94</u>
Deposits with Customs, Port Trust, Excise, etc.	163,96.18	154,46.15
	<u>650,62.87</u>	<u>607,28.09</u>
Share of Joint Ventures - Schedule 20 (b)	19,29.78	14,18.44
	<u>669,92.65</u>	<u>621,46.53</u>
14. LIABILITIES		
Acceptances	880,25.03	683,69.86
Sundry creditors (Schedule 19)	2912,04.74	2522,26.41
Advances and progress payments - Property Development Activity	—	5.97
Security advances	9,43.66	17,65.94
Dividends declared pending payment/encashment	69,63.16	39,11.20
Interest accrued but not due on loans	—	4.30
	<u>3871,36.59</u>	<u>3262,83.68</u>
Share of Joint Ventures - Schedule 20 (b)	26,30.68	17,83.91
	<u>3897,67.27</u>	<u>3280,67.59</u>

Schedules to Balance Sheet

	2007 Rs. lakhs	2006 Rs. lakhs
15. PROVISIONS		
Provision for retirement/post retirement benefits and other employee benefits	553,54.91	545,77.99
Proposed dividend	653,23.90	662,85.45
Current taxation (provisions in excess of payments) including tax on distributed profits	17,36.82	62,40.08
Fringe Benefit Taxation	15,45.03	8,84.98
Other provisions (Schedule 18)	41,55.75	60,44.87
	1281,16.41	1340,33.37
Share of Joint Ventures - Schedule 20 (b)	16,19.88	12,76.84
	1297,36.29	1353,10.21

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

	2007 Rs. lakhs	2006 Rs. lakhs
17. CONTINGENT LIABILITIES		
(a) Claims made against Companies not acknowledged as debts and other matters		
Income-tax matters	261,00.83	280,86.39
Sales tax matters-gross Rs.279,77.04 lakhs (2006 - Rs. 247,14.53 lakhs) net of tax	184,67.66	163,95.62
Excise matters and Customs matters-gross Rs. 72,83.04 lakhs (2006 - Rs. 69,26.49 lakhs) net of tax	48,07.54	45,93.03
Other matters-gross Rs. 11,62.93 lakhs (2006 - Rs. 16,40.63 lakhs) net of tax	7,67.65	10,89.17
(b) Guarantees given to banks, etc. in respect of third parties	15,52.52	16,32.91
Share of Joint Ventures - Schedule 20 (b)	—	—

Note:

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

18. PROVISIONS

	As at 1st January, 2007	Provision made during the year	Amounts utilised / reversed during the year	Rs. lakhs As at 31st December, 2007
Miscellaneous provisions	60,44.87	52.63	(19,41.75)	41,55.75

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

19. MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st December, 2007. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

- 20.** The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Ventures", issued by the Institute of Chartered Accountants of India.

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

Name of the Company	Country of Incorporation	% voting power held as at 31st December, 2007	% voting power held as at 31st December, 2006
Unilever India Exports Limited	India	100	100
Bon Limited	India	100	100
Unilever Nepal Lever Limited	Nepal	80	80
Daverashola Estates Pvt. Ltd.	India	100	100
Modern Food Industries (India) Limited (merged with Hindustan Unilever Limited during the year)	India	—	100
Ponds Exports Limited	India	100	100
Modern Food and Nutrition Industries Limited (merged with Hindustan Unilever Limited during the year)	India	—	100
Levers Associated Trust Limited	India	100	100

Schedules to Balance Sheet

Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited (with effect from 1st March, 2007)	India	100	—
Shamnagar Estates Private Limited (with effect from 1st March, 2007)	India	100	—
Hindustan Unilever Field Services Private Limited (with effect from 19th December, 2007)	India	100	—
Brooke Bond Real Estates Private Limited (with effect from 31st October, 2007)	India	100	—

(b) Interests in Joint Ventures

The Group's interests, in jointly controlled entities (incorporated Joint Ventures) are :

Name of the Company	Country of Incorporation	% of ownership interest as at 31st December, 2007	% of ownership interest as at 31st December, 2006
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Kimberly Clark Lever Private Limited	India	50%	50%
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The Financial Statements of the Joint Ventures as
centrifed by the auditors of the Joint Venture are
drawn upto 31st December.

	As at 31st December, 2007 (Rs. Lakhs)	As at 31st December, 2006 (Rs. Lakhs)
I. ASSETS		
1. Fixed Assets (including Capital work-in-progress)	12,33.13	11,95.65
2. Investments	—	—
3. Current Assets, Loans and Advances		
a) Inventories	11,14.43	7,92.52
b) Sundry Debtors	2,96.96	3,01.26
c) Cash and Bank Balances	44,80.82	40,17.17
d) Other Current Assets	2,61.20	2,89.65
e) Loans and Advances	19,29.78	14,18.44
II. LIABILITIES		
1. Shareholders' Funds - Reserves and Surplus	(49,04.77)	(35,18.27)
2. Secured Loans	—	(1.07)
3. Deferred Tax - Net	(1,60.97)	(1,53.00)
4. Current Liabilities and Provisions		
a) Liabilities	(26,30.68)	(17,83.91)
b) Provisions	(16,19.88)	(12,76.84)
	For the year ended 31st December, 2007 (Rs. Lakhs)	For the year ended 31st December, 2006 (Rs. Lakhs)
III. INCOME		
1. Sales (net of excise duty)	70,37.82	62,70.73
2. Other Income	3,73.34	3,03.09
IV. EXPENSES		
1. Operating expenses	(63,27.66)	(52,06.52)
2. Depreciation	(1,31.51)	(1,25.41)
3. Interest	—	(0.88)
4. Profit before Taxation	9,51.99	12,41.01
5. Provision for Taxation (including deferred taxation and fringe benefit tax)	(3,51.07)	(4,43.03)
6. Profit after Taxation before minority interests	6,00.92	7,97.98
7. Minority Interests	—	—
8. Net Profit	6,00.92	7,97.98
V. OTHER MATTERS		
1. Contingent Liabilities	—	—
2. Capital Commitments	—	—

The movement of the aggregate reserves of the joint ventures are as under :

Reserves as at 1st January	29,24.08	21,26.11
Add : Group share of Profits for the year	6,00.92	7,97.98
Less: Reserves on disposal of joint ventures	—	—
Reserves as at 31st December	35,25.00	29,24.09

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

Notes to the Cash Flow Statement for the year ended 31st December, 2007

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo
3. The previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.

Segment Information for the Year Ended 31st December, 2007

Information About Primary Business Segments

	2007 Rs. lakhs			2006 Rs. lakhs		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Soaps and Detergents	6374,52.65		6374,52.65	5595,12.65		5595,12.65
Personal Products	3673,79.42		3673,79.42	3360,09.45		3360,09.45
Beverages	1532,77.67		1532,77.67	1330,73.98		1330,73.98
Foods	537,73.16		537,73.16	468,73.01		468,73.01
Ice Creams	160,64.09		160,64.09	136,17.61		136,17.61
Exports	1413,35.18	16,41.51	1429,76.69	1369,49.05	15,06.19	1384,55.24
Other Operations	404,69.16	6,82.41	411,51.57	351,42.52	9,49.88	360,92.40
Total Segment	14097,51.33	23,23.92	14120,75.25	12611,78.27	24,56.07	12636,34.34
Eliminations			(23,23.92)			(24,56.07)
Total (see note 3 to Segment Information)			14097,51.33			12611,78.27
RESULT						
Soaps and Detergents			996,70.41			731,60.70
Personal Products			1042,06.12			933,07.62
Beverages			231,61.07			208,48.12
Foods			18,71.74			5,66.25
Ice Creams			13,22.22			13,53.42
Exports			47,42.41			65,02.17
Other Operations			(94,89.60)			(47,31.82)
Total Segment			2254,84.37			1910,06.46
Un-allocated expenditure net of un-allocated income			(261,97.01)			(184,43.29)
Operating Profit			1992,87.36			1725,63.17
Interest expenses			(26,48.58)			(13,96.66)
Interest / dividend income and surplus on disposal of investments (net) (net of provision / write back for diminution in long term investments and mark down of current investments)			222,59.28			143,68.90
Taxation for the year (including adjustments of previous years)			(421,30.78)			(332,20.50)
Profit after taxation, before exceptional items and share of Associates Profits			1767,67.28			1523,14.91
Exceptional items - income and expenditure (Segment)						
Detergents		6,55.96			40,03.69	
Personal Products		8,77.86			191,09.87	
Foods		5,83.69			(7,78.23)	
Beverages		1,87.86			(31,31.72)	
Ice-Creams		43.65			(3,49.39)	
Exports		5,24.69			(11,40.38)	
Other Operations		3,64.07			(20,42.09)	
			32,37.78			156,71.75
Exceptional items - income and expenditure (Unallocated/Corporate)			106,98.29			217,46.04
Taxation on the above			(33,93.22)			(3,68.04)
One time reduction in tax liability arising from amalgamation of Modern Food Industries (India) Limited (a wholly owned subsidiary) with Hindustan Unilever Limited			45,77.03			
Profit after exceptional items before share of Associates Profits			1918,87.16			1893,64.66
Share of Associates net profit			—			51.35
Profit before Minority Interests			1918,87.16			1894,16.01

Segment Information for the Year Ended 31st December, 2007

Information About Primary Business Segments

	Segment Assets Rs. lakhs		Segment Liabilities Rs. lakhs	
	2007	2006	2007	2006
Other Information				
Soaps and Detergents	1883,67.41	1675,50.59	(1758,45.40)	(1616,56.93)
Personal Products	943,87.46	753,30.44	(778,06.47)	(574,04.32)
Beverages	593,70.22	485,53.90	(540,21.88)	(529,14.52)
Foods	159,91.31	151,32.97	(158,45.83)	(143,72.60)
Ice Creams	115,38.19	95,78.99	(77,73.80)	(76,71.44)
Exports	607,32.29	614,25.41	(269,52.56)	(290,56.51)
Other Operations	92,12.72	104,25.85	(95,36.77)	(98,66.06)
Total	4395,99.60	3879,98.15	(3677,82.71)	(3329,42.38)
Unallocated Corporate Assets / (Liabilities)	2609,98.53	3638,58.65	(1814,49.85)	(1560,97.60)
Total Assets / (Liabilities)	7005,98.13	7518,56.80	(5492,32.56)	(4890,39.98)

	Capital expenditure		Depreciation / Amortisation		Rs. lakhs Non-Cash expenses other than depreciation / amortisation	
	Year 2007	Year 2006	Year 2007	Year 2006	Year 2007	Year 2006
Soaps and Detergents	66,93.37	67,07.50	66,97.02	63,24.07	10,00.83	5,02.29
Personal Products	80,66.28	25,82.66	30,29.55	25,37.16	5,53.56	3,04.47
Beverages	13,73.57	16,80.83	8,79.79	7,02.05	2,96.86	(54.45)
Foods	5,61.68	4,12.26	3,50.21	2,75.69	81.61	1,37.51
Ice Creams	12,93.36	8,50.36	7,53.64	6,94.71	29.30	29.54
Exports	27,47.27	5,03.01	12,00.21	12,19.09	37.07	31.93
Other Operations	2,25.23	3,05.78	1,82.77	2,29.07	1,37.76	(25.70)

Segment Information for the Year Ended 31st December, 2007

Information About Secondary Business Segments

	2007 Rs. lakhs	2006 Rs. lakhs
Revenue by Geographical Market		
India	12414,86.06	10964,72.59
Outside India	1682,65.27	1647,05.68
Total	14097,51.33	12611,78.27
Additions to Fixed Assets and Intangible Assets		
India	207,44.43	128,56.02
Outside India	2,16.33	1,86.38
Total	209,60.76	130,42.40
Carrying Amount of Segment Assets		
India	4332,47.59	3805,55.24
Outside India	63,52.01	74,42.92
Total	4395,99.60	3879,98.16

Notes :

1. Business Segments

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

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

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

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

The above business segments have been identified considering :

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

2. Geographical Segments

The geographical segments considered for disclosure are as follows :

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

	2007 Rs. lakhs	2006 Rs. lakhs
3. Revenue comprise		
Sales	13913,40.28	12410,97.61
Income from services rendered (included in Other Income)	184,11.05	200,80.66
Total	14097,51.33	12611,78.27

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

Related Party Disclosures

A. Enterprises where control exists

(i) Holding Company:

Unilever PLC

B. Other Related Parties with whom the companies in the Group had transactions, etc.

(i) Fellow Subsidiaries:

Brooke Bond Assam Estates Limited
Brooke Bond Group Limited
Brooke Bond South India Estates Limited
Lever Faberge UK
Unilever U.K. Central Resources Limited
Unilever Overseas Holdings Limited
Unilever Australia Limited
Lever Brothers Bangladesh Limited
Unilever Canada
Unilever Cote d'Ivoire
Unilever Ghana Limited
Unilever Kenya Limited
Unilever New Zealand Limited
Lever Brothers Pakistan Limited
Unilever Singapore Pte Limited
Unilever Foods Espana, S.A - Division Frigo
Unilever South Africa (Pty.) Limited
Unilever Ceylon Limited
Unilever Overseas Holdings AG
Lever Brothers West Indies Limited
Unilever Research Laboratory, Port Sunlight
Unilever Research Laboratory, Colworth House
BB Kenya Group
Unilever N.V.
Unilever Overseas Holdings B.V.
Unilever Brasil Limited
Lever Chile S.A.
Unilex Cameroon S.A.
Unilever France S.A.
Unilever International Paris
Unilever Deutschland GmbH
Lever Faberge Deutschland GmbH
Unilever Hong Kong Limited
BBL Japan K.K.
Nippon Lever K.K.
Sagit SPA, Italy
Unilever Ethiopia
Unilever Philippines (Prc), Inc.
PT Unilever Indonesia TBK
Unilever Thai Trading Limited
Unilever Thai Holding Limited
Unilever Sanayi ve Ticaret Turk A.S.
Unilever Home & Personal Care USA
Lever Egypt SAE
Lipton Division, Canada
Lever Arabia Limited
Lever Brothers Nigeria Limited
Lipton Soft Drinks (Ireland)
Lever Israel
Elida P/S, Vietnam
Unilever Polska
Lever International Marine Supplies (LIMS) BV
Unilever Gulf Free Zone Establishment, Arabia
Unilever (China) Limited
Unilever South Central Europe
Unilever Baltic LLC
Unilever Levant, Lebanon
Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S.
Unilever Best Foods, Vietnam
Unilever SNG, Russia
Unilever Taiwan Limited
Unilever Ukraine
Unilever Tuketim Mersin Serbest Bolge Subesi, Turkey
Towells Lever LLC, Arabia
Binzagr Lever Limited, Arabia

Fellow Subsidiaries: (Contd.)

Unilever Industries Private Limited
Digital Securities Private Limited
Lever Faberge France
Unilever Tanzania Limited
Unilever Cambodia Limited
Lever Faberge Belgium
Unilever Maghreb Export SA, Tunisia
Unilever UK & CN Holdings, UK
Lipton Limited - UK
Unilever (Malaysia) Holdings Sdn Berhad
Lever Ponds Division, Canada
Europalma International Insurance services B.V.
Lipton US Group
Lever Faberge Italia SPA
Unilever United States Inc.
Hefei Lever Detergents Co. Limited, China
Unilever Korea
Unilever Vietnam
Unilever Canada - Foods
Unilever Nigeria
Lipton Limited (Head Office) / Lipton Tea Supply Limited
Unilever Market Development SA
Bahrain Technical & Trading Co. W.L.L
Unilever Bestfoods Benelux B.V. Netherlands
Bestfoods - Germany
Bestfoods Nordic AS (Denmark)
Unilever Bestfoods - Ireland
Frozen Fish International GmbH, Germany
Unilever Uganda Limited
Unilever Finland OY
Unilever Sverige AB
Unilever UK Food Manchester
Unilever Kenya Limited
Unilever Iran P.J.S.C
Unilever Magyarorszag KFT
Commercial United for Import
Unilever Germany GmbH-HPC
Unilever Mozambique LDA
Unilever Schweiz GmbH
Unilever Trading LLC
Elida Faberge Limited

(ii) Joint Ventures:

Kimberly Clark Lever Private Limited
Quest International India Limited (Up to 31st May, 2006)

(iii) Associate:

Capgemini Business Services (India) Limited (Formerly known as Unilever India Shared Service Limited)

(iv) Key Management Personnel:

H. Manwani
Douglas Baillie (from March, 2006)
M. K. Sharma (upto May, 2007)
D. Sundaram
S. Ravindranath (upto April, 2007)
A. Adhikari (upto February, 2006)
A. K. Mathur (upto December, 2006)
D. Buch (from March, 2006)
N. Paranjpe (from March, 2006)
S. Dube (upto June, 2007)
Ashok Gupta (from June, 2007)
Shrijeet Mishra (from June, 2007)
Sanjiv Kakkar (from January, 2007)
Leena Menon (from June, 2007)

(v) Employees' Benefit Plans where there is significant influence:

Hindustan Lever Gratuity Fund
The Union Provident Fund
The Hind Lever Provident Fund
The Hind Lever Pension Fund
Hindustan Unilever Limited Employees Superannuation Fund

Related Party Disclosures

Disclosure of transactions between the Companies in the Group and Related parties and the status of outstanding balances as on 31st December, 2007

		2007 Rs. lakhs	2006 Rs. lakhs
Holding Company	:		
	Dividend paid	715,32.61	437,14.37
	Royalty paid	75,62.87	70,66.90
	Income from services rendered	164,41.35	145,31.87
	Outstanding balances:		
	- Receivables at the year end	34,07.07	37,83.46
Fellow Subsidiaries	:		
	Sale of finished goods/raw materials etc.	778,03.19	710,70.81
	Sale of fixed assets	18.64	1,75.56
	Rent Received	1,10.00	1,10.00
	Income from services rendered	8,48.22	38,17.07
	Expenses shared by a fellow subsidiary (Other)	6.00	6.00
	Purchase of goods	119,14.37	69,22.30
	Dividend paid	306,03.83	187,02.35
	Royalty paid	1,56.59	1,64.16
	Purchase of Fixed Assets	—	2.18
	Advances and loans:		
	- Receivables	197,27.99	194,63.32
	- Payables	7,84.27	7,74.82
Joint Ventures	:		
	Purchase of goods	136,81.90	135,83.15
	Other income	2,04.50	3,34.82
	Dividend received	4,35.00	3,62.50
	Advances and loans:		
	- Receivables	14.90	—
	- Payables	—	1,16.49
Associate	:		
	Outstanding receivable at the year end	39.20	85.12
	Expenses for services received	33,57.62	—
Key Management Personnel	:		
	Remuneration	15,56.47	13,49.43
	Rent paid	9.55	39.49
	Dividend paid	11.96	9.58
	Sale of asset	—	11,80.00
	Loans Repayments (including interest) during the year	—	0.10
Employees' Benefit Plans where there is significant influence	:		
	Contributions during the year	40,75.42	30,54.19
	Outstanding payables at the year end	5,19.67	11.91
	Outstanding receivables at the year end	9,33.04	16,24.48

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

	2007 Rs. lakhs	2006 Rs. lakhs
Sale of finished goods / raw materials etc.		
Unilever Gulf Free Zone Establishment, Arabia	251,20.89	226,64.15
Sale of fixed assets		
Unilever UK Foods - Manchester	—	1,75.56
H. Manwani	—	11,80.00
Unilever Gulf Free Zone Establishment, Arabia	18.64	—
Expenses shared by subsidiary Companies/fellow subsidiary companies		
Digital Securities Private Limited	6.00	6.00
Dividend received		
Kimberly Clark Lever Private Limited	4,35.00	3,62.50
Rent received		
Unilever Industries Private Limited	1,10.00	1,10.00
Processing charges paid		
Bon Limited	—	6,41.61
Purchase of fixed assets		
Unilever Best Foods Limited, UK	—	2.18
Purchase of goods		
Kimberly Clark Lever Private Limited	136,81.90	124,79.81
Lipton Limited	—	21,48.69
Unilever Deutschland GmbH	—	30,17.99
Unilever Thai Holdings Limited	41,33.38	—
Unilever Australia Limited	25,64.14	—
Rent paid		
D. Sundaram	4.22	—
S. Ravindranath	2.83	—
M. K Sharma	2.50	—
Other income		
Kimberly Clark Lever Private Limited	2,04.50	3,34.82
Dividend paid		
Unilever PLC	715,32.61	437,14.37
Royalty paid		
Unilever PLC	7,5,62.87	70,66.90
Outstanding balances - payables at the year end		
Lipton Limited (Head Office)/Lipton Tea Supply Limited	4,63.46	3,76.88
Unilever U.K. Central Resources Limited	—	2,46.12
Elida Faberge Limited	—	1,02.74
Unilever N.V.	1,46.15	—
Kimberly Clark Lever Private Limited	—	1,16.49
The Union Provident Fund	5,19.67	—
Outstanding balances - receivables at the year end		
Unilever Gulf Free Zone Establishment, Arabia	55,37.91	53,37.72
Lipton Limited - UK	—	26,48.78
Unilever PLC	34,07.07	37,83.46
Income from services rendered		
Unilever PLC	164,41.35	145,31.87
Expenses for services received		
Capgemini Business Services (India) Limited	33,57.62	—
Remuneration		
M. K. Sharma	—	2,00.84
S. Ravindranath	—	1,45.27
D. Sundaram	1,78.22	1,57.92
Douglas Baillie	4,91.34	4,59.07
Nitin Paranjpe	2,28.27	—
Sanjiv Kakkar	2,15.61	—
Contributions during the year		
The Union Provident Fund	17,29.22	5,09.82
The Hind Lever Pension Fund	19,56.74	13,79.83
The Hind Lever Provident Fund	3,89.46	11,40.94

Auditors' Report to the Board of Directors of Hindustan Unilever Limited (Formerly known as Hindustan Lever Limited)

1. We have audited the attached consolidated Balance Sheet of Hindustan Unilever Limited (formerly known as Hindustan Lever Limited) and its subsidiaries and a joint venture (the Group) as at 31st December, 2007 and the related consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary and a joint venture whose financial statements reflect the Group's share of total assets of Rs. 148,81.88 lakhs as at 31st December, 2007 and the Group's share of total revenues of Rs. 195,48.32 lakhs and net cash inflows amounting to Rs. 16,26.25 lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary and the joint venture, is based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, and Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st December, 2007;
 - (ii) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Sharmila A. Karve
Partner
Membership No. 43229
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Mumbai : 13th February, 2008

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary company (1)	Financial year ending of the subsidiary (2)	Number of equity shares held (3)	Extent of holding (4)	For financial year of the subsidiary			For the previous financial years since it became a subsidiary	
				Profits/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 6)	Profits/(losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	Profits/(losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 8)	Profits/(losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	(8)
Bon Limited	31.12.2007	1,00,00,000	100.00%	Rs.lakhs (2,91.69)	Rs.lakhs —	Rs.lakhs (49,79.42)	Rs.lakhs —	
Unilever India Exports Limited	31.12.2007	25,10,000	100.00%	10,81.12	—	73,26.85	60,86.75	
Pond's Exports Limited	31.12.2007	98,00,147	100.00%	(2,46.80)	—	(1,13.29)	—	
Shamnagar Estates Private Limited	31.12.2007	1,50,00,000	100.00%	(20.88)	—	—	—	
Jamnagar Properties Private Limited	31.12.2007	50,00,000	100.00%	(14.29)	—	—	—	
Daverashola Estates Private Limited	31.12.2007	2,21,700	100.00%	4,89.35	—	(5,21.38)	—	
Unilever Nepal Limited - (Nepalese Rs.)	16.07.2007 (Ashaad 32, 2064)	7,36,560	80.00%	21,04.52	20,25.54	87,59.23	76,96.46	
Brooke Bond Real Estates Private Limited - (Indian Rs.)	31.12.2007	10,000	100.00%	13,15.33	12,65.97	54,74.52	48,09.73	
Hindustan Unilever Field Services Private Limited	31.12.2007	10,000	100.00%	—	—	—	—	

Changes in Company's interest in Unilever Nepal Limited between 17th July, 2007 and 31st December, 2007 : NIL

Material changes between 17th July, 2007 and 31st December, 2007 in respect of fixed assets of, investments of, moneys lent and moneys borrowed (other than meeting current liabilities) by Unilever Nepal Limited : NIL

Note: Hindustan Unilever Limited held the whole of the paid-up capital of Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited which were non-profit making organisations.

Douglas Baillie
D. Sundaram
Raju Thomas
Ashok Gupta

Managing Director and CEO
Finance Director
Vice President - Finance
Executive Director - Legal
and Company Secretary

Mumbai : 13th February, 2008

Subsidiary Companies' Particulars

Particulars regarding subsidiary companies, pursuant to letter no. 47/434/2007-CL-III dated 4th February, 2008 from Ministry of Company Affairs

(Rs. lakhs)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments [Current]	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
Bon Limited	10,00.00	(52,48.82)	5,79.19	(48,28.01)	—	—	(2,90.04)	(1.65)	(2,91.69)	—
Unilever India Exports Limited	2,51.00	21,90.45	53,53.51	(29,12.06)	26,34.87	6,17.11	(2,50.75)	(54.82)	(3,05.57)	—
Pond's Exports Limited	9,80.01	(3,48.69)	44,17.23	(37,85.91)	0.50	87,51.05	(2,21.73)	(25.07)	(2,46.80)	—
Jamnagar Properties Private Limited	5,00.00	(14.29)	4,85.71	—	—	—	(14.29)	—	(14.29)	—
Shamnagar Estates Private Limited	15,00.00	(20.88)	14,79.12	—	—	—	(20.88)	—	(20.88)	—
Daverashola Estates Private Limited	22.17	3,97.22	4,46.92	(27.53)	—	2,02.25	(42.57)	(8.80)	(51.37)	—
Levers Associated Trust Limited	5.00	—	5.00	—	—	—	—	—	—	—
Levindra Trust Limited	5.00	—	5.00	—	—	—	—	—	—	—
Hindlever Trust Limited	5.00	—	5.00	—	—	—	—	—	—	—
Unilever Nepal Limited	—	—	—	—	—	—	—	—	—	—
— (Nepalese Rs.)	7,36.56	11,41.74	78,82.03	(60,03.73)	17,09.20	145,48.22	27,64.52	(6,60.00)	21,04.52	20,25.54
— (Indian Rs.)	4,60.35	7,13.59	49,26.28	(37,52.34)	10,68.25	90,92.64	17,27.83	(4,12.50)	13,15.33	12,65.96
[Refer Note (iii)]	—	—	—	—	—	—	—	—	—	—
Brooke Bond Real Estates Private Limited	1.00	—	1.00	—	—	—	—	—	—	—
Hindustan Unilever Field Services Private Ltd.	1.00	—	1.00	—	—	—	—	—	—	—

Note : (i) Converted into Indian Rupees at the Exchange Rate INR 1 = 1.6 Nepalese Rupees

(ii) The aforesaid data in respect of the subsidiaries are as on 31st December, 2007 other than Unilever Nepal Limited where it is as on 16th July, 2007.

Douglas Baillie	Managing Director and CEO
D. Sundaram	Finance Director
Raju Thomas	Vice President - Finance
Ashok Gupta	Executive Director - Legal and Company Secretary

Mumbai : 13th February, 2008

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		2007	2006
		Canned and processed fruits and vegetables	Canned and processed fruits and vegetables
A	POWER AND FUEL CONSUMPTION		
1.	Electricity		
(a)	Purchased		
	Unit	Lakh KWH	—
	Total Amount	Rs. Lakhs	—
	Rate/Unit	Rs.	—
(b)	Own Generation		
(i)	Through own generator		
	Unit	Lakh KWH	1.22
	Unit per ltr of diesel oil	KWH	1.94
	Cost per unit	Rs.	18.11
(ii)	Through steam turbine/generator	Nil	Nil
2.	FURNACE OIL		
	Quantity	KL	659.94
	Total Cost	Rs. Lakhs	146.03
	Average Rate	Rs./KL	22,127.77
B.	CONSUMPTION PER UNIT OF PRODUCTION		
		Electricity (Kwh/Tonne)	Furnace Oil (Lts/Tonne)
		2007	2007
		2006	2006
Canned & Processed Fruits & Vegetables		145.70	40.12
		260.00	83.00

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific areas in which R&D carried out by the Company:

- New Product / process development
- Quality enhancement to achieve International Standards
- Technology Upgradation
- Speciality ingredients from natural sources
- Development and evaluation of alternative raw materials
- Project of Global relevance

2. Benefits derived as a result of the above R&D:

The benefits have been discussed in details in the Director's report

3. Future plans of action :

Future plans of action have been discussed in details in the Director's report.

4. Expenditure of R&D:

	2007	2006
	Rs. Lakhs	Rs. Lakhs
(a) Capital	9,42	27,72
(b) Recurring	49,39	35,74
(c) Total	58,81	63,46
(d) Total R&D Expenditure as a percentage of total turnover	0.43%	0.52%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adoption and innovation:

The Company maintains interaction with Unilever internationally.

This is facilitated through a well co-ordinated management exchange programme.

2. Benefits derived as a result of the above efforts:

The benefits have been covered in the Director's report.

3. Imported Technology:

- | | | |
|--|---|-------------------|
| (a) Technology imported | — | Cosmetic Products |
| (b) Year of import | — | 2001 |
| (c) Has technology been fully absorbed | — | No. |

FOREIGN EXCHANGE EARNINGS & OUTGO

	2007	2006
	Rs. Lakhs	Rs. Lakhs
Foreign exchange earnings	1483,70.72	1436,08.79
Foreign Exchange outgo	1975, 94.75	1565,28.34

By Order of the Board

Harish Manwani
Chairman

Mumbai
13th February, 2008



Hindustan Unilever Limited

Regd. Office : 165/166, Backbay Reclamation, Mumbai - 400 020.

Proxy Form

I/We
of being
a Member/Members of the above named Company, hereby appoint Mr./Ms.
of or failing him/her
Mr./Ms. of
..... as my/our Proxy to attend and vote for me/us on my/our
behalf at the 75th Annual General Meeting of the Company, to be held on Friday, 4th April, 2008 at
3.00 p.m. and at any adjournment thereof.

* I wish my above Proxy to vote in the manner as indicated in the box below :

Reso. No.	Description	For	Against
1.	Adoption of Annual Accounts and Reports thereon for year ended 31st December, 2007		
2.	Declaration of Dividend		
3.	Re-election of the following persons as Director :		
	a) Mr. H. Manwani		
	b) Mr. D. S. Parekh		
	c) Prof. C. K. Prahalad		
	d) Mr. A. Narayan		
	e) Mr. S. Ramadorai		
	f) Mr. D. Sundaram		
	g) Mr. N. Paranjpe		
	h) Mr. S. Kakkar		
4.	Appointment of M/s. Lovelock & Lewes as Auditors of the Company and to fix their remuneration.		
5.	Appointment of Dr. R. A. Mashelkar as a Director of the Company.		
6.	Revision in the limits of maximum remuneration of the Managing/ Whole-time Directors and CEO & Managing Director of the Company.		

Signed this _____ day of _____ 2008.

Reference Folio No./DP ID & Client ID

No. of shares

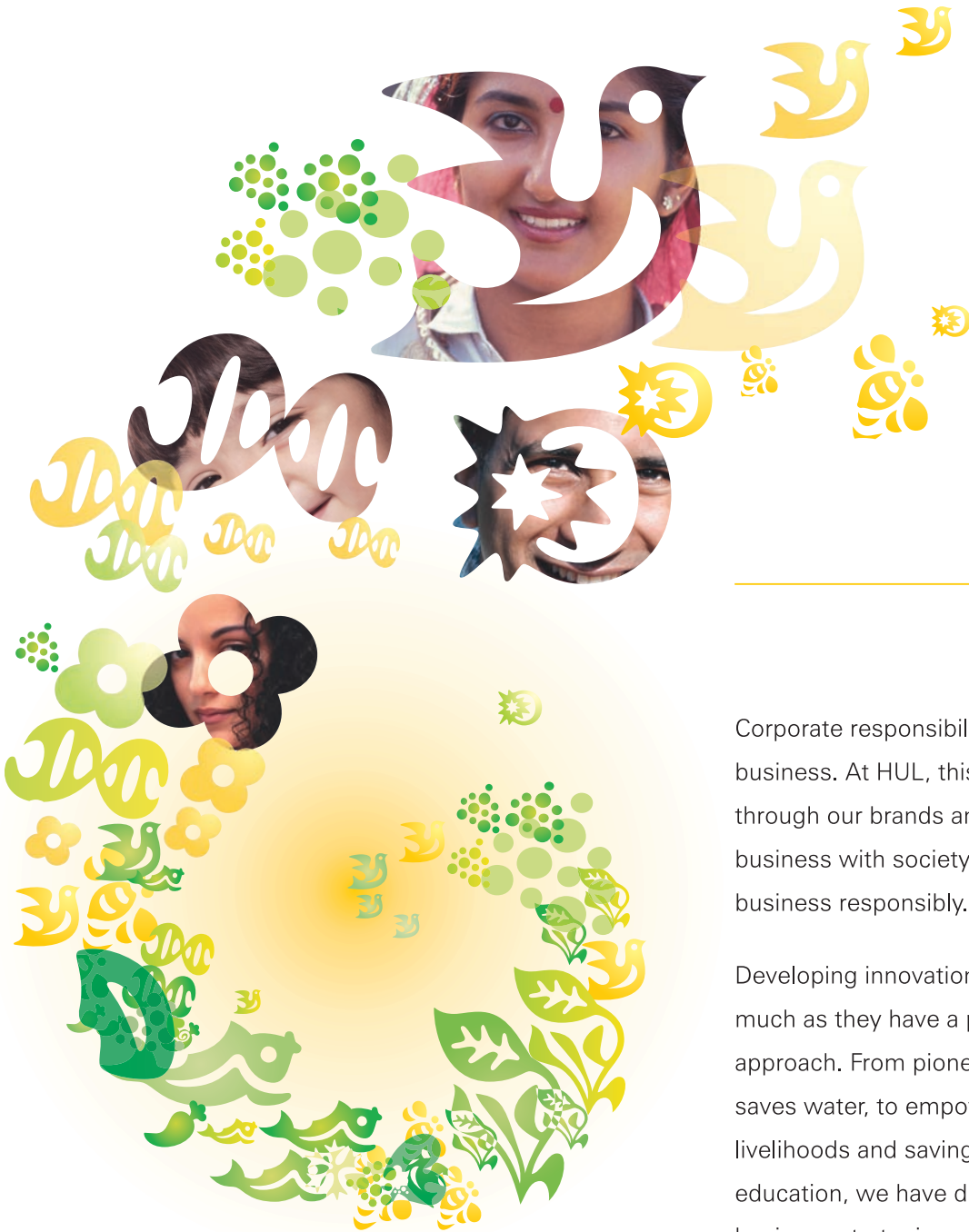
Signature

Affix
Revenue
Stamp

- NOTES : 1. The Proxy, to be effective, should be deposited at the Registered Office of the Company at 165/166, Backbay Reclamation, Mumbai 400 020 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
2. A Proxy need not be a Member of the Company.
- * 3. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.



Corporate Responsibility



A way of life.

Corporate responsibility is not philanthropy, it is business. At HUL, this is about creating social benefits through our brands and through our interactions as a business with society. It's the business of doing business responsibly.

Developing innovations which have a social benefit, as much as they have a profit potential, is the key to this approach. From pioneering detergent formulation that saves water, to empowering women by providing livelihoods and saving lives through consumer education, we have demonstrated that successful business strategies are driven by responsible business practices.

These are the drivers of growth at HUL and provide us the opportunity to partner with the community to create a better future, today.



changing like you

We, in our 75th year, are delighted to be a part of the lives of more than 700 million Indians, every single day. That is why the U of our logo stands for 'you'. You who hail from every part of India - from its remote villages in the snow-capped north to its humble hamlets in the sunny south, from its crowded cities along the western coast to its languid towns in the east.

We are part of your everyday life - right from your morning cup of tea, to your brushing routine at bedtime. And since our mission is about adding vitality to life by helping people feel good, look good and get more out of life, your appearance and moods, your health and happiness have been our primary concern, day after day, year after year, for 75 years.

You know us better through our products. Our teas and foods, our soaps and detergents,

our shampoos and toothpastes, cosmetics and deodorants - all of which are household names because they make a real difference to your life, to 'U'.

No wonder U stands for Unilever as well: As India's largest consumer products company, we have been close to the heart of India and Indians for 75 years. Today, we pledge to continue our commitment, to earn the love and respect of every Indian over the next 75 years and beyond.



Hindustan Unilever Limited