



Hindustan Unilever Limited

ANNUAL REPORT 2011-12

Creating a better future every day





OUR MISSION

WE WORK TO CREATE A BETTER FUTURE EVERY DAY.

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.

We will inspire people to take small, everyday actions that can add up to a big difference for the world.

We will develop new ways of doing business with the aim of doubling the size of our Company while reducing our environmental impact.

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EXAMPLES OF OUR BRANDS DELIVERING SUSTAINABLE GROWTH

- **30 million people reached** with **Lifebuoy soap** **handwashing** programmes in 2011-12
- **30 million people** have **gained access to safe drinking water** by using **Pureit** in-home water purifier, since 2005
- **Around 60%** of our major food and beverage brands — Brooke Bond, Bru, Knorr, Kissan and Kwalley Wall's — comply with the '**Healthy Choice**' guidelines
- **60% of tomatoes** in Kissan Ketchup are **sourced sustainably**

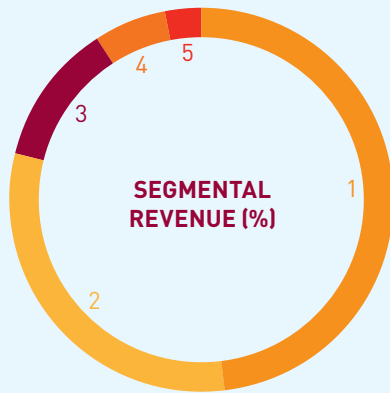
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FINANCIAL HIGHLIGHTS AND BRANDS



- 1 Soaps and Detergents **48.1**
- 2 Personal Products **31.0**
- 3 Beverages **11.8**
- 4 Packaged Foods **6.2**
- 5 Others **2.9**

NET REVENUE

RS

22,116

CRORES

PROFIT FOR THE YEAR

RS

2,691

CRORES

EPS (BASIC)

RS

12.46

EVA

RS

2,250

CRORES





- 1) Materials **61**
- 2) Advertising Costs **14**
- 3) Employee Benefits Expenses **6**
- 4) Carriage & Freight **6**
- 5) Utilities, Rent, Repairs, etc **5**
- 6) Depreciation **1**
- 7) Other Expenditure **7**



- 1) Soaps and Detergents **36.9**
- 2) Personal Products **52.1**
- 3) Beverages **11.0**
- 4) Packaged Foods **0.7**
- 5) Others **(0.7)**

* Excludes Unallocated Expenditure, Taxation Charge & Financial Income



FINANCIAL PERFORMANCE

10 YEAR TRACK RECORD

Standalone

Rs. Crores

STATEMENT OF PROFIT AND LOSS	2002	2003	2004	2005	2006	2007	2008 09 (15 months)	2009 10	2010 11 ^	2011-12 ^
Gross Sales*	10,951.61	11,096.02	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27	20,285.44	22,800.32
Other Income	384.54	459.83	318.83	304.79	354.51	431.53	589.72	349.64	627.38	659.08
Interest	(9.18)	(66.76)	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)	(6.98)	(0.24)	(1.24)
Profit Before Taxation @	2,197.12	2,244.95	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07	2,730.20	3,350.16
Profit After Taxation @	1,731.32	1,804.34	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25	2,599.23
Earnings Per Share of Re. 1#	8.04	8.05	5.44	6.40	8.41	8.73	11.46	10.10	10.58	12.46
Dividend Per Share of Re. 1#	5.16	5.50	5.00	5.00	6.00	9.00	7.50	6.50	6.50	7.50

* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items # Adjusted for bonus ^ 2010-11 and 2011-12 based on Revised Schedule VI

BALANCE SHEET	2002	2003	2004	2005	2006	2007	2008 09 (15 months)	2009 10	2010 11 ^	2011-12 ^
Fixed Assets	1,322.34	1,369.47	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07	2,457.86	2,362.92
Investments	2,364.74	2,574.93	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08	1,260.67	2,438.21
Net Deferred Tax	269.92	267.44	226.00	220.14	224.55	212.39	254.83	248.82	209.66	214.24
Net Assets (Current and Non-current)	(239.83)	(368.81)	(409.30)	(1,355.31)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)	(1,268.67)	(1,502.44)
	3,717.17	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93
Share Capital	220.12	220.12	220.12	220.12	220.68	217.74	217.99	218.17	215.95	216.15
Reserves & Surplus	3,438.75	1,918.60	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35	2,443.57	3,296.78
Loan Funds	58.30	1,704.31	1,471.11	56.94	72.60	88.53	421.94	-	-	
	3,717.17	3,843.03	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93

^ 2010-11 and 2011-12 based on Revised Schedule VI

SEGMENT WISE SALES (%)	2002	2003	2004	2005	2006	2007	2008 09 (15 months)	2009 10	2010 11	2011-12
Soaps, Detergents & Household Care	45	44	45	45	47	47	49	48	46	48
Personal Products	22	24	26	28	29	29	29	30	32	31
Foods	30	29	27	25	22	22	20	20	20	19
Chemicals, Agri, Fertilisers & Animal Feeds	2	2	1	1	1	1	1	0	0	-
Others	1	1	1	1	1	1	1	2	2	2

KEY RATIOS AND EVA	2002	2003	2004	2005	2006	2007	2008 09 (15 months)	2009 10	2010 11	2011-12
EBIT as % of Sales	17.6	18.4	13.4	12.3	13.1	13.1	13.1	14.1	12.1	13.5
Fixed Assets Turnover (No. of times)	8.3	8.1	7.2	8.1	8.6	8.6	8.3*	7.5	8.3	9.6
PAT / Sales (%)	15.8	16.3	11.0	11.3	11.8	11.8	11.6	11.5	10.6	11.4
Return on Capital Employed (%)	59.4	60.2	45.9	68.7	67.0	78.0	107.5*	103.8	87.5	96.8
Return on Net Worth (%)	48.4	82.8	57.2	61.1	68.1	80.1	103.6*	88.2	74.0	77.7
Economic Value Added (EVA) (Rs Crores)	1236	1429	886	1014	1126	1314	2154	1791	1750	2250

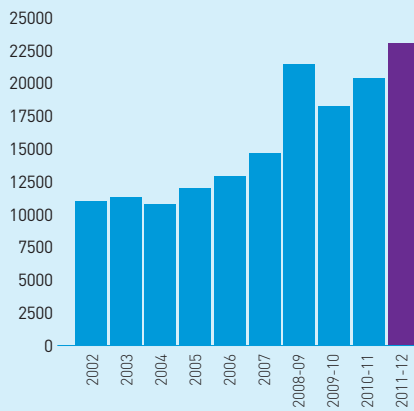
*Shown on an annualised basis

OTHERS	2002	2003	2004	2005	2006	2007	2008 09 (15 months)	2009 10	2010 11	2011-12
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	181.75	204.70	143.50	197.25	216.55	213.90	237.50	238.70	284.60	409.90
Market Capitalisation (Rs. Crores)	40,008	45,059	31,587	43,419	47,788	46,575	51,770	52,077	61,459	88,600
Contribution to Exchequer (Rs. Crores)	2,609	2,999	2,674	2,638	2,813	3,133	4,429	3,704	3,953	4,839

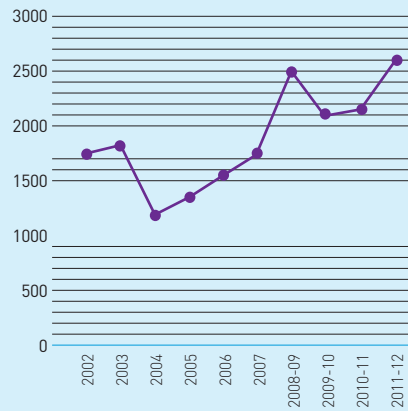
* Based on year-end closing prices quoted in the Bombay Stock Exchange, adjusted for bonus shares

PERFORMANCE TRENDS

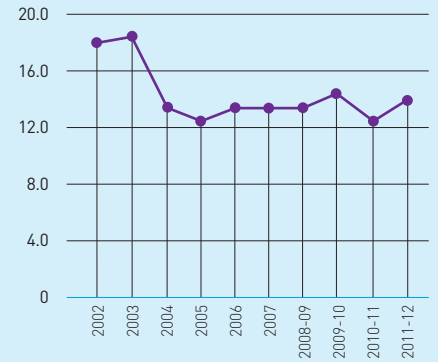
GROSS SALES (Rs Crores)



PROFIT AFTER TAX (Rs Crores)



EBIT (% of Sales)



CHAIRMAN'S LETTER

Dear Shareholders,

In 2011, we have delivered a robust business performance, which has been consistent and competitive through the year and at the same time made good progress on our sustainability agenda. Our growth momentum has once again set us out as a leader in our sector.

DOMESTIC CONSUMER BUSINESS

18% 

NET PROFIT

17% 

PBIT

25% 

The domestic consumer business grew by 18% with 9% underlying volume growth. Profit Before Interest and Tax (PBIT) grew by 25% with PBIT margin improving 140 basis points. Profit After Tax but before exceptional items, PAT (bei), grew by 20% to Rs.2,592 crore with Net Profit at Rs.2,691 crore growing 17%.

A relentless focus on our consumers and in-market execution helped the business deliver these strong numbers. We are driving bigger, better and faster innovations with almost 60% of our portfolio touched by innovations during the year. We continue to drive superiority of our products in the core categories as we invest to build the categories of tomorrow.

We further expanded our direct retail coverage in 2011. Over the last two years, we have added one million new stores, doubled our coverage and taken HUL products and services to some of the remotest corners of the Country. We now have over one million outlets enrolled in our 'Perfect Stores' programme, which focuses on better availability and visibility of all our key brands in retail stores. This programme has been supported by sophisticated analytics (Project iQ) which has helped

our sales force to drive better execution and higher throughputs in stores. More importantly, it has helped us improve our overall service levels by 260 basis points during the year, with an even sharper improvement of 400 basis points in Modern Trade.

While it was 'business as usual' on our growth agenda, it was 'business unusual' on costs. A sharp focus on cost management enabled us to continue to invest behind our brands and capabilities while delivering an improvement in margins.

We made good progress against targets in the first year of our Unilever Sustainable Living Plan. In 2011, we reduced CO₂ emissions per tonne of production by 14.7% and water usage in our manufacturing operations by 10.1% compared to our 2008 baseline. HUL has been working for more than a decade in the area of water conservation in locations which face acute water shortage. Through the Hindustan Unilever Vitality Foundation, we are working with NGOs engaged in community projects to conserve water. By 2015, we expect hundred billion litres of water to be harvested through the projects we have undertaken. One million people in 180 villages across



India will benefit. In most projects, a 50% rise in crop production is expected.

In another initiative, HUL has entered into partnership with UNICEF and Department of Rural Development, Government of Madhya Pradesh, to implement hygiene awareness programme in over 5000 schools in 2012. This will further strengthen the Lifebuoy handwash programme in India, which is now reaching 30 million people across the Country.

We firmly believe that sustainability has to be at the heart of our business model and will help us drive faster growth and reduce costs. We see this as a source of competitive advantage for the business now and in the years ahead.

Your Company has always prided itself for attracting and developing the best talent. A robust employer brand is crucial to attracting the best talent, and HUL has emerged as the No.1 employer of choice amongst the top business school students and retained the 'Dream Employer' status for the third year running. We have a holistic 'Annual Performance Cycle' encompassing three clear steps: setting goals,

assessing performance and providing merit-based rewards. This delivers clarity, consistency and encourages living our standards of leadership.

We have always believed that our growth was intrinsically linked with the growth of our people. We encourage diversity and a performance driven organisational culture in which people give their best and feel proud to be part of a successful and a caring organisation.

I would like to thank each and every one of our employees whose commitments and efforts made 2011 yet another successful year for the Company.

I would also like to thank you, all our shareholders, for your continued support in our journey of delivering consistent, competitive, profitable and responsible growth.

With warm regards,

Harish Manwani
Chairman

**WE FIRMLY
BELIEVE THAT
SUSTAINABILITY
HAS TO BE AT THE
HEART OF OUR
BUSINESS MODEL
AND WILL HELP
US DRIVE FASTER
GROWTH AND
REDUCE COSTS.**

WINNING WITH BRANDS AND INNOVATION

Two out of three Indians use our products, making our brands a part of every day life.

We help people look good, feel good and get more out of life with brands and services that are good for them and good for others.

Bigger, better, faster innovation

Brands and innovation are at the heart of everything we do. Research and Development (R&D) is the home of breakthrough technology for bigger, better, faster innovations.

Home & Personal Care

In 2012, we launched Lifebuoy 'Activ Naturool Shield', providing breakthrough technology in germ protection. The technology packs a combination of naturally occurring substances with the best of technology in cleansing, providing ten times better protection against disease causing pathogens.

It is a matter of pride for us that the Unilever R&D centre in Bengaluru, India, was the lead research centre for this innovation.

The launch of Pond's Age Miracle Cell ReGEN Range brought to the Indian

market the most advanced anti-ageing technology developed by the Pond's Institute. The New Pond's Age Miracle with Intelligent Pro Cell Complex gives aging skin cells three times more skin renewal power. This extensive collection provides everything the contemporary Indian woman needs for flawless natural-looking makeup.

In another innovation, Fair and Lovely introduced a 'future tube' to upgrade sachet consumers to an affordable yet aspirational format. This enabled incremental volume and value consumption by inviting existing sachet users to trade up to the 'future tube', which apart from being innovative and easy to use was priced to deliver greater value.

In Hair Care, the Keratinology innovation launched by Sunsilk is specially designed to prolong the beauty of salon-treated hair. It features Keratin Micro Technology, which works to intensively nourish and reconstruct the hair's surface for stunning hair renewal and keeps salon beauty for longer.

The Color Rescue range by Dove brought to the Indian market a unique product that repairs damaged hair and helps lock in the vibrant colour for longer.

In laundry, the Rin portfolio was further extended with the launch of Rin Perfect Shine Neel in the Liquid Blues category. The Rin portfolio currently includes Rin Washing Powder, Rin Detergent Bar and Rin Bleach. Liquid Blues is a logical extension for the Rin brand, which carries the promise of delivering sparkling white clothes.

Comfort, the fabric conditioner brand, has grown with innovative market development. Comfort anti bacteria was launched as a new variant during the year to build on the huge success that the category has seen in just a few years since it was first launched in India.

In colour cosmetics, Lakmé launched the premium range of Absolute makeup – a high performance color cosmetics range, with leading edge technology sourced from our Italian and French partnerships. With a stunning range of high-end face, lip, nail and eye offerings, along with professional make-up applicators, Lakmé Absolute provides the Indian woman with a premium long-wear line.

Axe, the leading deodorant with a presence of over 10 years in India, saw the portfolio extended with the launch of Axe Shower Gel.



The Axe grooming range for the young Indian male also includes Shaving Gel, Foam, After-Shave lotion, and Cologne Talc.

Foods

Rising consumption and changing tastes are opening up new opportunities.

The tea bag market in India has tripled in the last three years with growth being led by exotic, flavoured and green teas. In order to outgrow the market and capitalise on this opportunity, Taj Mahal and Lipton last year launched 11 new flavours in the flavoured tea bag and green tea bag segment.

The burgeoning café culture in India has been driving growth of in-home consumption of coffee as well. To leverage this, Bru introduced three new brands in the premium and mass-premium segments of the instant coffee market viz. Bru Exotica, Bru Gold and Bru Lite and initiated a pilot in the retail space by opening eight Bru World Cafés in Mumbai in 2011.

The Frozen Dessert category continued to grow with successful innovations during the summer of 2011. New Cornetto Disc, Paddle Pop Grape Apple Jelly, Selections – Roasted Almond Chocolate and Black Currant Raisin which targeted and delighted youth, kids and families alike.

Reducing salt

Our Knorr portfolio has been revamped to introduce newer variants with less sodium over the past few years. This has resulted in an average 13% sodium reduction among our soup top sellers. In 2011, we also reduced sodium in Kissan ketchup formulations by an average of 11%.

Reducing calories

To cater to the needs of the growing number of health conscious people, Kwality Wall's, our frozen dessert brand, offers product formats which deliver less than 99 Kcal in one standard scoop of 80ml, in its 'Selection' range.

Providing healthy eating information

Our labels carry information on energy, protein, carbohydrate, sugars, fat, and where relevant on saturated fat, fibre and sodium.

HUL also participates in the 'The Choices program', a front-of-pack labelling programme aimed to help consumers make the healthier choice.

We aim to have two-thirds of our foods and beverages portfolio comply with the Healthy Choice guidelines by 2015.

Around 60% of our major food and beverage brands – Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's – already comply with the Healthy Choice guideline.

Water

The Pureit innovation addresses one of the biggest technological challenges of the century – that of making safe water accessible and affordable for millions. Pureit provides four litres of "as safe as boiled" water at a running cost of Rs 1 without the hassles of boiling, without the need of electricity or a continuous tap water supply.

Pureit has protected 30 million lives in India alone and is currently available in seven countries.

Pureit Marvella RO was launched in 2011. It is the only RO water purifier with 15 days Advance Alert System. The range also includes Pureit Marvella, Pureit Classic 14 litres and Pureit Classic 23 litres.

Looking ahead

Our innovations continue to focus on strengthening the core and leading market development across segments. Every day we're working on ways to make our brands the best, most innovative and most agile in the world.



IN 2012, WE LAUNCHED LIFEBOUY 'ACTIV NATUROL SHIELD', PROVIDING BREAKTHROUGH TECHNOLOGY IN GERM PROTECTION.

WINNING IN THE MARKET PLACE

Consumers are at the heart of our business. We have a large base of consumers served through millions of stores. We are now reaching out with more stores, better stores and better standards of service. At the same time, we are making special efforts to reach out to the remotest corners of India, delivering products and services to people and places that were never served before.

More stores: Faster spread, larger reach

Coverage expansion was a key thrust area in 2011, building on the expansion we undertook a year earlier. Over the last two years, we have added one million new stores, doubling our coverage and taking HUL products and services to some of the remotest corners. We have used technology, our rich insights and our flagship programme, Project Shakti, to spread out fast.

The project has been strengthened in 2010-11 with the Shaktimaan initiative under which men of the Shakti families are given bicycles to cover surrounding villages to increase HUL's distribution and sales as well as enhance the income of Shakti families. There are now 30,000 Shaktimaans across India.

Shakti Amma will continue to drive home-to-home sales in their village and Shaktimaan will cover small retail outlets in surrounding villages.

Perfect Stores: Right product, right outlet, right quantity

The Perfect Stores programme is aimed at improving availability by maintaining and building assortment in outlets and ensuring better visibility of HUL products at the point of purchase. Currently, 1.1 million retail outlets that account for more than 90% of HUL turnover in retail outlets work as Perfect Stores. Half of these were enrolled in the Perfect Stores programme in 2011, delivering higher sales and market shares than the average stores. 'Project iQ', which uses sophisticated analytics to reach out to these Stores, won the 2011 Global

Unilever IT Award for 'Releasing the Power of Information'.

Customer Centricity: The customer comes first

2011 saw greater focus on customers to drive growth and ensure a seamless working relationship with our partners. We institutionalised the Joint Business Planning (JBP) process for distributive trade in 2011. Under this, the customer and HUL agreed on a set of deliverables to set the tone for growth ahead of the market. This was complimented with a comprehensive customer reward and recognition programme through the Customer Differentiation Tool.

We also launched Customer Credo, under which members of our customer team and partner functions spent 50,000 man-hours to connect with the customer. We rolled out a programme christened 'Happy 2 Help' across more than 2300 distributors to help better customer connect and quick resolution of their issues. This is an active effort at issue identification and resolution using the customer helpline Levercare. Almost 4000 pending issues were resolved within a month. We plan to repeat the exercise once every quarter.



Modern Trade: Growth through partnership

Modern trade is one of the fastest growth channels for HUL. To build on this, we created joint marketing plans with leading customers like Walmart, Metro and Tesco. The Modern Trade team swept the Customer Awards for 2011 with several strategic customers like Tesco, Walmart and Hypercity.



PROJECT 3G: BUILDING ENGAGEMENT WITH 20,000 ASSOCIATES

Point of presence is critical for our business because it is here that 70% of decisions to buy are made. The quality of our presence at the point of purchase is directly co-related to the capability of our business associates and their people in the field. These associates are responsible for in-store execution.

In the interest of bringing in sustainable HR processes for better management of performance and engagement of third party associates, HUL has launched a platform named 3G (short for Gain, Grow, Get ahead). This platform enables HUL to reward and recognise top performing associates, enhance their capabilities and provide a clear career path for growth, thereby ensuring high motivation levels amongst the associates to enable better execution in the market.

Project Express: Gateway to rural

We want to enhance our coverage even further to enable us reach as much as 90% of the rural population. In order to achieve this, we have to ensure a viable sustainable business model for our associates. This calls for partnering with businesses like mobile telecommunications, which have a similar wide reach. We have partnered with Tata Teleservices Limited to increase our rural foot print and give a fillip to rural distribution as well as the earnings potential of Shakti entrepreneurs. We are working to extend this partnership to 15 states.

**1.1 MILLION
RETAIL OUTLETS
THAT ACCOUNT FOR
MORE THAN 90% OF HUL
TURNOVER IN RETAIL
OUTLETS NOW WORK
AS PERFECT
STORES.**





WINNING THROUGH CONTINUOUS IMPROVEMENT

Continuous improvement is an ongoing effort to improve products, processes and services. This leads to a step up in all round performance. Our focus on doing every small thing better every single day is bringing consumers and customers better quality and service while delivering substantial savings and accelerated growth.

Lean, responsive, consumer-led

Consumer needs are changing rapidly. We must study these changing needs and respond to changing aspirations. Every product and service is shaped and built from the perspective of our consumers. In addition, we must take all that we already do well and do it even better, faster and more efficiently to help build a lean, responsive and consumer-led organisation.

Better service

Service as measured through 'On Shelf Availability' saw a significant improvement in 2011. Overall service level as measured through CCFOT (Customer Case-Fill On-Time) saw an improvement of 260 basis points. Modern Trade reported a sharper improvement of 400 basis points. These results were delivered through structured initiatives which are robust and sustainable.

Better quality

We are systematically improving the quality of our products as perceived by our consumers. In 2011, consumer complaints per million units fell by 13%. As an example, we changed to laser coding on bottles so that markings became easier to read, eliminating complaints that coding was sometimes smudgy or illegible.

Flawless execution

Our business has seen strong volume growth over the last several quarters. In order to support this growth, we are adding capacity in a structured and cost effective framework. We are leveraging the global capability of Unilever to execute with speed. We added 20% capacity during 2011.

We are equipping our facilities with state-of-art technology and rigorous standardisation to ensure that designs are rolled out faster at newer locations under the principle 'Design Once, Deploy Everywhere'.

Cost savings

We have saved 6% in total supply chain cost by exploiting improvement opportunities at every node in the value chain. Wherever we find opportunities to add value or cut costs, we take them. We execute fast and replicate even faster. An example of this is the low cost business model for the washing powder brand, Wheel.

Managing cash

We continued to drive cash delivery and sustained negative working capital in 2011. We reduced days-on-hand inventory. We aim to bring stocks down further through continuous improvement of our business planning process.

Partnerships with suppliers

Our suppliers are vital partners in our sustainable growth ambitions. We work with them to create better, faster innovation. In line with our commitments in the Unilever Sustainable Living Plan, we increased the amount of agricultural raw materials obtained from sustainable sources.



Growing sustainably

We have begun using alternate biomass-based fuel to generate steam at some of our manufacturing facilities. In 2011, as part of the first phase of this shift, we changed to sustainable fuel at three factories. The work involved perfecting the biomass based boiler technology and sourcing of biomass based fuels.



DRIVING DOWN COSTS, IMPROVING MARGIN

Our market leading washing powder Wheel has seen margin improvement through our low cost business model (LCBM) approach, which optimises margins at every link in the value chain. For Wheel, LCBM included improvement in trade terms and advertising budgets as well as in the manufacturing and distribution network.





WINNING WITH PEOPLE

We are growing fast, building on opportunities in a market that is seeing rising incomes and rising consumer aspirations. Our growth demands the best talent and an organisational culture in which high performing teams can serve our diverse and growing base of consumers and customers.

Leveraging our operating framework for competitive advantage

In the coming years, our success in the market place will depend on how we adapt to changing market conditions and how we deal with the growing competitive intensity around us. Our teams are geared to innovate better, move faster and take full advantage of our global scale to lead by delighting consumers and customers.

This agility has brought down 'go-to-market' timescales and helped us make a bigger and quicker impact on store shelves across modern retail as well as our vastly expanded footprint of Perfect Stores.

Talent pipeline ready to match our growth ambitions

The war for talent is heating up. To secure our leadership position, we must continue to attract, recruit and retain talent – a task we have always accorded special attention.

A robust employer brand is crucial to attracting the best talent. We build on this brand by working to understand our potential recruits better. We devise programmes that would help us attract the best.

The HUL employer brand on B-school campus

We spend time on campus, build insights and use quantitative and qualitative measurements to deliver a host of on-ground activations that can engage students even before we begin hiring.

Programmes like Unilever Unplugged, Lessons in Marketing Excellence, Marketing in Practice and others help us build rapport with management students and expose them to the opportunities available in a career with Unilever.

As a result of our work with B-school students, the annual syndicated AC Nielsen report in November 2011 named us the top employer on campus.

Creating young leaders

Our Management Trainee programme, commonly known as the Unilever Future Leaders Programme (UFLP), is at the heart of our employer brand. Over the years, the UFLP in its various forms has trained managers who have later occupied leadership positions across Unilever globally.

Creating a performance culture

Clear goal-setting

Our processes are geared to building a culture focused on execution and performance. We have a holistic 'Annual Performance Cycle' encompassing three clear steps: setting goals, assessing performance and rewards. This delivers clarity, consistency and encourages employees to live up to our standards of leadership.

Encouraging learning

Our 70:20:10 approach to learning builds on our belief that 70% of all capability is built on the job, 20% is built through shadowing, coaching and short term projects or exposures and 10% is built through classroom learning.

We provide multiple forums for learning. These include quarterly webcasts, continuous guest sessions with industry leaders and learning portals to ensure an informal flow of best practice sharing among employees.

Listening to our people

Every year we do an organisational health check survey that covers the entire workforce from workman to top management. The feedback helps us build holistic employee engagement plans.

Our Global People Pulse Survey, 2011, showed that India featured in the top 25 countries across Unilever. As many as 94% of the employees responded favourably to the statement: "I am proud to say that I work for HUL."

Living Vitality Through The Workplace

At HUL, we are committed to building a culture of engagement, flexibility and inclusion that enables our people to achieve a desirable work-life balance. This helps our employees give their best to the organisation while leading fulfilling lives.

The key enablers in this agenda are our flexible work practices and our contemporary and collaborative workplace. HUL is a firm advocate of agile working – an approach to working with maximum flexibility and minimum constraints.

Hence, our employees are encouraged to work anytime or from anywhere as long as business needs are fully met and performance is determined by results, not 'time' or 'attendance'. We also have many initiatives to support personal vitality and work-life balance of our employees. These include a day care centre for children of our employees at head office, options for games and physical fitness on campus, and a platform called 'My Clubs' which helps employees form collaborative interest groups. These interest groups include a food club, a dance club among others.



OUR PROCESSES ARE GEARED TO BUILDING A CULTURE FOCUSED ON EXECUTION AND PERFORMANCE. THIS DELIVERS CLARITY, CONSISTENCY AND ENCOURAGES EMPLOYEES TO LIVE UP TO OUR STANDARDS OF LEADERSHIP.

UNILEVER SUSTAINABLE LIVING PLAN - INDIA PROGRESS

In November 2010, we set out the Unilever Sustainable Living Plan, committing to a ten year journey towards sustainable growth. What makes our Plan different is that it covers sustainability across our value chain.

The Plan will result in three significant outcomes by 2020:

- **Help more than a billion people improve their health and well-being**
- **Halve the environmental footprint of our products**
- **Source 100% of our agricultural raw materials sustainably**

Health and Hygiene

Lifebuoy took handwashing messages to remote areas, reaching around 30 million people directly in 2010-11 through our rural outreach programme, Khushiyon Ki Doli' (Caravan of Happiness).

We have entered into a partnership with UNICEF and Department of Rural Development, Government of Madhya Pradesh, to implement hygiene awareness programmes in over 5,000 schools in 2012. This will further strengthen the Lifebuoy handwash programme in India and contribute to the global target of reaching one billion consumers by 2015 across Asia, Africa and Latin America.

As many as 30 million people in India have gained access to safe drinking water from Pureit, our in-home purifier which provides water 'as safe as boiled water', without needing electricity, or running water. Pureit is affordable –

with an upfront cost starting at Rs. 900, and an ongoing cost that provides approximately four litres of safe drinking water for just one rupee. Globally, we aim to reach 500 million people through Pureit by 2020.

Nutrition

All our food and beverage brand labels carry information on energy, protein, carbohydrate, sugars, fat, and where relevant, on saturated fat, fibre and sodium. HUL also participates in 'The Choices Programme.' It is a front-of-pack labelling programme aimed to help consumers make a healthier choice. Around 60% of our major food and beverage brands comply with the guidelines as against the global target of 100% by 2015.

Greenhouse Gases

We are on track to meet our global 2012 target, which is to reformulate our products to reduce GHG emissions by 15%. The process of reformulating our products started in 2009. A significant reduction has been achieved with the reduction in our detergent powders of Sodium Tri Poly Phosphate, an ingredient that neutralises the impact of water hardness.

In 2011, we reduced CO₂ emissions per tonne of production in India by 9.9% compared to 2010 and by 14.7%

compared to our 2008 baseline. This was achieved due to the installation of biomass boilers to reduce CO₂ emissions at Chiplun, Puducherry, Goa, Nasik and Mysore factories.

The biggest challenge was to deliver reduction in CO₂ emissions from transport despite significant volume increase. In 2011, we delivered 17.8% improvement in CO₂ efficiency in logistics over 2010.

Water

We have reduced water usage in our manufacturing operations by 10.1% when compared with 2010 and by 21.5% compared to our 2008 baseline. Rainwater harvesting has been implemented in more than 50% of our own units. More than 75% of our manufacturing sites are zero-discharge.



HUL has also been working for more than a decade in the area of water conservation in locations which face acute water shortage. By 2015, we expect hundred billion litres of water to be harvested through the projects we have undertaken. One million people in 180 villages across India will benefit. Most projects are expected to see a 50% rise in crop production.

Sustainable Sourcing

In 2011, 60% of tomatoes used in Kissan Ketchup in India were from sustainable sources. We are working with a select group of tomato farmers to help reduce water usage through drip irrigation and at the same time reduce the use of fertilizer and pesticides while improving yields.

More than 16% of the tea sourced from India for Unilever's brands was from sustainable sources in 2011.

About 800 smallholder farmers in India are growing gherkins for Unilever's Amora and Maille brands using drip irrigation. Trials have produced average water saving of 40%. Unilever now aims to help up to 1,000 gherkin farmers transition to drip irrigation by 2015. Unilever also focuses on helping farmers use composting to cut water use.

By 2020, we will source 100% of our raw materials sustainably.

Enhancing Livelihoods

Project Shakti, our initiative to build and support a network of women entrepreneurs in small villages was strengthened in 2010-11 with the Shaktimaan initiative, under which men from Shakti households were given a bicycle to cover a cluster of villages in their vicinity. There are now 30,000 Shaktimaans across India.

THE LONG TERM

We are very clear that sustainability is good for all the right reasons. Our consumers want it and will increasingly demand it in the future. Customers prefer to work with companies that have an agenda for sustainability. It drives innovation and forces us to think out of the box to deliver solutions that help us grow faster and run business in a responsible manner.

Sustainability is a deep value that builds on the traditions and values we have followed for long. It is a reflection as much of our desire for responsible business growth as it is of our pioneering spirit and leadership.



BOARD OF DIRECTORS



- 1 Mr. Harish Manwani**
Chairman
- 2 Mr. Nitin Paranjpe**
Managing Director and
Chief Executive Officer



- 3 Mr. Sridhar Ramamurthy**
Executive Director, Finance & IT
and Chief Financial Officer
- 4 Mr. Pradeep Banerjee**
Executive Director, Supply Chain

- 5 **Mr. A. Narayan**
Independent Director
- 6 **Mr. S. Ramadorai**
Independent Director



- 7 **Dr. R. A. Mashelkar**
Independent Director
- 8 **Mr. O. P. Bhatt**
Independent Director

MANAGEMENT COMMITTEE



1



2

- 1 **Mr. Nitin Paranjpe**
Managing Director and
Chief Executive Officer
- 2 **Mr. Sridhar Ramamurthy**
Executive Director, Finance & IT
and Chief Financial Officer

- 3 **Mr. Hemant Bakshi**
Executive Director,
Home and Personal Care
- 4 **Ms. Geetu Verma**
Executive Director, Foods



3



4



5



6

- 5 **Mr. Manish Tiwary**
Executive Director,
Sales and Customer
Development
- 6 **Mr. Pradeep Banerjee**
Executive Director,
Supply Chain

- 7 **Ms. Leena Nair**
Executive Director,
Human Resources
- 8 **Mr. Dev Bajpai**
Executive Director, Legal
and Company Secretary



7



8

NOTICE

of the Annual General Meeting

Notice is hereby given that the 79th Annual General Meeting of Hindustan Unilever Limited will be held on Monday, 23rd July, 2012 at 10.30 a.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai 400 099, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare a Final Dividend on Equity Shares for the financial year ended 31st March, 2012.
3. To elect and appoint Directors in place of the Directors retiring by rotation.
4. To appoint M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2013.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. O. P. Bhatt, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such consents and permissions as may be required, approval be and is hereby accorded to the re-appointment of Mr. Nitin Paranjpe as Managing Director and Chief Executive Officer (CEO) of the Company for a period of five years commencing from 4th April, 2013.

RESOLVED FURTHER THAT subject to the provisions of Sections 198 and 309 of the Companies Act, 1956, Mr. Nitin Paranjpe, as Managing Director and CEO of the Company, be paid such remuneration comprising salary, performance linked bonus, commission on profits and perquisites / benefits, as may be determined by the Board or duly constituted Committee thereof, from time to time, within the maximum limits approved by the Members of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approval of the Central Government or any statutory authorities, as may be required and in partial modification of the Special Resolution passed at the Annual General Meeting held on 4th April, 2008, consent be and is hereby accorded to increase the maximum limit of salary payable to the Managing Director(s) of the Company from the existing Rs. 180 lakhs per annum to Rs. 290 lakhs per annum effective 1st April, 2013 and the Board and / or a duly constituted Committee thereof are hereby authorised to pay remuneration to Managing Director(s), from time to time, within the above mentioned limits.

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

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

"RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in partial modification of the resolutions adopted by the Members at the Annual General Meetings held on 22nd June, 2001 and 29th May, 2006, approving the '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme', respectively, the approval be and is hereby granted for adoption of the revised '2012 HUL Performance Share Scheme' (the 'Scheme') tabled at the meeting and initialled by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT '2012 HUL Performance Share Scheme' be operated by the Board and / or the Compensation Committee such that the total number of shares to be issued pursuant to '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL Performance Share Scheme' in the aggregate shall not exceed 2,00,00,000 (Two Crores) shares of face value of Re. 1/- each.

RESOLVED FURTHER THAT the said securities may be allotted in accordance with the Scheme directly to such employees by the Company or through a Trust, which may be set up in any permissible manner, to enable the employees/trust to acquire, purchase or subscribe to the securities of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board and the Compensation Committee be and are hereby authorised to do all such acts, deeds, matters and things and to execute all such documents, instruments and writings as it may, in its absolute discretion, deem necessary or desirable.

RESOLVED FURTHER THAT the Board and / or the Compensation Committee be and are hereby authorised to settle all the questions, difficulties or doubts that may arise in relation to the implementation of the Scheme (including to amend or modify any of the terms thereof) and shares issued therein, without being required to seek any further consent or approval of the Members or otherwise, to the end and intent that the Members shall be deemed to have given their approval thereto expressly by authority of this resolution.

RESOLVED FURTHER THAT the provision of this resolution shall operate in addition to and not in derogation of the Special Resolution dated 4th April, 2008 and any amendment thereof dealing with managerial remuneration."

Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 6th July, 2012 to Friday, 20th July, 2012 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. The final dividend for the financial year ended 31st March, 2012 as recommended by the Board, if approved at the meeting, will be paid on or after Friday, 27th July, 2012 to those Members whose names appear in the Company's Register of Members as on the book closure dates.
5. In accordance with the Articles of Association of the Company, all Directors (except Mr. Nitin Paranjpe, who has been elected as the Managing Director for a term of 5 years effective 4th April, 2008), retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting. The relevant details of Directors seeking re-appointment under item no. 3 of the notice, are provided at page nos. 26-29 of this annual report.
6. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 and the Certificate from Auditors of the Company certifying that the '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme' are being implemented in accordance with The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, will be available for inspection at the Annual General Meeting.
7. Members holding shares in demat / electronic form are hereby informed that bank particulars registered with their respective depository participants will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat / electronic form for

any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

8. Members holding shares in electronic form are requested to intimate any change in their address and / or bank mandates to their Depository Participants with whom they are maintaining their demat accounts immediately. Members holding shares in physical form are requested to advise any change of address and / or bank mandate immediately to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company.
9. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. Further, in line with recent circular issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to Members who have registered their e-mail addresses for the purpose. Members who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this Report (also available on our website www.hul.co.in), to M/s. Karvy Computershare Private Limited/ Investor Service Department of the Company. Members can use postage prepaid envelope enclosed with this Report for sending duly filled-in form to the Company. The Members holding shares in electronic form are requested to register their e-mail address with their Depository Participants only. The Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form, upon request.
10. Members are requested to share their valuable feedback by filling 'Shareholders' Satisfaction Survey' given at the end of this report and send it back in the postage prepaid envelope enclosed with this Annual Report. This will help to improve Shareholder Service Standards of the Company.
11. Members are requested to note that dividends not encashed / claimed within seven years from the date of declaration of dividend will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

The status of the dividends remaining unclaimed / unpaid with the respective due dates of transfer to IEPF is provided at page no. 60 of this annual report. Members are requested to contact M/s. Karvy Computershare Private Limited / Investor Service Department of the Company for encashing

the unclaimed dividend standing to the credit of their account.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company.
13. For the convenience of Members and for proper conduct of the meeting, entry to the meeting venue will be regulated by attendance slip, which is enclosed with the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
14. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

Registered Office:
Unilever House,
B. D. Sawant Marg,
Chakala, Andheri East,
Mumbai 400 099

By Order of the Board



Dev Bajpai
Executive Director – Legal
and Company Secretary

Mumbai : 1st May, 2012

EXPLANATORY STATEMENT

Item No. 5

The Board of Directors of the Company had appointed Mr. O. P. Bhatt as an Additional Director of the Company with effect from 20th December, 2011. As per the provisions of Section 260 of the Companies Act, 1956, Mr. O. P. Bhatt will hold office only upto the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director.

The Company has received notices under Section 257 of the Companies Act, 1956 from certain Members of the Company along with the requisite amount, proposing appointment of Mr. O. P. Bhatt as Director of the Company liable to retire by rotation.

A brief resume of Mr. O. P. Bhatt including nature of his expertise is provided at page no. 29 of this annual report.

Mr. O. P. Bhatt may be deemed to be concerned or interested in the resolution relating to his appointment.

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

The Board accordingly commends the Ordinary Resolution set out at item no. 5 of the accompanying Notice for approval of the Members.

Item Nos. 6 & 7

The Members of the Company, in the Extraordinary General Meeting held on 4th April, 2008, had appointed Mr. Nitin Paranjpe as Managing Director and CEO of the Company for a period of five years, with effect from 4th April, 2008. The current term of office of Mr. Nitin Paranjpe as a Managing Director and CEO of the Company is due to expire on 3rd April, 2013.

Under the able leadership of Mr. Nitin Paranjpe, the business of your Company has seen new heights of growth since the year 2008. In view of the vast experience and valuable contribution made by Mr. Nitin Paranjpe towards the growth of the Company, it is now proposed to re-appoint Mr. Nitin Paranjpe as the Managing Director and CEO of the Company for a further period of five years commencing from 4th April, 2013. The Board of Directors, in their meeting held on 1st May 2012, has approved the proposal for re-appointment of Mr. Nitin Paranjpe as Managing Director and CEO of the Company.

A brief resume of Mr. Nitin Paranjpe including nature of his expertise is provided at page no. 26 of this annual report.

The Members of the Company in the Annual General Meeting held on 4th April, 2008 had also approved the overall limits of remuneration for the Managing / Wholetime Director(s) of the Company. In view of the proposed re-appointment of Mr. Nitin Paranjpe as a Managing Director and CEO of the Company for a further period of five years, it is proposed to modify the maximum limits of remuneration for Managing Director(s) from existing maximum salary of Rs. 180 lakhs per annum to Rs. 290 lakhs per annum.

All other terms and conditions with respect to the overall limits of remuneration of Managing / Wholetime Director(s) including performance linked bonus / commission on profits and perquisites / benefits as approved by Members in the Annual General Meeting held on 4th April, 2008 shall remain unchanged.

The proposed revised limit of basic salary is the maximum limit and the Board and / or Committee thereof are authorised to fix remuneration for Managing Director(s) within the limits stipulated in the resolution. The actual salary increase shall be proposed based on the performance of the incumbent, market trends for salaries to such executive and the performance of the Company during the year and shall be approved by the Board

or duly appointed Committee thereof. The resolution is, thus, enabling in nature and character.

This may also be treated as the abstract and memorandum of interest for variation of the contract already in existence under Section 302 of the Companies Act, 1956.

Mr. Nitin Paranjpe may be deemed to be concerned or interested in the said resolutions. The Board commends the Special Resolution at item nos. 6 & 7 of the accompanying Notice for approval of the Members.

Item No. 8

The Members of the Company at the Annual General Meeting held on 22nd June, 2001 had approved the '2001 HLL Stock Option Plan'. This Stock Option Plan was modified and the revised '2006 HLL Performance Share Scheme' was adopted and approved by the Members of the Company at the Annual General Meeting held on 29th May, 2006. Accordingly, the Company has been granting stock options to the eligible employees under the '2006 HLL Performance Share Scheme'.

It is proposed to modify the '2006 HLL Performance Share Scheme' adopted by the Members at the Annual General Meeting held on 29th May, 2006, by adoption of '2012 HLL Performance Share Scheme' and for this purpose a draft Scheme setting out the revised terms and conditions was presented to the Remuneration and Compensation Committee and the same was approved at its meeting held on 6th February, 2012.

Under the '2006 HLL Performance Share Scheme', eligible employees were given conditional rights to receive shares in the Company, at the end of 3-year performance period. The performance measures under the '2006 HLL Performance Share Scheme' were Group underlying sales growth and free cash flow over a period of three years or any other performance condition as deemed appropriate by the Board. The Scheme also provided for 'Par Awards' for the managers at different work levels.

The '2006 HLL Performance Share Scheme' was introduced as a measure to reward and motivate employees as also to attract talent and retain key employees. On a review of the operating experience of the said Scheme and bearing in mind the changes in the global trends on management rewards, it is proposed to revise the approach of award of share options under the Scheme. Under the proposed Scheme, the Board and / or Compensation Committee shall approve an overall value for each Work Level of managers based on market study and comparison vis-à-vis other comparator companies at the end of every year. The eligible managers will be granted shares equivalent to the value approved by the Board and/ or Compensation Committee, based on the share price on the date of grant. The Awards granted shall vest on completion of 3-year period based on the Group's achievement on the performance conditions. The revised Scheme, therefore, seeks to protect the eligible managers from

share price volatility at the time of the award of shares under the Scheme.

The revised Scheme envisages the following benefits:

- Commitment of a total reward value to ensure market competitiveness.
- Protection of total reward opportunity to managers by ensuring a standard value at the time of grant.

The '2006 HLL Performance Share Scheme' inter alia, provides the maximum aggregate number of shares that can be granted to the management employees of the Company under the Scheme as 1,50,00,000 (One Crore and Fifty Lakhs) shares of face value Re. 1/- each. In order to enable the grant of stock options under the '2012 HUL Performance Share Scheme', it is proposed to amend the overall limit for maximum number of shares from 1,50,00,000 (One Crore and Fifty Lakhs) shares of face value of Re. 1/- each to 2,00,00,000 (Two Cores) shares of face value of Re. 1/- each. The proposed revised limits are the maximum limits and the Board and Committee thereof are authorised to grant share options in accordance with the terms of the '2012 HUL Performance Share Scheme' within the overall limits. The number of shares that can be granted under the proposed Scheme will be within the aforesaid limit after accounting for the Stock Options exercised under the '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme'. The proposed increase in the overall limit is, thus, enabling in nature and character and actual number of shares to be awarded will depend upon the eligibility criteria, including performance of the employees, share price of the Company, etc.

The broad terms of the Scheme are as follows:

Eligibility

The present as well as future employees in the management cadre of the Company including those on deputation / secondment at the instance of the Company will be entitled to participate in the Scheme subject to the applicable regulatory requirements and guidelines issued by SEBI. Managing Director(s) and Wholetime Director(s), being management employees of the Company, are also proposed to be covered by the Scheme.

Performance Targets

The number of shares which participants receive at the end of the performance period will depend upon the satisfaction of Unilever performance targets. The performance measures will be underlying sales growth, core operating margin improvement and operating cash flow. There will be a minimum and maximum range for each of these measures, with performance determined against each range over whole of the 3-year performance period.

The performance levels will be reviewed for each subsequent grant with a view to reflect market conditions and internal financing planning.

Vesting

Participants will only be entitled to receive shares subject to awards after the performance targets have been measured at the end of the performance period and on the basis determined by the Company. Participants have no rights in respect of shares subject to awards before vesting.

Amendment

The rules governing the Scheme can be amended by the Company as it deems fit. However, the provisions relating to the eligibility of employees, the Scheme limits, the individual limit for each participant's rights attached to awards of shares, the adjustment of awards in the event of a variation of share capital and the amendment powers cannot be altered to the advantage of participants without the prior approval of Members. However, if the amendments are minor and are designed to benefit the administration of the Scheme, to comply with legislation or changes thereto, then Members' approval is not required.

General

Awards granted under the Scheme are not transferable.

Termination

The Scheme will terminate on the tenth anniversary of the date of approval by shareholders, but the Company can terminate the Scheme at any time before that date.

Disclosure and Accounting policies

The Company shall comply with the disclosure and accounting policies prescribed by SEBI and any other appropriate authorities.

Since the shares under the '2012 HUL Performance Share Scheme' could be issued to the Managing / Wholetime Director(s) of the Company, Mr. Nitin Paranjpe, Mr. Sridhar Ramamurthy and Mr. Pradeep Banerjee, may be deemed to be concerned and interested in this resolution.

The Board has approved the proposed revised Scheme at its meeting held on 1st May, 2012, subject to approval of Members. The Board accordingly commends the Special Resolution set out at item no. 8 of the accompanying Notice for approval of the Members.

A copy of the '2012 HUL Performance Share Scheme' will be available for inspection by the Members on any working day from 2nd July, 2012 to 20th July, 2012 between 11.00 a.m. and 1.00 p.m.

Registered Office:
Unilever House,
B. D. Sawant Marg,
Chakala, Andheri East,
Mumbai 400 099

By Order of the Board



Dev Bajpai
Executive Director – Legal
and Company Secretary

Mumbai : 1st May, 2012

PROFILE OF DIRECTORS

and other Directorships

HARISH MANWANI

Mr. Harish Manwani (58) assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He is also the Chief Operating Officer of Unilever and a member of Unilever Leadership Executive (ULE).

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

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care and Oral Care Categories and in early 2001, he was appointed as President - Home & Personal Care (HPC), Latin America Business Group. He has 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. In 2008, Mr. Manwani received the CNBC Asia Business Leader of the Year Award.

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

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

Directorship in other Companies

Indian School of Business

Citigroup India Advisory Board

Whirlpool Corporation

Membership / Chairmanship of Board Committees in other Companies

Whirlpool Corporation

Corporate Governance and Nominating Committee – Member

Finance Committee – Member

NITIN PARANJPE

Mr. Nitin Paranjpe (49) joined the Company as a Management Trainee in 1987. In his early years in the Company, Mr. Paranjpe worked as Area Sales Manager - Detergents and then Product Manager - Detergents. In April 1996, he became the Branch Manager - Chennai and in February 1999 he was appointed as a member of the Project Millennium Team. In 2000, he moved to Unilever London, and was involved in a review of the organisation structure. During 2001, he was an Executive Assistant to the Chairman and Executive Committee in Unilever London.

On his return to India in 2002, Mr. Paranjpe became the Category Head - Fabric Wash and Regional Brand Director (Asia) for several Laundry and Household Cleaning (HHC) brands. In 2004, he became Vice President - Home Care (Laundry & HHC) India, responsible for the Home Care business. He was appointed as the Executive Director for the Home & Personal Care business in March 2006.

Mr. Paranjpe was appointed as the Managing Director and Chief Executive Officer of the Company in April 2008. He is also an Executive Vice President of Unilever Companies in South Asia.

Mr. Paranjpe holds a Bachelor Degree in Engineering (Mechanical) and MBA in Marketing from JBIMS, Mumbai. Mr. Paranjpe is a member of the Shareholders' / Investors' Grievance Committee and the Compensation Committee of the Company.

Directorship in other Companies

Kimberly Clark Lever Private Limited

Hindustan Unilever Vitality Foundation

Bhavishya Alliance Child Nutrition Initiatives

Bombay Chamber of Commerce & Industry

Breach Candy Hospital Trust

Federation of Indian Chamber of Commerce and Industry

Membership / Chairmanship of Board Committees in other Companies

Nil

SRIDHAR RAMAMURTHY

Mr. Sridhar Ramamurthy (47) joined the Company in 1989 and worked in a number of finance and commercial roles in India till December 2002 spanning Internal Audit, Factory Commercial, Post-acquisition Integration of TOMCO with HLL, Supply Chain and Corporate Accounts.

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

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

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

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

Directorship in other Companies

Unilever India Exports Limited

Pond's Exports Limited

Hindustan Unilever Vitality Foundation

Membership / Chairmanship of Board Committees in other Companies

Pond's Exports Limited

Audit Committee - Chairman

ADITYA NARAYAN

Mr. Aditya Narayan (60) began his career as a Management Trainee with ICI India Limited (now AkzoNobel India Limited) in 1973. He grew through diverse functions and businesses including a role as a Corporate Planning Manager at ICI Group HQ in London. He served as the Managing Director of ICI India during 1996 - 2003 and then as its Non-Executive Chairman over 2003 - 2010. He also served as the President and CEO of BHP Billiton India during 2005 - 2009.

Mr. Narayan is a B. Tech. from IIT Kanpur and also has formal qualifications in Law. He was a Fellow in Interdisciplinary

Sciences at the University of Rochester, USA. He was a Commonwealth Scholar at the Manchester Business School in 1991 and a Fellow at the Aspen Institute, Colorado, USA in 1998.

Mr. Narayan joined the Board of the Company as an Independent Director in 2001. He is the Chairman of the Audit Committee and a member of the Remuneration and Compensation Committee of the Company.

Directorship in other Companies

LIC Nomura Mutual Fund Asset Management Company Limited

BOC India Limited

Membership / Chairmanship of Board Committees in other Companies

LIC Nomura Mutual Fund Asset Management Company Limited

Audit Committee - Member

S. RAMADORAI

Mr. S. Ramadorai (67) is the Vice - Chairman of Tata Consultancy Services Limited. Mr. Ramadorai was conferred the esteemed 'Padma Bhushan' by the President of India in recognition of his contributions to IT industry of the Country. In 2008, Mr. Ramadorai was recognised as the 'International CEO of the Year' at the 14th Annual LT Bravo Business Awards and the 'Asia Talent Management of the Year' at CNBC's 7th Asia Business Leader Award. In April 2009, Mr. Ramadorai was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations. In 2011, the Indian Government appointed him as the Advisor to the Prime Minister in National Skill Development Council, in the rank of Cabinet Minister.

Mr. Ramadorai's academic credentials include 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 Master degree in Computer Science from the University of California, USA. Mr. Ramadorai attended the MIT Sloan School of Management's highly acclaimed Senior Executive Development Programme in 1993.

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

Directorship in other Companies

Tata Consultancy Services Limited
Tata Industries Limited
Tata Technologies Limited
CMC Limited
Piramal Healthcare Limited
Tata Elxsi Limited
Tata Teleservices (Maharashtra) Limited
Computational Research Laboratories Limited
Tata Communications Limited
Tata Advanced Systems Limited
Asian Paints Limited
BSE Limited
Tata Lockheed Martin Aerostructures Limited
Tata Aerospace Systems Limited
Tata Communication International Pte Limited
Tata America International Corporation
Tata Elxsi (Singapore) Pte Limited
Computational Research Laboratories Inc.
Breach Candy Hospital Trust

Membership / Chairmanship of Board Committees in other Companies

Tata Consultancy Services Limited <i>Shareholders' / Investors' Grievance Committee – Member</i> <i>Remuneration Committee – Member</i> <i>Executive Committee – Member</i> <i>Ethics & Compliance Committee – Member</i> <i>Risk Management Committee – Member</i>
Tata Industries Limited <i>Remuneration Committee – Member</i>
Tata Technologies Limited <i>Audit Committee – Chairman</i> <i>Compensation and Remuneration Committee – Chairman</i>
CMC Limited <i>Executive Committee – Chairman</i> <i>Governance Committee – Member</i>
Piramal Healthcare Limited <i>Nomination Committee – Member</i> <i>Remuneration Committee – Member</i>
Tata Elxsi Limited <i>Executive Committee – Chairman</i> <i>Audit Committee – Member</i> <i>Remuneration Committee – Member</i> <i>Nomination Committee – Member</i>
Tata Teleservices (Maharashtra) Limited <i>Audit Committee – Member</i> <i>Ethics and Compliance Committee – Member</i> <i>Executive Committee – Member</i>

Membership / Chairmanship of Board Committees in other Companies (Contd.)

Computational Research Laboratories Limited <i>Audit Committee – Chairman</i> <i>Remuneration Committee – Member</i>
Tata Advanced Systems Limited <i>Audit Committee – Chairman</i> <i>Remuneration Committee – Chairman</i>
BSE Limited <i>Share Allotment & Shareholders' / Investors' Grievance Committee – Chairman</i> <i>HR & Remuneration Committee – Chairman</i> <i>Audit Committee – Member</i> <i>Compensation Committee – Member</i> <i>Ethics Committee – Member</i> <i>Surveillance Committee – Member</i> <i>Defaulter's Committee – Member</i>
Tata Communications International Pte. Limited <i>Remuneration Committee – Chairman</i>

DR. R. A. MASHELKAR

Dr. R. A. Mashelkar (69), CSIR Bhatnagar Fellow, is presently also the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia - Pacific, Europe and USA. He served as the Director General of Council of Scientific and Industrial Research (CSIR) for over eleven years. He was also the President of Indian National Science Academy and the Institution of Chemical Engineers (UK). Dr. Mashelkar is only the third Indian engineer to have been elected as the Fellow of Royal Society (FRS), London in the twentieth century. He is the first Indian to have been elected as the Foreign Fellow of Australian Technological Science and Engineering Academy.

Dr. Mashelkar was the first scientist to win the JRD Tata Corporate Leadership Award in 1998. In 2005, he became the first Asian scientist to receive the award of 'Stars of Asia' at the hands of George Bush (Sr.), the former President of USA. As the Chairman of the Standing Committee on Information Technology of World Intellectual Property Organisation (WIPO), as a member of the International Intellectual Property Rights Commission of UK Government and as the Vice - Chairman on Commission in Intellectual Property Rights, Innovation and Public Health (CIPRH) set up by World Health Organization (WHO), Dr. Mashelkar brought new perspectives on the issue of IPR and the developing world's concerns.

Dr. Mashelkar has won over 50 awards and medals in the field of science and technology and was honoured by the President of India with the Padma Shri (1991) and with the Padma Bhushan (2000), in recognition of his contribution to nation building. He has also won the 'Punya Bhushan Award' at the hands of the legendary Dr. A. P. J. Abdul Kalam.

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

Directorship in other Companies

Reliance Industries Limited
Tata Motors Limited
Thermax Limited
KPIT Cummins Infosystems Limited
Piramal Healthcare Limited
Vyome Bioscience Private Limited
Sakal Papers Private Limited
IKP Centre for Technologies in Public Health
IKP Knowledge Park
Reliance Gene Medix Plc

Membership / Chairmanship of Board Committees in other Companies

Reliance Industries Limited <i>Audit Committee – Member</i>
Tata Motors Limited <i>Audit Committee – Member</i>
KPIT Cummins Infosystems Limited <i>Remuneration Committee – Member</i>
Piramal Healthcare Limited <i>Audit and Risk Committee – Member</i>

O. P. BHATT

Mr. O. P. Bhatt (61), is the former Chairman of SBI (State Bank of India). In the 36 years that Mr. Bhatt served at SBI, he worked on several important national and international assignments. Mr. Bhatt led SBI through challenging times by capitalising on the bank's strengths. Under his leadership, SBI rose on the Global List rankings of Fortune 500.

Mr. Bhatt was nominated 'Banker of the Year' by Business Standard and CNN-IBN Indian of the Year for Business in 2007.

Mr. Bhatt holds a Graduate degree in Physics and a Post Graduate degree in English literature (Gold Medal).

Mr. Bhatt was appointed as an Independent Director on the Board of the Company in December, 2011. He is the Chairman of the Shareholders' / Investors' Grievance Committee of the Company. He is also a member of the Audit Committee and Remuneration and Compensation Committee of the Company.

Directorship in other Companies

Oil and Natural Gas Corporation Limited
Tata Consultancy Services Limited

Membership / Chairmanship of Board Committees in other Companies

Oil and Natural Gas Corporation Limited <i>Audit and Ethics Committee – Member</i> <i>Shareholders' / Investors' Grievances Committee – Member</i> <i>Project Appraisal Committee – Chairman</i> <i>Health, Safety and Environment Committee – Member</i> <i>Financial Management Committee – Member</i>

PRADEEP BANERJEE

Mr. Pradeep Banerjee (53) joined the Company as a Management Trainee in 1980. He has held a series of assignments in Supply Chain, Research & Development and Categories. Mr. Banerjee became the Vice President - Technical (Home & Personal Care) in 2003 and later moved to UK in 2005 as Vice President - Global Supply Chain for Personal Care Category. He served as the Vice President for Global Procurement in Singapore.

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

Directorship in other Companies

Unilever Nepal Limited
Unilever India Exports Limited

Membership / Chairmanship of Board Committees in other Companies

Nil

DIRECTORS' INTEREST

The Directors of the Company may be deemed to be concerned or interested to the extent of shares held by them in the Company as given in the table below:

Name of the Director	No. of Shares	% Holding
Harish Manwani	22,130	0.0010
Nitin Paranjpe	1,53,521	0.0071
Sridhar Ramamurthy	39,668	0.0018
Aditya Narayan	Nil	NA
S. Ramadorai	35	0.0000
R. A. Mashelkar	Nil	NA
O. P. Bhatt	Nil	NA
Pradeep Banerjee	27,171	0.0013

DIRECTORS' REPORT

and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 79th Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2012.

1. FINANCIAL PERFORMANCE (STANDALONE)

1.1 Results (see para 1.4)

	Rs. Crores	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue from operations, net of excise	22,116.37	19,735.51
Profit before exceptional items and tax	3,350.16	2,730.20
Profit for the year	2,691.40	2,305.99
Dividend (including tax on distributed profits)	(1,883.90)	(1,641.96)
Transfer to General Reserve	(269.14)	(230.60)
Profit & Loss Account balance carried forward	1,773.96	1,235.60

1.2 Category wise Turnover (see para 1.4)

	Rs. Crores			
	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Sales	Others*	Sales	Others*
Soaps and Detergents	10,488.38	147.90	8,683.88	117.18
Personal Products	6,746.95	98.91	5,750.68	99.71
Beverages	2,577.02	40.41	2,309.23	37.27
Packaged Foods	1,341.93	17.53	1,162.28	16.15
Others (including Exports, Chemicals, Water etc.)	581.32	55.04	1,474.94	64.37
Total	21,735.60	359.79	19,381.01	334.68

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

1.3 Summarised Profit and Loss Account (see para 1.4)

	Rs. Crores	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sale of products less excise duty	21,735.60	19,381.01
Other operational income	380.77	354.50
Total Revenue	22,116.37	19,735.51
Operating Costs	(18,825.03)	(17,057.12)
PBDIT	3,291.34	2,678.39
Depreciation	(218.25)	(220.83)
PBIT	3,073.09	2,457.56
Other Income (net)	277.07	272.64
Profit before exceptional item	3,350.16	2,730.20
Exceptional Item	118.87	206.83
PBT	3,469.03	2,937.03
Taxation	(777.63)	(631.04)
Profit for the year	2,691.40	2,305.99
Basic EPS (Rs.)	12.46	10.58

1.4 Demerger of FMCG Exports Business

In order to fully exploit the opportunity in exports market and to provide necessary focus, flexibility and speed to the business, the Board of Directors had approved in-principle a Scheme of Arrangement for transfer of the FMCG Exports Business Division (demerged business undertaking) of the Company into its wholly owned subsidiary, Unilever India Exports Limited ('UIEL'), on 9th May, 2011 which subsequently was approved by the shareholders on 28th July, 2011. The Hon'ble High Court of Bombay sanctioned the said Scheme with the appointed date of 1st April, 2011. Accordingly, the financial results of the demerged business undertaking do not form part of the audited results of the Company for the year ended 31st March, 2012. However, the audited results of the Company for the year ended 31st March, 2011 included the results of the said demerged business undertaking and hence, to that extent, previous year figures are not comparable with the current year figures. The results of the Company excluding the results of the demerged business undertaking for both the years are given below:

	Rs. Crores	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue from operations, net of excise	22,116.37	18,796.24
Profit before exceptional items and tax	3,350.16	2,654.48
Profit for the year	2,691.40	2,246.19

2. DIVIDEND

Your Directors are pleased to recommend final dividend of Rs. 4.00 per equity share of face value of Re.1/- each for the year ended 31st March, 2012. The interim dividend of Rs. 3.50 per equity share was paid on 22nd November, 2011.

The final dividend, subject to approval of shareholders at the Annual General Meeting on 23rd July, 2012, will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure i.e. from Friday, 6th July, 2012 to Friday, 20th July, 2012 (inclusive of both dates).

The total dividend for the financial year including the proposed final dividend amounts to Rs. 7.50 per equity share and will absorb Rs. 1,883.90 Crores including Dividend Distribution Tax of Rs. 262.96 Crores.

3. CHANGE OF THE REGISTERED OFFICE

In January 2010, your Company inaugurated the new Corporate Office named 'Campus' at Andheri, Mumbai. The Board of Directors at their meeting held on 31st October, 2011, approved the change of Registered Office of the Company to Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai 400 099 from the earlier office at 165/166 Backbay Reclamation, with effect from 1st January, 2012.

4. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

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

5. MANAGEMENT DISCUSSION AND ANALYSIS

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

5.1 Economy and Markets

The after effects of the global financial crisis of 2008 have continued to cast their shadow on the economies around the world even now. The crisis brought to fore the vulnerabilities of the systems of regulation and operation of the financial and fiscal processes. The unprecedented scale of fiscal stimulus that was required to manage this crisis has meant that bringing the fiscal deficit back to acceptable levels is an equally daunting challenge.

For India, the weak external demand conditions have been exacerbated by the high crude oil prices. Slow export growth and rising import bill have led to rising current account deficit. The Union Budget for 2012-13 indicated the need for strong measures to revert to a fiscal adjustment path. Central Government subsidies were to be capped at 2% of GDP and some measures to widen tax net were taken.

The area in which there has been relief is the decline in inflation rate from the near double digit rates seen in the past two years. Although there are risks associated with the petroleum sector prices and some of the food sector prices, the non-food manufactured products prices have shown deceleration.

The opening up and expansion of the economy, rising income levels and changing consumer beliefs and behaviours have led to an increase in consumption. This represents a tremendous opportunity for your Company.

Your Company's performance for the year 2011-12 has to be viewed in the context of the aforesaid economic and market environment.

Performance of Businesses and Categories

Some highlights are given below in respect of each of the business categories of the Company.

5.2 Home & Personal Care Business (HPC)

The HPC business consists of Fabric Wash, Household Care, Personal Wash and Personal Products which includes categories like toothpaste, shampoo, skin care, deodorants and colour cosmetics. During the year, the HPC business registered double digit volume growth and a robust price growth, leading to a value growth of 19.4%.

The opportunity for growth in India continues to be immense across all HPC categories and your Company believes that market development is critical for sustained growth. While focusing on the core categories, your Company has invested heavily in the 'Categories of tomorrow'. Your Company delivered double digit growth in the highly competitive scenario, with new entrants in the market and brands being launched every quarter. Your Company maintained marketing and trade spends at competitive levels throughout the year. After the successful interventions in rural marketing under 'Khushiyon Ki Doli' programme in 2010, the programme was extended to five more states, viz. West Bengal, Bihar, Maharashtra, Andhra Pradesh and Uttar Pradesh, in 2011. This multi brand campaign helped cover around 70,000 villages, 4 lakh retailers and 250 lakh consumers. 'Khushiyon Ki Doli' is a cost efficient rural brand activation module, which assisted in increasing reach of various Home and Personal Care brands such as *Wheel, Surf Excel, Vim, Fair & Lovely, Sunsilk, Lifebuoy* and *Closeup*.

Volatile and rapidly changing commodity markets, including vegetable oil and crude oil, coupled with fluctuating currency markets posed a major challenge during the year. The impact of cost inflation was felt in inputs such as palm oil, laundry chemicals, packaging and freight cost. The business was managed dynamically with increased frequency of cost and pricing review and aggressive cost saving programmes, which helped to minimise the cost impact.

Your Directors believe that sustained investments behind brands by way of technology, innovation, consumer communication and continued focus on market development will benefit the business in creating long-term value.

5.2.1 Soaps and Detergents

In Soaps and Detergents category, value grew by 20.8% on the back of strong underlying volume growth and pricing actions.

Fabric Wash recorded another successful year of growth, with the highest ever volumes. In spite of steep increase in input costs, the margins were sustained by excellent execution of pricing decisions and cost saving programmes.

The focus on innovations resulted in successful execution of projects in brands like *Surf Excel* Quickwash Powder and *Surf Excel* Bar. In fabric conditioners, *Comfort Green* with 99% Anti-Bacterial Action was launched to give additional benefit of bacteria free clothes. *Rin Perfect Shine*, a fabric whitener, was launched as the latest addition to Fabric Wash portfolio. Speed to market was the key focus for laundry business. Various initiatives across the Fabric Wash category ensured that the products are right priced in the right markets at the right time. Your Company will continue to focus on Fabric Wash business by driving innovation, control over costs across the value chain and relevant communication.

Household Care products recorded double digit volume growth during the period. *Vim* bar continues to perform well. *Vim* Liquid also witnessed sustained growth on the basis of good quality and strong advertising. The brand entered the Guinness Book of World Records for washing 15,000 plates with one 500ml bottle. *Domex* continued on its journey to provide better and germ free toilets to the Indian consumer. Household products business is focused on innovation in the portfolio to give more value to consumers.

Personal Wash category recorded robust growth during the year. This was driven through innovations across the portfolio, such as re-launch of *Lux* and new campaigns in *Dove*, *Pears* and *Lifebuoy*, backed by strong micro marketing plans. Incorporating learnings from the past and focusing on cost efficiencies, the Company was able to grow the category profitably, despite significant volatility in commodity costs during the first half of the year and increasing foreign exchange rates during the second half of the year. The growth was broad-based and across every segment of the category. The growth was witnessed not only in core bars business but also through penetration and consumption of personal wash liquids.

5.2.2 Personal Products

Personal Products categories comprises Hair Care, Skin Care, Oral Care, Deodorants and Colour Cosmetics. The Personal Products category grew by 17.3% during the year, led by strong underlying volume growth.

Hair Care category recorded robust volume and value growth during the year. This was largely driven through increased consumption and premiumisation. Your Company had a strong year, strengthening its position by becoming the market leader in the hair conditioner category along with maintaining its leadership in shampoos. *Dove* continues to lead the premiumisation agenda and has consistently gained market share. *Clinic Plus* continues to be the largest shampoo brand in the category. *Clear* led the anti-dandruff agenda with a comprehensive re-stage in the first half of the year, with the brand showing strong early signs of growth.

Your Company continued its focus on market development by investing strongly behind the nascent but emerging high potential hair conditioners segment, thus growing ahead of the market.

Skin Care category had a strong year, led by strong growth in the core brands. *Fair & Lovely*, *Pond's* and *Vaseline* grew strongly in double digits. The growth was further aided by good traction that was witnessed in new segments like Anti Ageing and Premium Lip Care. Some of the skin lightening segments your Company entered in the last two years, like *Healthy White Body Lotion* and *White Beauty Cream*, have achieved good share of market and continued to grow very well. *Vaseline* Body Lotion was re-launched with a breakthrough moisturising technology and *Dove* Body Lotion range was introduced during the year; both the offerings performed exceedingly well. In this segment, your Company has the right portfolio to take full advantage of the India growth opportunity.

Your Company embarked on a plan to accelerate Oral Care business growth and strategic actions were put into market during the year. *Pepsodent* Gum Care credentials were further strengthened with a comprehensive restage in the second half of the year. *Closeup* continued to build its freshness credentials and grew in line with the market. The toothbrush market has witnessed intense competition during the year and your Company has put in place robust actions to compete in this fast growing market.

Lakmé Colours performed strongly in 2011-12, driven on the back of strong innovations and a revamp of the retail front-end consumer experience. The core segment was strengthened by building *Perfect Radiance Compact* to become a key focus pack in the face segment. The nail portfolio was further strengthened by introduction of *Color Crush*. *Lakmé* is rapidly premiumising the brand by offering added benefits and superior formats with the launch of its long wear make-up line, 'Absolute'. *Absolute*, is a high performance long wear make-up range with world class products that last up to 16 hours. *Elle18* has delivered a strong 29% growth in 2011-12.

Deodorants business continued to witness aggressive growth. Your Company continued its market leadership with a comprehensive restage of stronger *Axe* range and launch of *Denim* deodorants. Your Company has leveraged digital media to build over 2 million strong community and has leveraged gaming and viral campaigns to drive high levels of interaction between consumers and the brand. The category has significant potential for growth in future. Your Company is now poised to capitalise in this emerging category with its comprehensive portfolio of *Axe*, *Denim*, *Dove* and *Sure* by straddling the pyramid and meeting different needs of different consumers in the segment.

Your Company currently imports a large portion of deodorants in the aerosol form. Unilever is in the process of implementing a project to establish a world class deodorants manufacturing facility in India and this plant will provide regular supply of high quality deodorant products to service markets across the world, including India.

Kimberly Clark Lever Private Limited (KCL)

KCL is a Joint Venture between your Company and Kimberly-Clark Corporation, USA. The primary product category for KCL is infant care diapers and this business registered double digit growth during the year. The year witnessed the national launch of *Huggies* Diaper Pants, *Huggies* Natural Baby Wipes and the limited edition *Huggies* Jeans Diaper Pants.

This category has huge potential for growth in the context of the low levels of penetration of infant care diapers in the Country. This growth opportunity has attracted increased levels of competitive intensity in the recent past with multinationals making significant investments in India. KCL is committed to participate effectively in this growth opportunity and will bring regular innovations to the market, which will call for sustained investments in the short to medium term.

5.3 Foods

The Foods portfolio of your Company comprises Beverages (Tea and Coffee), Processed Foods (*Kissan*, *Knorr* and *Annapurna* range of products), Frozen Desserts, Bakery products (Modern Foods) and Out of Home operations including *Bru* World Café.

During the year, Foods business has delivered good double digit growth across the portfolio. Your Company added incremental growth and consumers through many relevant and successful innovations in Beverages, Frozen Desserts and Processed Foods. Your Company has continued its focus on availability expansion across trade channels and micro-marketing initiatives in core categories to increase consumption and penetration. Packaged Food category continues to represent a significant consumer and business opportunity, given the shifts in the income pyramid, increase in working women, growing health concerns and need for taste with convenience. Your Company is consistently focused on developing more offerings that can best fulfill existing and emerging consumer needs.

The Foods business was faced with multiple challenges during the year, including high competitive intensity from multinational, national as well as local players in many categories and significant food inflation across the spectrum. Your Company has proactively managed the challenges by responding through increased brand investments, value enhancing innovations, consumer centric value packs,

judicious price increases and aggressive cost saving programmes.

5.3.1 Processed Foods

Kissan continues to remain one of the most trusted brands among Indian consumers. *Kissan* registered strong double digit growth during the year, led by volume growth. In ketchups your Company continued to grow shares. *Kissan's* new foray into creamy spreads is being nurtured in emerging channels.

Your Company maintained its value leadership in the soups segment through *Knorr*. Through launch of an affordable range and instant soups for the young adults, your Company plans to drive market expansion. *Knorr* Soupy Noodles continued to be the highlight of the Packaged Foods business. The Company has managed to double the business during the year as the product has received good response from consumers across all the markets. Your Company will continue to invest in this category and focus on consumer relevant innovations in future.

The staples business, through *Annapurna*, has registered a modest performance during the year. Your Company will continue to focus on key geographies and optimising costs to further enhance the profitability of the portfolio.

During the year, the Company has significantly strengthened its capability to engage consumers at the point of sale by setting up the food ambassadors programme across the top food stores in the Country; this has encouraged trials of all new innovations from the category.

Bakery (Modern Foods)

Bakery (bread and cakes) sustained its growth momentum and continued to deliver strong underlying growth and profit improvement through enhanced scale and better operational efficiencies. The new products in adjacent categories like Idli and Dosa batter and dry mix powders, launched during the year, were well received in select geographies.

5.3.2 Beverages

The tea market, which witnessed downtrading in 2010-11 stabilised in 2011-12. The market saw low single digit volume growth and close to double digit value growth. Commodity prices remained stable through most of the year. In this scenario, the business witnessed strong turnover growth which has been led by good underlying volume growth.

In 2011-12, most parts of the portfolio witnessed good performance. *3 Roses* had another year of strong growth strengthening its position in the southern part of India. *Red Label* witnessed second consecutive year of volume and value growth ahead of market, across geographies. Natural Care, a value added variant of *Red Label* and

3 Roses also grew well ahead of the market by building on the differentiated proposition of immunity. *Taj Mahal* and *Lipton* led the charge in the premium segment and witnessed both price and volume growth. Tea bags had a very successful year, with the launch of new flavoured and green tea bags under these two brands, enabling the Company to build leadership in the format of the future. *Lipton* Ice Tea was launched in ready to drink and powder formats to enter into the fast growing non-carbonated beverage market and to make the tea portfolio future ready.

Taaza sales, which witnessed a slow start in the first half, picked up the pace in the second half of the year. *Taaza* Gold was launched during the year, as a premium variant of *Taaza*, in its largest geographies and has received a very good response. A strong entry in the bottom of the pyramid and mid price segment was made in select geographies through relevant brands like *Taaza* Bachat, *Ruby*, *A1* and *Super*.

The Instant Coffee market registered strong double digit value and volume growth during the year. Sharp unprecedented inflation in coffee beans has moved up the overall price table in the market but a clear consumer shift in favour of coffee and a steadily evolving café culture continues to boost coffee consumption.

The year 2011-12 saw many firsts from the house of *Bru* starting with its entry into the premium freeze dried coffee segment with the launch of *Bru* Exotica, followed by the launch of pure coffee with *Bru* Gold. Your Company gained volume leadership with *Bru* in Instant Coffee segment. *Bru* also registered strong double digit value growth gaining value market share handsomely.

The Out of Home business continues to have high growth potential and has made very good progress during the year. Your Company has also entered into the retail services space with eight *Bru* World Cafés opened in Mumbai. Depending upon the response to these *Bru* World Cafés, a view will be taken on expanding and setting up more outlets.

5.3.3 Frozen Desserts

The *Kwality Wall's* business had an excellent year and the growth during the year was c. 13% higher than the average growth of the previous three years. The three key platforms; Cornetto, Paddle Pop and Selection Take Home Tubs, which are popular with youth, children and families respectively, continued to do well by delivering a high double digit growth. Innovations continued to help the category deliver a higher growth, particularly Cornetto Disc launched in the premium cones segment delivered excellent results. In addition, the innovations under Paddle Pop and Selection also did well and helped the category deliver a higher growth.

Cornetto Luv Reels (CLR), which is India's first internet and mobile based, crowd sourced movie talent hunt was

scaled up and three movies were released under CLR 2. The campaign got a very positive response and continued to win accolades and prestigious awards. In Paddle Pop, where it is critical to have a portfolio across all child friendly price points, your Company had a very successful launch of Apple Grape Jelly, which became a rage amongst children. Paddle Pop Gaming League in its new avatar continued to do well by becoming the largest kids gaming league across the Country. Your Company also launched two popular flavours in the premium Selection range; 'Roasted Almond Choc' and 'Black Current and Raisins'. The Selection range continues to build consumption through activation during festivals and strengthening association with the 'Special Weekend Moments with your family'.

During the year your Company achieved another milestone by adding 88 Swirl's Parlors and crossing the 200 number of Parlors across the Country. This helped to create almost 7 million plus happiness moments, while serving unique offerings through the *Kwality Wall's* Swirl's outlets across the Country.

Availability and visibility are the most important drivers of growth for the category and your Company continues to invest in order to enhance availability through more freezer deployment and usage of information technology and analytics to drive better asset utilisation.

5.4 Exports Business

While the reported turnover was impacted by the transfer of the FMCG exports business to wholly owned subsidiary, Unilever India Exports Limited (UIEL), the underlying exports operations recorded 10% growth in turnover during the year.

The Home & Personal Care segment witnessed a good year driven primarily by Skin Care and Hair Care categories. *Pears* continued its good run and achieved a robust growth of 14%.

The Foods & Beverages segment witnessed an excellent year. The flagship Tea Bags category maintained strong sales in Australia and Japan. Sales of Instant Coffee remained steady, but the profits for the overall segment grew significantly, with export incentives being extended to conventional Tea, Instant Tea and recently to Instant Coffee. The Marine Exports segment significantly improved its profit compared to previous year, with focus on more profitable product portfolio. The Rice business also reported healthy growth in turnover and profits.

A robust value analysis, cost saving program, leveraging of government incentive for exports and a favorable exchange rate enabled your Company to improve margins. The business maintained high levels of customer service and product quality and rationalised working capital levels, thereby improving cash generation.

The demerger of FMCG exports business into UIEL was completed with all the requisite approvals from Members, statutory authorities and Hon'ble High Court. This demerger will enable the organisation to fully exploit the opportunity in export markets and to provide necessary focus, flexibility and speed to the business. Your Company will continue to provide the necessary support to UIEL to drive the growth of exports business.

Leather (Pond's Exports Limited)

The Leather business performed well to improve operating profitability and achieved a robust sales growth of 9%. This performance was achieved through new product designs, excellent customer service, world class quality and cost innovations.

5.5 Water

Pureit is a breakthrough range of drinking water purifiers that provides complete protection from harmful viruses and germs. *Pureit's* germkill performance meets the stringent criteria of the Environmental Protection Agency (EPA), the regulatory agency in the USA. *Pureit* provides this high level of safety without needing electricity or continuous tap water supply. *Pureit* also comes equipped with an end-of-life indicator, and an auto-shut off system to further ensure complete safety for consumers.

During the year, your Company achieved another milestone in its mission of making safe drinking water available to every Indian with the launch of *Pureit* Intella at a very affordable price of Rs. 900/-. The Company also expanded the *Pureit* purifier portfolio with the launch of the premium '*Pureit* Marvella RO' which provides the additional consumer benefit of removing dissolved salts. This new and advanced purifier ensures consistent delivery of safe, pure and tasty drinking water through its unique 5-stage purification system. In addition, the advance alert systems warns the user for replacement of the RO membrane kit 15 days prior to the membrane shutting off. The business team has also made substantial progress in evolving a more scalable and viable distribution model.

Pureit has protected over six million homes across India. *Pureit* continued to receive a range of external awards including the Golden Peacock Award for innovation. This reflects the high regard in which the brand is held by the scientific community and the public at large.

5.6 Hindustan Unilever Network

Hindustan Unilever Network business consists of three major brands Aviance (Personal Care), Lever Ayush (Health Care) and Lever Home (Fabric Wash, House Hold Care and Toothpaste). Your Company has re-engineered the business both in terms of cost as well as the profile of business partner base and is now fit for growth. Your Company has registered strong growth in premium and prestige beauty

& wellness segment and has successfully begun the repositioning of the portfolio from mass market to premium and prestige beauty & wellness segment. The Company, has now begun the process of accelerating top-line growth in a profitable manner through focus on on-ground activation, training and launch of differentiated innovations.

5.7 Beauty & Wellness

Lakme Lever Private Limited (LLPL), a wholly owned subsidiary of the Company, has substantially accelerated the expansion of salons in 2011 by opening 45 salons. During the year Lakmé Ivana, a new unisex salon format was launched and 8 such salons have been opened in this format. There are 174 Lakmé salons in aggregate, of which 43 are Company owned / managed and 131 are franchisee salons. Lakmé Academy was launched in collaboration with Pivot Point, world leaders in beauty education to ensure adequate supply of quality talent. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

6. CUSTOMER MANAGEMENT

In 2011-12, your Company has built on the initiatives of the previous years and has further strengthened its reputation as an execution and distribution powerhouse. One of the key thrusts during the year was coverage expansion in the rural markets. The Shakti network has been leveraged to enroll 30,000 Shaktimaan who distribute in 100,000 new villages. The Company has added a million stores over the last two years to its coverage, thus doubling its direct coverage and tripling its rural coverage. Your Company has now built a clear distribution advantage with a direct reach of more than 2 million outlets.

The Perfect Store programme aimed at improving availability and visibility of Company's products at the point of purchase continued making good progress with over a million retail outlets being enrolled under this programme across urban and rural India. With a single minded focus on the Perfect Store programme, your Company converted 500,000 enrolled outlets into Perfect Stores during the year. It is now established that stores which are consistently Perfect grew sales well ahead of average retail growth and had higher market share growth for your Company's overall portfolio compared to overall share growth.

Your Company believes that the end consumer can be better served if the capabilities of the front-end resources on the ground get enhanced. With this objective in mind, work on a project to build a Human Resource Information System (HRIS) for 20,000 plus third party associates, who work in the market, was completed. This project is in the direction of improving the systems and processes and the capabilities of our associates and reaffirms your Company's commitment towards its customers and consumers.

The year also saw greater focus on customers to drive growth and ensure seamless working relationship with the partners. cross functional 'Customer Care' teams were deployed for the Modern Trade customers to drive higher levels of customer service and engagement, which resulted in overall customer delight. This initiative has given very good results and your Company was awarded the best supplier by almost all leading Modern Trade customers in this year. Your Company also developed 'Best-in-Class' sustainability initiatives with Walmart and Metro that helped bring alive the Unilever Sustainable Living Plan (USLP). The learnings of Modern Trade were extended to General Trade and a Joint Business Planning process with top customer was institutionalised under the umbrella of 'Unistar', a comprehensive customer reward and recognition program.

Your Company launched 'Customer Credo' across 2300 plus distributors to further improve customer connect and faster resolution of issues. Under this initiative, the Company proactively engaged with distributors and trade to get into the shoes of the customer and experience issues from their lens. This was supported with a resolution mechanism using 'Levercare', the customer helpline, taking customer centricity to the next level. The programme was christened 'Happy 2 Help' and is planned to be repeated once every quarter.

During the year, your Company piloted an alliance with Tata Teleservices Limited (TTSL) for the distribution of telecom products, leveraging its rural distribution footprint. The Company has scaled up the distribution alliance with TTSL to four states covering over 150 channel partners. This distribution arrangement is aimed at accelerating rural growth by enabling the Company to go deeper into rural India due to improved viability for channel partners. This initiative not only helps the Company build more stable Shakti entrepreneurs but also enables it to increase rural investments thereby unlocking growth in this channel.

6.1 Project Shakti

During the year, your Company further strengthened the Shakti initiative by extending the relationship with Shakti Amma to her family, through project Shaktimaan. Project Shaktimaan enrolls the unemployed / under employed male members of the family to sell your Company's products into the satellite villages of Shakti. The initiative serves two convergent purposes – enhances the livelihood opportunity of the Shakti family and improves the quality and depth of your Company's distribution network. This initiative strengthens the philosophy behind Shakti, which comprises of:

- Leading market development
- Establish a suitable livelihood for the underprivileged
- Creating a self-sustaining business model
- Accessing markets beyond the reach of traditional distribution models

By the end of this year, the Shakti network has been leveraged to enroll 30,000 Shaktimaan who distribute in 100,000 new villages and the Shakti programme had spread to 500,000 outlets, adding another dimension to your Company's distribution and contributing to tripling the rural footprint.

7. SUPPLY CHAIN

During the year, your Company has made significant progress towards its vision of delivering outstanding customer service and enabling sustainable growth. The service delivery standards showed steady improvement with CCFOT (Customer Case Fill on Time) maintained at 90% and loss reduction by 20% in comparison to last year. The Customer Satisfaction (eQ) survey scores have been encouraging and suggest that the actions taken by the Company are in the right direction. With the help of a sustained improvement program, the Modern Trade OSA (On-Shelf Availability) has seen further improvement with a loss reduction of 25% in comparison to last year. Your Company has embedded Sales and Operation Planning Process (S&OP) ways of working as part of the organisation culture and this is adding value to the business.

The Quality performance measured as CCPMU (Consumer Complaints Per Million Units) has shown 12% reduction over last year. Quality continues to be a focus area with thrust on design quality improvement and new quality standard implementation for warehousing and transportation.

Your Company has a robust Supply Chain savings programme with continuous focus on end-to-end Supply Chain cost reduction with new technologies, processes and methods. During the year, your Company has delivered 6% saving in Supply Chain cost with factories delivering more than 8% saving with quantum improvement in technical efficiencies, wastage reduction and yield improvement.

The renewed focus on TPM (Total Productivity Management) and visible leadership commitment toward turbo charging TPM, through strong focus on autonomous maintenance, strong circle engagement, loss analysis and reduced losses to improve PQCDSM (Productivity, Quality, Cost, Delivery, Safety and Morale), have helped the Company to improve employee engagement, efficiency and derive competitive advantage.

In order to support the volume growth, your Company has progressed on the long-term plan to create capacities in line with demand so as to enable growth while managing costs. Your Company has successfully executed all capacity creation projects on time to ensure smooth delivery during the year. A number of projects on sustainable energy (bio-mass boilers), rain water harvesting and waste reduction projects like sludge digesters and vermi-composting have been initiated and commissioned across manufacturing sites.

There has been significant improvement in Innovation OTIF (On Time in Full) with more than 100 innovation networks being

executed during the year. This ability of execution powerhouse is supporting business to delight consumers and customers and catering to growth.

The Procurement function of the Company has focused on 'Partner to Win' programme with supplier and business partners to reduce lead time, procurement cost, improving reliability and working on new innovation. Your Company also leverages benefits of scale and synergy through Unilever's global buying network.

8. RESEARCH, DEVELOPMENT AND INNOVATION

Your Company continues to benefit from the strong foundation and long tradition of Research & Development (R&D) which differentiates us from many others. These benefits flow not only from work done in Research Centres in India, but also from the centres of Unilever's global research work. With the world class facilities and a superior science and technology culture, we are able to attract the best of talent to provide significant technology differentiation to our products and processes.

The R&D labs in Mumbai and Bangalore are aligned significantly to Unilever's global R&D. Many of the projects which are run out of these centers are of global relevance and with a strong focus on needs of this region and the overall Developing & Emerging (D&E) world.

The R&D programmes of your Company are focused on development of breakthrough and proprietary technologies with innovative consumer propositions. The R&D team of over 750 people comprises highly qualified scientists and technologists working in the areas of Health and Hygiene, Laundry, Household Care, Skin Care, Water Purification, Beverages, Frozen Dessert and Naturals. The R&D group also comprises critical functional capability teams in the areas of Regulatory, Clinicals, Patents, Information Technology, Safety and Open Innovation functions.

On the back of strong R&D inventions, close to hundred new products were launched successfully in the market in 2011-12. In Skin Care, *Vaseline* Men range products with improved moisturising and skin lightening benefits were re-launched with distinctive packaging and formats. *Fair & Lovely* Spot Corrector Pen, *Pond's* White Beauty daily spot-less lightening cream with proprietary photo protection technology delivering SPF 20 PA++ and *Fair & Lovely* Anti-Marks were also introduced during the year. In Skin Cleansing, improved *Lux* and *Hamam* soaps, including a new variant on *Lux* (*Lux* Fresh) were launched with improved consumer benefits. *Lux* liquid hand wash and body wash were also introduced in the market along with a range of facial cleansing products of *Pond's*, *Fair & Lovely*, *Vaseline* and *Dove*.

New variants of *Dove* hair care range, including shampoo, conditioner and other post wash formats, were launched to meet the needs of different segments of the hair care market.

Clear shampoo was re-launched with a superior formula and a separate range for men and women. *Pepsodent* Germicheck was re-launched with improved formulation during the year. *Pepsodent* Gumcare strengthened its position by highlighting the mechanism of action in communication. Fire-Freeze, the new dual-sensation extra-freshness variant of *Closeup* was introduced during the year.

During the year, *Surf* and *Wheel* range of detergents were re-launched with improved product propositions. New designs of *Pureit*, developed by R&D to cater to needs of the mass market and premium consumers, were also launched during the year.

Foods R&D made significant contribution in 2011-12 to the Company's Foods & Beverages portfolio by delivering several innovations in the market. Among them were an exciting range of instant soups under *Knorr* with the great taste of soups and crunch of croutons. In the Instant Coffee segment, R&D delivered two major product and packaging innovations – *Bru* Gold, a premium agglomerated 100% instant coffee and *Bru* Exotica, a range of single origin freeze dried coffee, both packed in an innovative triangular glass bottle design. R&D contributed towards the re-launched formulation and packaging of *Kissan* tomato ketchups and Jams. In the Frozen Dessert segment, Unilever's flagship brand Fruttare made with real fruits was launched. A premium range of Selection Tubs was launched with a global packaging design and 3 new flavours. R&D made a significant contribution in developing a premium range of flavoured tea bags under the *Taj Mahal* brand and a range of ready to drink and ready to prepare ice tea under the *Lipton* brand.

R&D has further contributed to the sustainability agenda of the Company by enabling significant reduction in packaging material consumption through several material efficiency initiatives.

The continuous stream of innovative and technically advanced products launched in the market was a result of significant R&D investments and the scientific talent that the Company can attract and retain. With its strong scientific expertise and potential to deliver high value technologies, India continues to occupy a premier position in Unilever R&D. With the strong support from R&D as well as the brand development capabilities, your Company is well placed to meet the challenges arising from the increased competition intensity and the opportunities to drive faster growth. Your Company is working towards further strengthening the in-house scientific capabilities of the Indian R&D function and building new expertise bases to retain the competitive edge in the market place.

The details of expenditure on scientific research and development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2012 are as under:

• Capital Expenditure	: Rs. 1.88 Crores
• Revenue Expenditure	: Rs. 22.91 Crores

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company continues to focus on the vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. The behavioral safety programme is in place for more than seven years now. With increased focus on road safety campaigns, defensive driving training, hand in machine and other campaigns across units your Company has reduced accidents, measured as Total Recordable Frequency Rate (TRFR), significantly over the last 4 year period. The TRFR has come down by 46% in 2011 (in comparison to 2008 baseline) with 10.8% reduction in 2011 (in comparison to the previous year).

In line with targets of the Unilever Sustainable Living Plan (USLP), where Unilever's vision is to double the size of its business while reducing the overall impact on environment, your Company has steadily taken steps to reduce CO₂ emissions. In 2011, the CO₂ emission in Company units has reduced by 9.9% over 2010 and 14.7% over 2008 baseline. With respect to energy consumption, the Company's operations achieved 12% improvement over 2010 and 21.7% improvement over 2008 baseline. Your Company has also increased the use of renewable resources like bio-mass fuel. The renewable energy proportion has reached 13.7% of total energy consumption in 2011. With respect to water usage, your Company's operations achieved reduction of 10.1% over 2010 and by 21.5% over 2008 baseline. Rain Water Harvesting (RWH) has been implemented in more than 50% of the manufacturing units and 5 units of your Company have created the RWH potential to return more water to the ground than their water consumption and 33 manufacturing sites have been made zero discharge sites.

Your Company pursues a three pronged approach in waste management; Reduce, Reuse and Recycle.

- Reduce waste generation through technical interventions and optimisation of processes like CIP (Cleaning in Place), sludge digester and filter press at Effluent Treatment Plants.
- Reuse waste using new technologies of co-processing with cement manufacturers and generating fuel from waste.
- Recycle waste through initiative like vermi-composting project. This has been initiated at three sites to treat the Effluent Treatment Plant waste into manure. The manure is being used as fertiliser in the garden which is effective in disposing waste in a sustainable manner. In 2011, over 96% of waste generated was liquidated through sustainable recycling.

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 with respect to energy conservation is appended hereto and forms part of this Report.

10. HUMAN RESOURCES

Your Company's Human Resource agenda for the year was focused on strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organisational capabilities for future readiness, driving greater employee engagement and strengthening employee relations further through progressive people practices at the shop floor.

Your Company's employer brand has been built with high levels of rigor and thoroughness that has gone into making its consumer brands and reaching out to its customers. Your Company is widely acclaimed for its people development practices and has reinforced its position in this area in 2011-12. This, coupled with its ability to attract the best talent, gives a competitive edge to the organisation. Your Company, once again, retained its position as the No. 1 Employer Brand with campus students of top business schools in 2011 and was voted to this position from a mix of FMCG, Consulting, Financial Services organisations, etc.

Your Company has a vision to improve its Gender Balance, which requires an overhaul of your Company's policies and programmes to ensure alignment and support to our Gender Balance agenda. The roadmap involves a combination of bringing in women in adequate numbers and creating enablers to ensure a culture of inclusion. These enablers could be as varied as flexi time to agile working, to more open and visible leadership models. 'Career by Choice' is one such initiative which is a unique re-hire programme that will provide a platform for women looking for real opportunities to work flexibly and part time for live business projects.

The initial part of the journey for Talent and Organisation Assessment was undertaken successfully in 2010. Keeping in mind the needs and requirements of the current talent pool and also enhancing the Company's preparedness for the future, your Company has now institutionalised the next phase of the Talent and Organisation Assessment charters by charting out the best practices for each stream.

Your Company has identified Beauty, Foods, Modern Trade, Rural and Water as key capabilities in order to win in the future and our investment in capability building is focused on these in addition to our core capabilities in Marketing, Sales and Distribution. Your Company has also launched a programme in mid 2011 with an aim to build capability, manage performance and augment the levels of engagement for 3P sales associates to enable active presence at the Point of Purchase (PoP), which will be a source of sustainable competitive advantage in the long run. Your Company undertook intensive training programmes through a combination of face-to-face and virtual learning approaches. Over 35,000 e-learning registrations took place indicating that the spirit of 'learn where you are' is imbibed in employees of the Company. Your company is also investing in building capability in digital and social media to find new platforms for brands to engage with consumers in India more effectively.

The Global People Survey is a part of the Unilever Employee Insight Programme which aims to give a voice to the Company's people throughout the organisation and provide a vehicle to make the views of everybody heard, as also to provide leaders with regular, meaningful and actionable feedback. It has 112 questions spread across 20 dimensions in the area of Strategic Leadership at Unilever level, Strategic Leadership at Organisation level, Immediate Boss Effectiveness and Engagement. Feedback from this survey forms the basis of holistic engagement plans which are reviewed consistently. Global People Pulse Survey (2011) confirmed that India scores featured in the top 25 countries across Unilever. An extremely favorable 94% of employees said that they were proud to work for your Company. This was on account of a number of proactive and innovative initiatives to engage our employees, the most significant being continuous and consistent business linked engagement, a vision for the future of the business and clarity and transparency to individuals on their own careers. This is also in recognition of your Company's Performance Management and Reward processes which are geared towards building a performance and execution focused culture.

Your Company has been investing in progressive employee relations practices to ensure that it invests in capability at the grass root level. 'Sparkle' is a centrally hosted intranet based tool that supports skill mapping, skill assessment, performance assessment, gap analysis and enables training plan identification which is customised to each workman basis priority areas. The tool has been a pioneering tool in the area of workmen capability development and promotes higher transparency, focused training intervention linked to individual and business needs. The tool has delivered results for over a year now and your Company has successfully completed appraisals thereby identifying top performers and completed skill gap analysis of over 10,000 workmen online. Business Linked Engagement and TPM Edge programmes continued with full focus and rigour during the year and delivered significant improvement in factory operations.

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.

11. INFORMATION TECHNOLOGY

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

The enterprise wide SAP platform forms the backbone of IT and encompasses all core business processes in the Company and also provides a comprehensive data warehouse with analytics capability that helps in better and speedier decisions. SAP is

now used for collaboration with the suppliers and customers. Integrating systems with the key customers has allowed your Company to partner much more closely, leading to better customer service. Supply Chain optimisation, enabled by the IT capability, remains a source of significant value.

Your Company has institutionalised an extensive IT capability for customer development function to support execution in the front-end. All distributors run a standard distributor management system. The distributors' salesmen use handheld devices for accepting retail orders which enable faster tracking and real time sales information. Your Company has used analytics and the existing IT infrastructure to build a capability for an intelligent sales call. This gives your Company, the ability to customise the sales call for each outlet on a scientific basis. This has helped improve the effectiveness and efficiency of the sales process significantly.

Your Company is further enhancing IT capabilities built for rural expansion to equip Shakti Ammas using low cost mobile technology in order to make their market working more controlled and efficient. This is one of the key enablers that will allow to leverage our rural distribution to other partnerships in the future.

Your Company continues to invest in IT infrastructure to support business applications and has made use of India's expanded telecom footprint to provide high bandwidth terrestrial links to all operating units. Your Company also used software as a service to provide agile, cost effective IT capabilities in select areas.

As the IT systems and related processes get embedded into the ways of working of the organisation, there is a continuous focus on IT security and reliable disaster recovery management processes to ensure all critical systems are always available. These are periodically reviewed and tested for efficacy and adequacy.

12. FINANCE AND ACCOUNTS

Your Company's continued focus on cash generation resulted in a strong operating cash flow during the year; driven by good business performance, efficiencies and cost savings across the Supply Chain and continued focus on working capital management. Your Company managed investments prudently by deploying cash surplus in a balanced portfolio of safe and liquid instruments. Capital Expenditure during the year was at Rs. 310.01 Crores (last year - Rs. 311.31 Crores). This was primarily in the areas of capacity expansion, consolidation of operations, information technology, energy and other cost savings.

The finance team of your Company has undertaken a programme to strengthen the processes across transactions, accounting, reporting and information to support the Company's growth plans. One of the significant projects that has been implemented during the financial year is 'Project Parivartan' which was aimed at transforming the payment process. This project, aimed at

simplifying the payments process and improving payment efficiency, has been implemented and rolled out across all units of the Company and has shown a significant improvement in efficiency levels. Similar projects are underway in the area of accounting, reporting and information management which will move the Company's processes to world class levels and support the growth plans of the Company. These programmes are aligned with the overall finance programme within Unilever.

The Company has not accepted any fixed deposits during the year. There was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2012.

In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 7.76 Crores of unpaid / unclaimed dividends and interest / redemption of debentures were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2012 are given below:

	2007	Period ended 31st March, 2009	2009-10	2010-11	2011- 12
Return on Net Worth (%)	80.1	103.6*	88.2	74.0	77.7
Return on Capital Employed (%)	78.0	107.5*	103.8	87.5	96.8
Basic EPS (after exceptional items) (Rs.)	8.73	11.46**	10.10	10.58	12.46

* Annualised numbers for proportionate period

** for fifteen month period

Segment-wise results

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

12.1 Risk and Internal Adequacy

Your Company manages cash and cash flow processes assiduously involving all parts of the business. There was a net cash surplus of Rs. 1,830.04 Crores as on 31st March, 2012. The Company's debt equity ratio is very low which provides ample scope for gearing the Balance Sheet, should that need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. Company accounts for mark-to-market gains or losses every quarter end in line with the requirements of AS-11.

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

factories and key areas of business. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

Your Company has an elaborate process for Risk Management. This rests on the three pillars of Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both Management Committee and Audit Committee. Some of the risks relate to competitive intensity and cost volatility.

13. DEMERGER

Consequent to the approval of the Members in the Court Convened Meeting held on 28th July, 2011 and approval of the Hon'ble High Court at Bombay, the Scheme of Arrangement for transfer of certain assets, liabilities and properties of FMCG Exports Business Division of the Company to its wholly owned subsidiary, Unilever India Exports Limited was made effective 1st January 2012.

14. CORPORATE SOCIAL RESPONSIBILITY

Sustainability has always been integral to your Company's way of doing business. In November 2010, Unilever launched the Sustainable Living Plan, which puts sustainability at the heart of its business strategy. The central objective of the Unilever Sustainable Living Plan is to decouple growth from environmental footprint, while at the same time increasing your Company's positive social impacts. The Unilever Sustainable Living Plan (USLP) has three significant outcomes by 2020:

- Help more than a billion people to improve their health and well-being
- Halve the environmental footprint of our products
- Source 100% of our agricultural raw materials sustainably

Underpinning these three broad goals are around 60 time bound targets spanning our social, economic and environmental performance across the value chain – from the sourcing of raw materials all the way through to the use of products in the home.

The Unilever Sustainable Living Plan represents a long term goal and progress in 2010-11 has already been encouraging. By the end of 2011, for example, almost two-thirds of the palm oil used in products globally was being purchased from certified sources. In India, 60% of tomatoes are sourced sustainably.

Pureit in-home water purifier delivers safe water, without requiring running water or electricity, and at a low cost, to over 30 million people in India. In 2010-11, *Lifebuoy's* hygiene programme reached more than 30 million people in India, spreading hygiene awareness and encouraging behaviour change.

Your Company has taken steps to ensure that the food brands have a better nutritional profile. Around 60% of the major food and beverage brands, viz. *Brooke Bond, Bru, Knorr, Kissan* and *Kwality Wall's*, comply with the 'Healthy Choice' guidelines as on date.

In 2011, your Company reduced CO₂ emissions by 14.7% (per tonne of production over 2008 baseline); water use by 21.5%; and waste by 52.8% in factories in India. Your Company has improved CO₂ efficiency in transportation by 17.8% despite significant increase in volumes. During the year, the Frozen Dessert business has deployed over 23,775 environment friendly HC-based freezers in its fleet.

Your Company has extended the Shakti initiative by adding 30,000 Shaktimaan (male family members of existing Shakti entrepreneurs who have enrolled for the programme), to sell the products by visiting the surrounding villages on bicycles.

Even though the Company is making changes across the length and breadth of its business, much remains to be done. The Company has to develop products and processes that enable growth in a resource stressed world, and encourage behaviour and habits that help people live sustainably. While your Company

has an ambitious and challenging agenda, it certainly doesn't have all the answers. What it knows, is that it requires all of us to work together for achieving a sustainable future.

Your Company is also working in partnership with governments and NGOs to implement water conservation projects in more than 180 villages in 17 districts of India. By 2015, your Company aims to create water conservation capacity of a hundred billion litres to enable a better future for a million people.

In April 2012, your Company has released India progress report on Unilever Sustainable Living Plan as well as a report on your Company's community water conservation projects.

15. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

No employee has been issued share options, during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 29th May, 2006, the Company adopted the '2006 HLL Performance Share Scheme'. The Scheme has been registered with the Income Tax authorities in compliance with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. As per the terms of the Performance Share Plan, employees are eligible for the award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- per share. These awards will vest only on the achievement of certain performance criteria measured over a period of 3 years. During the year 168 employees, including Wholetime Directors, were awarded conditional rights to receive a total of 4,12,633 equity shares at the face value of Re. 1/- each. The above mentioned comprises of conditional grants made to eligible managers covering performance period 2012-14.

The '2006 HLL Performance Share Scheme' was introduced as a measure to reward and motivate employees as also to attract the talent and retain the key employees. On a review of the operating experience of the said scheme and bearing in mind the charges in the global trends on management rewards, it is proposed to revise the approach of award of share options under the scheme by adopting a revised '2012 HUL Performance Share Scheme'.

16. CORPORATE GOVERNANCE

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity. In the year 2011

your Company received the ICSI National Award for Excellence in Corporate Governance, in recognition of its Corporate Governance practices.

A separate report on Corporate Governance is provided at page no. 50 of this annual report together with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s). A certificate of the CEO and CFO of the Company in terms of sub-clause (v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed.

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

During the year Secretarial Audit and Secretarial Standards Audit were carried out. The detailed reports on the same are given at page nos. 67 to 69 of this annual report.

17. OUTLOOK

The fiscal year 2011-12 witnessed slowdown of economic activities particularly industrial output. Inflation also remained at elevated level throughout the fiscal year. Private investment has declined in its pace of growth considerably affecting the growth rate of the economy. Higher spending on subsidies on account of oil and fertilisers widened the fiscal deficit of the centre more than the budget estimates.

The RBI has projected a GDP growth of 7.2% for 2012-13 whereas the Economic Survey 2011-12 projected a GDP growth of 7.6%. All these projections point to continuation or improvement over the pace of economic activity of the previous year. Combined with a lower inflation rate, the prognosis for the new financial year is one of improved performance on growth front. Stable external conditions and a favourable monsoon would be critical to the realisation of these projections. The growth prospects for agriculture in 2012-13 will hinge on the performance of monsoon.

FMCG markets are expected to grow, however uncertain global economic environment, inflation and adverse impact of rupee depreciation and competitive intensity continue to pose challenges for the future. While the near term conditions pose

a challenge for the economy, the medium to longer term trends based on rising incomes, aspirations, low consumption levels, etc. are positive and an opportunity for the Company.

17.1 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 and actual results might differ materially from those either expressed or implied.

18. SUBSIDIARY COMPANIES

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

In terms of General Exemption, under Section 212(8) of the Companies Act, 1956, granted by Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8th February, 2011 and in compliance with the conditions enlisted therein, the Audited Statement of Accounts, Auditors' Reports thereon and the Reports of the Board of Directors of the Company's subsidiaries for the financial year ended 31st March, 2012 have not been annexed. The Annual Accounts and related documents of the Subsidiary Companies shall be kept open for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the said circular, the financial data of the Subsidiaries have been furnished under 'Subsidiary Companies Particulars' forming part of the Annual Report (refer page no. 150). Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report includes the financial information of its subsidiaries.

19. BOARD OF DIRECTORS

Mr. Deepak Parekh, Independent Director and Chairman of the Audit Committee of the Company, stepped down from the Board of the Company with effect from 27th December, 2011, after a tenure lasting more than 14 years. The Board acknowledges and places on record its deep appreciation for the contribution made by Mr. Deepak Parekh as an Independent Director and the Chairman of the Audit Committee of the Company.

Mr. Gopal Vittal, Executive Director, Home & Personal Care resigned from the Board of the Company with effect from 20th January, 2012, to pursue opportunities outside Unilever. The Board acknowledges and places on record its appreciation for the contribution made by Mr. Gopal Vittal as a Wholtime Director on the Board of the Company.

Mr. O. P. Bhatt was appointed as an Additional Director on the Board of the Company with effect from 20th December, 2011, in accordance with Section 260 and Articles of Association of the Company. Notices have been received from Members pursuant to Section 257 of the Companies Act, 1956 together with necessary deposits proposing the appointment of Mr. O. P. Bhatt as Non-Executive Independent Director on the Board of the Company.

The Members of the Company in the Extraordinary General Meeting held on 4th April, 2008 had appointed Mr. Nitin Paranjpe as a Managing Director and Chief Executive Officer (CEO) of the Company for a period of five years, with effect from 4th April, 2008. The current term of office of Mr. Nitin Paranjpe as a Managing Director and CEO of the Company is due to expire on 3rd April, 2013. It is proposed to re-appoint Mr. Nitin Paranjpe as the Managing Director and CEO for a further period of five years commencing from 4th April, 2013.

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

20. MANAGEMENT COMMITTEE

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

During the year, Ms. Geetu Verma joined the Management Committee of the Company as Executive Director – Foods to succeed Mr. Shrijeet Mishra, who resigned from the services of the Company.

Mr. Hemant Bakshi, who earlier held the position of Executive Director - Sales and Customer Development, was appointed as Executive Director - Home & Personal Care of the Company. Mr. Hemant Bakshi has succeeded Mr. Gopal Vittal, Executive Director - Home & Personal Care, who ceased to be the member of the Management Committee consequent to his resignation.

Mr. Manish Tiwary was appointed as a member of the Management Committee as Executive Director - Sales and Customer Development. Before being appointed to the Management Committee, Mr. Manish Tiwary was Vice President, Modern Trade of the Company.

21. 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.

22. APPRECIATIONS AND ACKNOWLEDGEMENTS

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

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

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

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

On behalf of the Board



Harish Manwani
Chairman

1st May, 2012
Mumbai

Annexure to the Directors' Report

Disclosure Of Particulars With Respect To Conservation Of Energy

Canned and processed fruits and vegetables		For the year ended 31st March, 2012	For the year ended 31st March, 2011
A	POWER AND FUEL CONSUMPTION		
1	Electricity		
(a)	Purchased		
	Unit	Lakh KWH	53.65
	Total Amount	Rs. Lakhs	309.49
	Rate / Unit	Rs.	5.77
(b)	Own Generation		
(i)	Through own generator		
	Unit	Lakh KWH	0.87
	Unit per ltr of diesel oil	KWH	2.74
	Cost per unit	Rs.	14.79
(ii)	Through steam turbine / generator		
			Nil
2	Furnace Oil		
	Quantity	KL	1,139.23
	Total Cost	Rs. Lakhs	392.03
	Average Rate	Rs. / KL	34,411.88
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Electricity	Kwh/Tonne	281.08
	Furnace Oil	Lts/Tonne	59.69

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 and future plans of action:

The benefits and future plan of action have been discussed in details in the Director's report

3. Expenditure of R&D

	Rs. Crores For the year ended 31st March, 2012	Rs. Crores For the year ended 31st March, 2011
(a) Capital	5.84	5.79
(b) Recurring	155.39	93.57
(c) Total	160.69	99.36
(d) Total R& D Expenditure as a percentage of total turnover	0.73%	0.50%

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
- (b) Year of import
- (c) Has technology been fully absorbed



Continuous Import from Unilever under technical collaboration agreement

	Rs. Crores For the year ended 31st March, 2012	Rs. Crores For the year ended 31st March, 2011
FOREIGN EXCHANGE EARNINGS & OUTGO		
Foreign Exchange Earnings	495.75	1,428.24
Foreign Exchange Outgo	2,198.72	2,645.01

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

2001 HLL Stock Option Plan					
	2001	2002	2003	2004	2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001 Rs. 217.45	Closing market price as on the date of option grant - 23.04.2002 Rs. 210.35	Closing market price as on the date of option grant - 24.04.2003 Rs. 136.00	Average of highs and lows for two week period preceding the date of option grant- 30.06.2004 Rs 128.47	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted-26.05.2005 Rs. 132.05
c) Options vested	Options vested after three years from date of grant (24.07.2001)	Options vested after three years from date of grant (23.04.2002)	Options vested after three years from date of grant (24.04.2003)	Options vested after three years from date of grant (30.06.2004)	Options vested after three years from date of grant (27.05.2005)
d) Options exercised (as at 31st March, 2012)	15,90,600 equity shares of Re 1/- each	23,05,101 equity shares of Re 1/- each	32,53,000 equity shares of Re 1/- each	10,79,106 equity shares of Re 1/- each	10,30,900 equity shares of Re 1/- each
e) The total number of shares arising as a result of exercise of option	15,90,600 equity shares of Re 1/- each	23,05,101 equity shares of Re 1/- each	32,53,000 equity shares of Re 1/- each	10,79,106 equity shares of Re 1/- each	10,30,900 equity shares of Re 1/- each
f) Options lapsed (as at 31st March, 2012)	8,84,500 equity shares of Re 1/- each	9,04,320 equity shares of Re 1/- each	6,18,345 equity shares of Re 1/- each	3,33,500 equity shares of Re 1/- each	2,66,900 equity shares of Re 1/- each
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	NA	NA
h) Money realized by exercise of options during the year	Rs 9.68 crores	Rs 15.62 crores	Rs 4.21 crores	Rs 1.88 crores	Rs 2.16 crores
i) Total number of options in force (as at 31st March, 2012)	Nil equity shares of Re.1/- each.	24,180 equity shares of Re 1/- each	4,04,745 equity shares of Re 1/- each	2,17,844 equity shares of Re 1/- each	2,49,900 equity shares of Re 1/- each

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999

2006 HLL Performance Share Scheme							
	2006	2007	2008	2009	2010	2011	2012
a) Options granted	Conditional grant of 3,49,750 equity shares of Re.1/- each valued at Rs. 3.49 lakhs	Conditional grant of 2,35,950 equity shares of Re.1/- each valued at Rs. 2.35 lakhs	Conditional grant of 2,06,250 equity shares of Re.1/- each valued at Rs.2.06 lakhs	Conditional grant of 3,33,811 equity shares of Re.1/- each valued at Rs.3.33 lakhs	Conditional grant of 2,87,934 equity shares of Re.1/- each valued at Rs.2.88 lakhs	Conditional grant of 3,38,905 equity shares of Re.1/- each valued at Rs.3.39 lakhs	Conditional grant of 4,12,633 equity shares of Re.1/- each valued at Rs.4.12 lakhs
b) The pricing formula	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1	Book value of Re.1
c) Options vested	2,55,166 options vested on 01.11.2009	2,66,180 options vested on 01.05.2010	1,57,455 options vested on 20.03.2011	Options will vest after 3 years from the date of grant (11.05.2009)	Options will vest after 3 years from the date of grant (29.03.2010)	Options will vest after 3 years from the date of grant (29.03.2011)	Options will vest after 3 years from the date of grant (17.02.2012)
d) Options exercised (as at 31st March, 2012)	2,55,166 equity shares of Re.1/ each	2,64,530 equity shares of Re.1/ each	1,53,952 equity shares of Re.1/- each.	NIL	NIL	NIL	NIL
e) The total number of shares arising as a result of exercise of option	2,55,166 equity shares of Re.1/ each	2,64,530 equity shares of Re.1/ each	1,53,952 equity shares of Re.1/- each.	NIL	NIL	NIL	NIL
f) Options lapsed (as at 31st March, 2012)	NIL	1,650 equity shares of Re 1.- each	52,308 equity shares of Re 1.- each	68,990 equity shares of Re 1.- each	NIL	NIL	NIL
g) Variation of terms of options	NA	NA	NA	NA	NA	NA	NA
h) Money realised by exercise of options during the year	NIL	NIL	1.54 lakhs	NIL	NIL	NIL	NIL
i) Total number of options in force (as at 31st March, 2012)	NIL	NIL	NIL	Conditional grant of 2,64,821 equity shares of Re.1/- each	Conditional grant of 2,87,934 equity shares of Re.1/- each	Conditional grant of 3,38,905 equity shares of Re.1/- each	Conditional grant of 4,12,633 equity shares of Re.1/- each

DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2012

- j) Employee wise details of options granted to:
- i) Senior managerial personnel: Refer Note iii
 - ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; Under Performance Share Plan 2012, Nitin Paranjpe-Managing Director and CEO was awarded 30,212 shares (7.3%) and Sridhar Ramamurthy-Executive Director (Finance & IT) and CFO was awarded 12,085 shares (2.9%).
 - iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. Nil
- k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'. Rs. 12.45
- l) i) Method of calculation of employee compensation cost The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2006 HLL Performance Share Scheme".
- ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options Gain of Rs. 0.95 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 2011-12 is presented below:

Net Income	Rs. Crores	
As reported	2,691.40	
Add: Difference between Intrinsic value and Fair Value Calculation	0.95	
Adjusted Net Income	2692.35	
	(Rs.)	
Earnings Per Share (Basic & Diluted)	Basic EPS	Diluted EPS
-As reported	12.46	12.45
-As adjusted	12.46	12.46

DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

- m) Weighted average exercise price and weighted average fair value Exercise Price is Re.1/-
- n) Fair value of Options based on Black Scholes methodology

Assumptions

Risk free rate	7.78% for 2011 and 8.23% for 2012
Expected life of options	3.125 years for each plan
Volatility	30.86% for 2011 and 25.81% for 2012
Expected Dividends	Rs. 7.50 per share
Closing market price of share on date of option grant	Rs.276.70 for 2011 and Rs. 383.70 for 2012

Notes:

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

Name	Performance shares awarded
Nitin Paranjpe	30,212
Sridhar Ramamurthy	12,085
Leena Nair	9,555
Pradeep Banerjee	5,460
Hemant Bakshi	15,104
Dev Bajpai	5,460
Geetu Verma	5,460
Manish Tiwary	8,190

CORPORATE GOVERNANCE

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

William Hesketh Lever

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

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

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

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

THE BOARD OF DIRECTORS

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

Composition

The Board comprises such number of Non-Executive, Executive and Independent Directors as required under applicable legislation. As on date of this Report, the Board consists of eight Directors comprising one Non-Executive Director, four Independent Directors and three Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The positions of the Chairman of the Board and the Chief Executive Officer of the Company are held by separate individuals, where the Chairman of the Board is a Non-Executive Director. The detailed profile of the members of the Board of Directors are provided at page nos. 26 - 29 of the Annual Report.

During the year, Mr. Deepak Parekh, Independent Director and Mr. Gopal Vittal, Executive Director, Home & Personal Care have ceased to be Directors of the Company with effect from 27th December, 2011 and 20th January, 2012 respectively. Mr. O. P. Bhatt has been appointed as an Independent Director on the Board of the Company with effect from 20th December, 2011. The details of each member of the Board along with number of Directorship(s) / Committee Membership(s) and date of joining the Board are as follows.

Composition and Directorship(s) / Committee Membership(s) as on 31st March, 2012

Name	Date of Joining the Board	Directorship in other Companies[#]	Membership of Committees of other Companies^{##}	Chairmanship of Committees of other Companies^{##}
Non-Executive Chairman				
Harish Manwani	29.04.2005	-	-	-
Managing Director and CEO				
Nitin Paranjpe	01.06.2007	-	-	-
Executive Director (Finance and IT) and CFO				
Sridhar Ramamurthy	03.07.2009	2	1	1
Executive Director				
Pradeep Banerjee	01.03.2010	1	-	-
Independent Directors				
A. Narayan	29.06.2001	2	1	-
S. Ramadorai	20.05.2002	14	8	4
R. A. Mashelkar	04.04.2008	6	3	-
O. P. Bhatt	20.12.2011	1	2	-

[#] 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 the Board of more than fifteen Companies or a member of more than ten Board-level Committees or Chairman of more than five such Committees.

Appointment & Tenure

The Directors of the Company are appointed by members at the General Meetings. All Directors, except for the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute.

The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company. As per the Company policy, the Independent Directors seek retirement on attaining the age of 70 years by not offering themselves for re-appointment at the Annual General Meeting of the Company which is convened after attaining the age of 70 years. The proposed Companies Bill, 2011 provides for two terms of five years each as tenure for Independent Directors. The Company will adopt the provisions with respect to tenure of Independent Directors as and when they are made effective. Presently, the Company has voluntarily fixed 70 years as the age for retirement of Independent Directors.

Board Membership Criteria

The Board of Directors is collectively responsible for selection of a member on the Board. The Company has a defined criteria

for identification, screening, recruiting and recommending candidates for election as Director on the Board. The criteria for appointment to the Board includes professional qualifications, expertise and experience in specific area of business, desired age, skill set and diversity required on the Board. The selection of a candidate as a Director on the Board is done after an assessment of the skills and expertise needed in the context of the business and organisational scenario at the relevant point in time.

Board Independence

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures received from the Directors and on evaluation of relationships disclosed, all Non-Executive Directors other than the Chairman are Independent in terms of Clause 49 of the Listing Agreement. Mr. Harish Manwani, who is the Chief Operating Officer and a Member of the Unilever Leadership Executive (ULE) of the parent Company is not considered as an Independent Director.

Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special

and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is confirmed in the next Board Meeting.

The notice of the Board Meeting is given to all the Directors at least fifteen days before the meeting. Usually, meetings of the Board are held in Mumbai. The Agenda for Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and the Chief Executive Officer of the Company. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee Meetings includes detailed notes on the items to be discussed at the meeting to enable Directors to take an informed decision.

During the financial year ended 31st March, 2012, four Board meetings were held i.e. on 9th May, 2011, 28th July, 2011, 31st October, 2011 and 6th February, 2012. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

Board Business

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- quarterly and annual business performance of the Company;
- review of the Annual Report and accounts for adoption by the members;
- the progress of various functions and businesses of the Company;
- the functioning of the Board and its Committees;
- review the functioning of the subsidiary companies;
- consider and approve declaration / recommendation of dividend;
- review and resolution of fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- details of significant development in human resources and industrial relations front;
- details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement;
- compliance with all relevant legislations and regulations and review of litigation status, including materially important show cause, demand, prosecution and penalty notices, if any;
- Board remuneration policy and individual remuneration packages of Directors;
- corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- recruitment of Directors on the Board and Management Committee;

- review Corporate Social Responsibility activities of the Company;
- details of risk evaluation and internal controls;
- reports on progress made on the ongoing projects;

Board Support

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board for consideration. The Company Secretary is also responsible for the preparation of the agenda and convening of the Board Meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

Independent Directors' Meetings

The Non-Executive Independent Directors have a quarterly meeting. They also have a quarterly meeting with the Chairman, without any of the Executive Directors being present, to discuss issues and concerns, if any. The Non-Executive Independent Directors met four times during the financial year ended 31st March, 2012 on 9th May, 2011, 28th July, 2011, 31st October, 2011 and 6th February, 2012. In addition to these formal meetings, interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

Board Induction and Training

Upon appointment, Directors receive a Letter of Appointment setting out, in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction programme. The Company Secretary provides new Directors, both Executive and Non-Executive, with a briefing on their legal and regulatory responsibilities as Directors and the Chief Executive Officer provides a briefing on Company's current structure and performance of business. The induction for Non-Executive Independent Directors includes interactive sessions with Management Committee Members, Business and Functional Heads, a visit to market / plant, etc.

In addition, Directors also receive a comprehensive Directors' Induction Manual which includes Company's historical background, business profile, organisation structure, codes and policies, internal controls and risk management systems and their roles and responsibilities as Directors of the Company.

The induction process is designed to:

- build an understanding of the Company, its businesses and the markets and regulatory environments in which it operates;
- provide an appreciation of the roles and responsibilities of the Director;

- fully equip Directors to perform their roles on the Board effectively;
- build links to Unilever's people and build an understanding of Unilever's key relationships.

Strategy meetings are held where Business and Functional Heads share with the Board their short term and long term plans, major activities, likely risks and challenges with actions to mitigate them in their respective areas. The Board's suggestions and comments are incorporated in the business plans of the Company.

COMMITTEES OF THE BOARD

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

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

Audit Committee

The Company has an Independent Audit Committee, which is headed by Mr. A. Narayan and comprises of Mr. S. Ramadorai, Dr. R. A. Mashelkar and Mr. O. P. Bhatt as members.

During the year, Mr. O. P. Bhatt was appointed as a member of the Audit Committee with effect from 20th December, 2011. Mr. D. S. Parekh ceased to be the Chairman of the Audit Committee of the Company with effect from 27th December, 2011, consequent to his resignation from the Board of Directors. Mr. A. Narayan was appointed as the Chairman of the Audit Committee effective 6th February, 2012. All the current members of the Committee have relevant experience in financial matters.

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

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;

- reviewing with management the quarterly financial results before submission to the Board;
- reviewing with management the annual financial statements before submission to the Board;
- reviewing with management the annual financial statements of the subsidiary companies;
- reviewing with management, external auditors and internal auditors, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function;
- discussing with internal auditors any significant finding and reviewing the progress of corrective actions on such issues;
- reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- discussing with external auditors, before the audit commences, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- reviewing the Company's financial and risk management policies;
- examining reasons for substantial default in the payment to members (in case of non-payment of declared dividends) and creditors, if any; and
- reviewing the progress made on cases that are reported under the Code of Business Principles of the Company and implication of these cases, if any, under the UK Bribery Act, 2011.

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

The meetings of Audit Committee are also attended by Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed and discussed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately in absence of any management employee.

The Audit Committee met six times during the financial year ended 31st March, 2012 on 9th May, 2011, 28th June, 2011, 28th July, 2011, 31st October, 2011, 20th January, 2012 and 6th February, 2012.

Internal Controls and Risk Management

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

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

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of the risks and delivery of mitigating action plans.

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

Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises Independent Directors, Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar. In addition to the above Independent Directors, Mr. Harish Manwani and Mr. Nitin Paranjpe are members of the Compensation Committee. During the year, Mr. A. Narayan was the Chairman of the Committee. Effective 1st May, 2012, the Remuneration and Compensation Committee stands reconstituted with Mr. S. Ramadorai chairing the committee and Mr. A. Narayan, Dr. R. A. Mashelkar and Mr. O. P. Bhatt as the Members of the Committee.

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

The Compensation Committee administers the Stock Option Plan and Performance Share Plan of the Company and determines eligibility of employees for Stock Options.

The Remuneration and Compensation Committee met twice during the financial year ended 31st March, 2012 on 31st October, 2011 and 6th February, 2012.

Reward Policy

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

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

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

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

The Independent Directors are paid sitting fees of Rs. 20,000/- for attending every meeting of the Board or Committee thereof and commission on profits at the rate of Rs. 10 lakhs for each year, in accordance with the limits approved by the Members at the Annual General Meeting of the Company held on 27th July, 2010, which is valid for a period of five years upto 31st December, 2015.

The Non-Executive Directors, who continuously serve minimum three terms of three years, each are also entitled for one time commission of Rs. 10 lakhs at the time of stepping down from the Board, due to retirement or otherwise.

Your Company benefits from the professional expertise of the Independent Directors in their individual capacity as competent professionals / business executives and through their invaluable experience in achieving corporate excellence. During the year, there were no pecuniary relationships or transactions between

the Company and any of its Non-Executive Directors. The Company has not granted any Stock Options to any of its Non-Executive Directors. The Non-Executive Chairman of the Company does not receive any sitting fees or other reward from the Company.

Details of Remuneration of Executive Directors for the financial year ended 31st March, 2012

Name	Salary	Bonus	Contribution to PF	Perquisites	Rs. Lakhs
					Total
Nitin Paranjpe	182.49	184.55	22.91	583.81	973.76
Sridhar Ramamurthy	165.75	83.67	11.39	59.01	319.82
Gopal Vittal [§]	110.03	96.48	11.98	161.99	380.48
Pradeep Banerjee	130.52	48.20	11.39	142.86	332.97

[§] Ceased to be a Director w.e.f. 20.01.2012

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

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

Name	Outstanding as at 31st March, 2011		Options / Grants Exercised during the year		Grant under Performance Share Scheme during the year	Balance as at 31st March, 2012	
	Stock Options	Performance Shares	Stock Options	Performance Shares		Stock Options	Performance Shares
Nitin Paranjpe	57,348	67,301	37,548	9,405	30,212	19,800	88,108
Sridhar Ramamurthy	25,408	37,330	25,408	-	12,085	-	49,415
Gopal Vittal [§]	-	33,370	-	4,180	-	-	29,190
Pradeep Banerjee	85,855	4,461	44,615	-	5,460	41,240	9,921

[§] Ceased to be a Director w.e.f. 20.01.2012

Details of Remuneration of Non-Executive Directors for the financial year ended 31st March, 2012

Name	Sitting Fee	Commission [#]	Perquisites	Rs. Lakhs
				Total
D. S. Parekh [§]	1.20	17.50*	-	18.70
A. Narayan	2.60	10.00	-	12.60
S. Ramadorai	2.00	10.00	-	12.00
R. A. Mashelkar	2.40	10.00	-	12.40
O. P. Bhatt ^{§§}	0.60	2.50**	-	3.10

[§] Ceased to be a Director w.e.f. 27.12.2011

^{§§} Appointed as a Director w.e.f. 20.12.2011

[#] The Commission for the financial year ended 31st March, 2012 will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 23rd July, 2012.

* Includes one time commission of Rs. 10.00 lakhs as per the Company's Reward Policy and pro-rata annual commission.

** Pro-rata annual commission

Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee comprises Mr. A. Narayan as Chairman with Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee. Effective 1st May, 2012, The Shareholders' / Investors' Grievance Committee stands reconstituted with Mr. O. P. Bhatt chairing the committee and Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as the Members of the Committee. The Committee is entrusted with the responsibility of addressing the shareholders' and investors' complaints

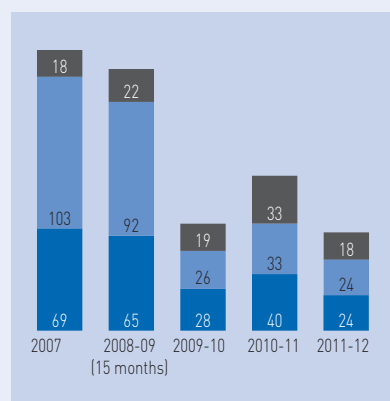
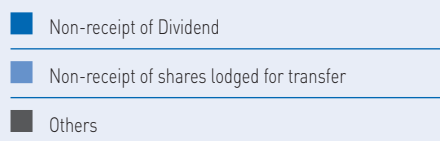
with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc. and ensuring an expeditious share transfer process in line with the proceedings of the Share Transfer Committee. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company and also provides continuous guidance to improve the service levels for the investors. During the financial year ended 31st March, 2012, the Committee met once, on 31st October, 2011.

Details of Shareholders' / Investors' Complaints received and redressed

During the financial year ended 31st March, 2012, 66 complaints were received from the shareholders. All the complaints have been redressed to the satisfaction of the shareholders / investors and none of them were pending as on 31st March, 2012.

Nature of Complaint	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	24	24
Non-Receipt of Shares lodged for Transfer	24	24
Others (e.g. non-receipt of Annual Report)	18	18
Total	66	66

Trend of Complaints Received During Last 5 Years:



Share Transfer / Transmission Committee

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

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

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

Committee for Allotment of Shares under ESOPs

The Committee for Allotment of Shares under ESOPs has been constituted as per the requirement of relevant regulations to expedite the process of allotment and issue of eligible shares to the employees of the Company under the Stock Option Plans of the Company.

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

Other Functional Committees

Apart from the above statutory committees, the Board of Directors have constituted the following functional committees to raise the level of governance as also to meet the specific business needs.

Routine Business Matter Committee

The Routine Business Matter Committee comprises three Directors of the Board and has been set up to oversee routine items that are in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees, etc. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets comprises three Directors of the Board. The Committee is entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to take

necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company.

Attendance of Directors at Board and Committee Meetings

The following table shows the attendance of Directors at Board and Committee Meetings for the year ended 31st March, 2012. Attendance is expressed as number of meeting(s) attended out of number of meeting(s) eligible to attend.

Name	Board Meeting	Audit Committee	Remuneration Committee	Shareholders' / Investors' Grievance Committee
Harish Manwani	4 of 4 [#]	-	-	-
Nitin Paranjpe	4 of 4	-	-	1 of 1
Sridhar Ramamurthy	4 of 4	-	-	1 of 1
D. S. Parekh*	3 of 3	3 of 4	-	-
A. Narayan	4 of 4	6 of 6 [#]	2 of 2 [#]	1 of 1 [#]
S. Ramadorai	3 of 4	5 of 6	2 of 2	-
R. A. Mashelkar	4 of 4	6 of 6	2 of 2	-
O. P. Bhatt**	1 of 1	2 of 2	-	-
Gopal Vittal [§]	3 of 3	-	-	-
Pradeep Banerjee	4 of 4	-	-	-

[#] Chairman

* Ceased to be a Director and Chairman of the Audit Committee w.e.f. 27.12.2011

** Appointed as a Director and a Member of the Audit Committee w.e.f. 20.12.2011

[§] Ceased to be a Director w.e.f. 20.01.2012

The last Annual General Meeting of the Company held on 28th July, 2011 was attended by all the members of the Board of Directors.

COMPANY POLICIES

Code of Business Principles

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

The Code of Business Principles of the Company, among other things, sets out the rules for dealing with conflict of interest situations. The proposal for appointment of any Senior Management Personnel of the Company to serve as Directors, Supervisory Directors, Trustees etc. on outside Board, whether for commercial ventures or for non-profit making bodies, is subject to prior internal approvals.

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

The complaints, issues and concerns received under CoBP framework are duly investigated and reviewed by the CoBP Committee(s). Appropriate actions are taken subsequent to completion of investigation. The Company periodically cascades the principles embodied under CoBP across the organisation.

Preventing Conflict of Interests

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board members. The Board has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that members of the Board are required to avoid any interest in contracts entered into by the Company. If such an interest exists, the members of the Board are required to make disclosure to the Board and to abstain from discussion, voting or otherwise influencing the decision on any matter in which the concerned Director has or may have such interest. The Code also restricts the Directors from accepting any gifts or incentives in their capacity as Director of the Company, except what is duly authorised under the Company's Gift Policy.

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

Whistle Blower Policy

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

Share Dealing Code

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

The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors and employees. The Code also prescribes sanction framework and any instance of breach of code is dealt with in accordance with the same. A copy of the Share Dealing Code of the Company is made available to all the employees of the Company and the compliance of the same is ensured.

UN Global Compact

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

AFFIRMATION AND DISCLOSURE

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2012 and a declaration to that effect, signed by the Managing Director and Chief Executive Officer (CEO), is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors for the financial year ended 31st March, 2012 that may have a potential conflict with the interests of the Company at large.

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

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

DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

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

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

COMPLIANCE WITH THE GOVERNANCE FRAMEWORK

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

SECRETARIAL STANDARDS AND SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Standards Audit for the year 2011-12 for audit of secretarial records and procedures followed by the Company in compliance with relevant Secretarial Standards issued by the Institute of Company Secretaries of India. The Secretarial Standards Report is given at page no. 67 of this annual report.

The Company has also undertaken Secretarial Audit for the year 2011-12 which, inter alia, includes audit of compliance with Companies Act, 1956 and Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report is given at page nos. 68 - 69 of this annual report.

SHAREHOLDER INFORMATION

General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:

Financial Year ended	Date and Time	Venue	Special Resolutions passed
31st March, 2009	3rd July, 2009 2.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	No Special Resolution was passed at this meeting.
31st March, 2010	27th July, 2010 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration to be paid by way of commission on profits to Non-Executive Directors of the Company, for a period of five years commencing from 1st January, 2011 and authorising the Board to determine the amount upto a maximum of Rs. 90 lakhs in aggregate or 1% of Net Profits, whichever is lower.
31st March, 2011	28th July, 2011 3.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	No Special Resolution was passed at this meeting.

During the year, a Court Convened Meeting was held on 28th July, 2011 to consider and approve the Scheme of Arrangement for transfer of certain assets, liabilities and properties of FMCG Export Business Division of the Company to its wholly owned subsidiary, Unilever India Exports Limited in accordance with the Hon'ble High Court order dated 23rd June, 2011. Accordingly the Resolution for approval of the Scheme of Arrangement was passed by the requisite majority of shareholders, present and voting, representing 99.99% shares.

Annual General Meeting 2012

Date	Monday, 23rd July, 2012
Venue	Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai 400 099
Time	10.30 a.m.
Book Closure Dates for Final Dividend	Friday, 6th July, 2012 to Friday, 20th July, 2012
Last Date of receipt of Proxy Forms	Saturday, 21st July, 2012 before 10.30 a.m. at the Registered Office of the Company

Calendar of financial year ended 31st March, 2012

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2012 were held on the following dates:

First Quarter Results	28th July, 2011
Second Quarter and Half yearly Results	31st October, 2011
Third Quarter Results	6th February, 2012
Fourth Quarter and Annual Results	1st May, 2012

Tentative Calendar for financial year ending 31st March, 2013

The tentative dates of Meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2013 are as follows:

First Quarter Results	23rd July, 2012
Second Quarter and Half yearly Results	26th October, 2012
Third Quarter Results	11th February, 2013
Fourth Quarter and Annual Results	29th April, 2013

Dividend

The Board of Directors, at their meeting held on 1st May, 2012 recommended a final dividend of Rs. 4.00 per equity share of face value of Re. 1/- each, for the financial year ended 31st March, 2012. Together with the interim dividend of Rs. 3.50 per share, paid on 22nd November, 2011, the total dividend for the year works out to Rs. 7.50 per equity share of face value of Re. 1/- each. Final dividend, if approved by Members, will be paid on or after 27th July, 2012.

Unclaimed Dividends / Shares

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

The unpaid / unclaimed dividends upto Final Dividend 1995 (39F) had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the bonus debentures interest and redemption amount and unpaid dividends upto Interim dividend 2004 (49I) to the IEPF. The unclaimed final dividend of 2004 and interim dividend of 2005 (i.e. 49F and 50I), is due for transfer in July, 2012 and August, 2012 respectively. In view of this, Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

In accordance with newly inserted Clause 5A of Listing Agreement, the Company has identified 4,142 folios comprising of 7,45,603 equity shares of face value of Re.1/- each, which are unclaimed as on 31st March, 2012. The Company is in the process of sending reminders to the concerned shareholders in accordance with the said clause.

Due Dates for Transfer of Unclaimed Dividend to IEPF

Year	Dividend	Dividend rate per share (Rs.)	Date of Declaration	Number of Warrants			Dividend Amount (Rs. Lakhs)			Due Date
				Issued	Unclaimed as on 31st March, 2012	%	Dividend	Unclaimed as on 31st March, 2012	%	
2004	49-F	2.500	24-06-2005	3,50,630	18,304	5.22	55,031.22	223.65	0.41	22-07-2012
2005	50-I	2.500	30-07-2005	3,39,914	18,046	5.31	55,031.22	244.23	0.44	27-08-2012
2005	50-I (VDL)	2.500	10-04-2006	65,899	16,759	25.43	86.16	6.30	7.32	08-05-2013
2005	50-F	2.500	29-05-2006	3,76,477	32,332	8.59	55,121.36	268.48	0.49	26-06-2013
2006	51-I	3.000	30-07-2006	3,92,889	30,883	7.86	66,172.23	313.64	0.47	27-08-2013
2006	51-F	3.000	18-05-2007	4,14,086	35,297	8.52	66,204.96	340.39	0.51	15-06-2014
2007	52-I	3.000	29-07-2007	4,11,422	35,020	8.51	66,212.86	340.36	0.51	26-08-2014
2007	52-S	3.000	31-10-2007	3,85,973	33,358	8.64	66,057.83	355.27	0.54	28-11-2014
2007	52-F	3.000	04-04-2008	3,64,081	34,891	9.58	65,337.74	340.78	0.52	03-05-2015
2008-09	53-I	3.500	25-07-2008	3,55,307	31,248	8.79	76,242.09	364.21	0.48	23-08-2015
2008-09	53-F	4.000	03-07-2009	3,43,946	32,310	9.39	87,202.84	444.90	0.51	31-07-2016
2009-10	54-I	3.000	31-10-2009	3,37,953	33,657	9.96	65,426.94	340.49	0.52	28-11-2016
2009-10	54-F	3.500	27-07-2010	3,46,967	33,096	9.54	76,373.00	406.47	0.53	24-08-2017
2010-11	55-I	3.000	25-10-2010	3,44,009	35,844	10.42	65,463.59	375.45	0.57	22-11-2017
2010-11	55-F	3.500	28-07-2011	3,28,702	36,373	11.07	75,624.11	456.74	0.60	24-08-2018
2011-12	56-I	3.500	31-10-2011	3,34,744	38,496	11.50	75,633.80	485.45	0.64	28-11-2018

F - Final I - Interim S - Special

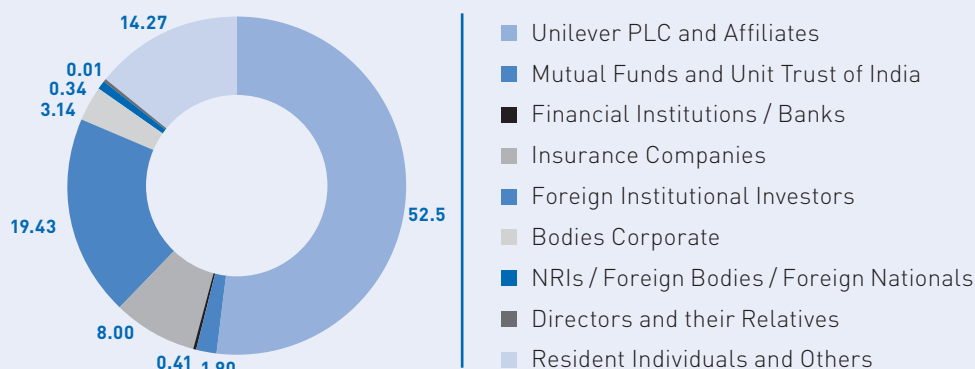
Distribution of Shareholding as on 31st March, 2012

Holding	Shareholders		Shares	
	Number	%	Total Shares	% of Shares
1 - 5000	3,15,853	95.86	16,15,91,793	7.48
5001 - 10000	7,903	2.40	5,54,45,429	2.56
10001 - 20000	3,561	1.08	4,89,62,468	2.27
20001 - 30000	894	0.27	2,15,65,868	1.00
30001 - 40000	350	0.11	1,20,49,680	0.56
40001 - 50000	177	0.05	79,20,823	0.36
50001 - 100000	279	0.08	1,89,39,070	0.87
100001 and above	476	0.14	183,50,37,361	84.90
Total	3,29,493	100.00	216,15,12,492	100.00

Categories of Shareholders as on 31st March, 2012

Category	No. of Folios	Shares Held (nos.)	% of Holdings
Unilever PLC and Affiliates	7	113,48,49,460	52.50
Mutual Funds and Unit Trust of India	219	4,10,54,387	1.90
Financial Institutions / Banks	161	88,29,417	0.41
Insurance Companies	19	17,28,34,342	8.00
Foreign Institutional Investors	587	42,00,40,020	19.43
Bodies Corporate	2,832	6,78,91,863	3.14
NRIs / Foreign Bodies Corporate / Foreign Nationals	4,044	72,41,716	0.34
Directors and their Relatives	14	2,44,190	0.01
Resident Individuals and Others	3,21,610	30,85,27,097	14.27
Total	3,29,493	216,15,12,492	100.00

Numbers of Shares Held (%)



Top 10 Shareholders as on 31st March, 2012 (Other than promoters)

Sr. No.	Name	Holding	%
1	Life Insurance Corporation of India	9,93,44,763	4.60
2	Oppenheimer Developing Markets Fund	2,60,17,757	1.20
3	The New India Assurance Company Limited	2,33,24,065	1.08
4	Bajaj Allianz Life Insurance Company Limited	1,84,58,860	0.85
5	Aberdeen International India Opportunities Fund (Mauritius) Limited	1,83,30,000	0.85
6	Aberdeen Global - Emerging Markets Equity Fund	1,72,89,599	0.80
7	Vanguard Emerging Markets Stock Index Fund	1,61,80,275	0.75
8	General Insurance Corporation of India	1,59,16,853	0.74
9	National Insurance Company Limited	1,40,45,892	0.65
10	Copthall Mauritius Investment Limited	1,28,97,885	0.60
	TOTAL	26,18,05,949	12.11

Bifurcation of shares held in physical and demat form as on 31st March, 2012

Particulars	No. of Shares	%
Physical Segment	6,91,17,677	3.20
Demat Segment		
NSDL	206,65,03,243*	95.60*
CDSL	2,58,91,572	1.20
Total	216,15,12,492	100.00

*includes shares held by Unilever PLC and Affiliates

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

Listing Details

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE)	500696
National Stock Exchange of India Limited (NSE)	HINDUNILVR
ISIN	INE030A01027

The listing fee for the financial year ended 31st March, 2012 has been paid to the above Stock Exchanges.

Share Price Data

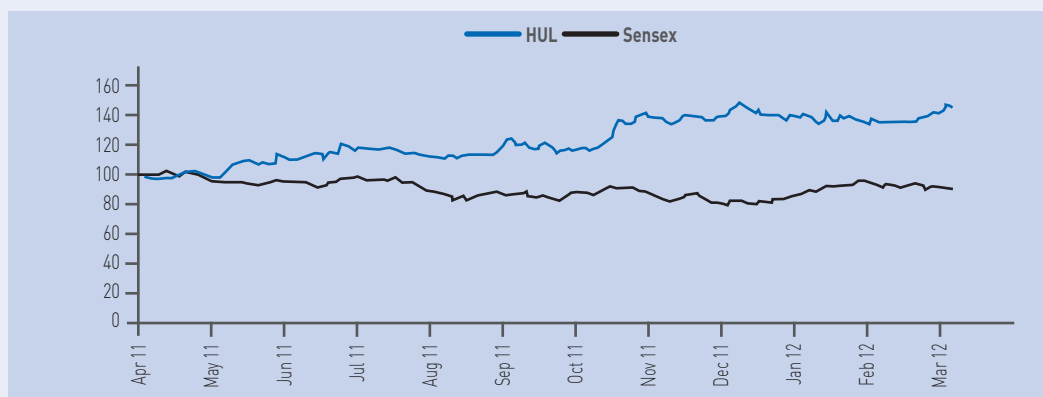
The monthly high and low prices and volumes of shares of the Company at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2012 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-11	293.05	272.40	27,25,688	293.40	272.40	2,89,92,030
May-11	312.80	266.10	65,94,508	312.75	265.90	5,13,79,069
Jun-11	346.50	304.00	73,84,968	348.00	303.20	4,49,57,707
Jul-11	343.00	320.00	36,64,991	343.50	319.45	4,61,19,108
Aug-11	327.50	308.80	32,32,189	327.30	308.55	5,68,02,986
Sep-11	354.00	315.10	47,37,843	354.80	314.95	6,39,88,232
Oct-11	377.00	318.80	50,58,320	378.15	319.25	4,60,44,756
Nov-11	402.90	371.50	91,66,165	403.35	371.20	7,93,22,027
Dec-11	420.00	380.80	54,43,541	420.25	381.00	4,59,42,330
Jan-12	411.20	375.10	46,98,020	411.70	374.35	5,11,33,698
Feb-12	410.50	376.30	74,91,599	410.90	376.10	5,87,77,674
Mar-12	418.50	376.80	63,64,102	418.55	376.50	4,25,51,101

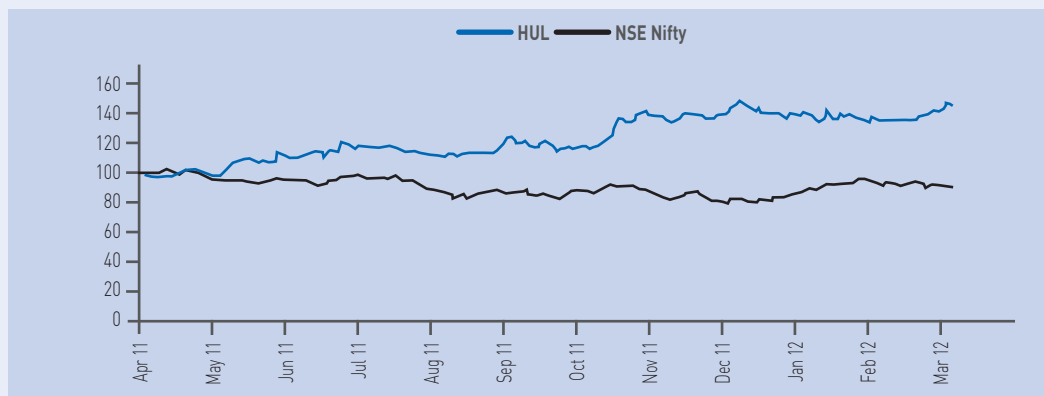
Source: BSE and NSE website

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

BSE Sensex vs HUL Share price (Indexed)



NSE Nifty vs HUL Share price (Indexed)



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

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01-01-2002	220.50	85%	3,246.00	391%	215.10	90%	1,055.30	352%
01-01-2003	181.65	125%	3,390.00	370%	177.15	130%	1,100.15	333%
01-01-2004	212.60	92%	5,915.00	169%	209.49	95%	1,912.25	149%
03-01-2005	144.35	183%	6,679.00	139%	142.29	187%	2,115.00	125%
02-01-2006	195.20	109%	9,390.00	70%	192.11	112%	2,835.95	68%
02-01-2007	216.45	88%	13,942.00	14%	213.08	91%	4,007.40	19%
01-01-2008	218.10	87%	20,300.00	-21%	218.45	87%	6,144.35	-22%
01-01-2009	250.75	63%	9,903.46	61%	250.75	63%	3,033.45	57%
04-01-2010	264.70	54%	17,558.73	-9%	264.70	54%	5,232.20	-9%
03-01-2011	313.15	30%	20,561.05	-22%	313.15	30%	6,157.60	-23%
03-01-2012	407.95	-	15,939.36	-	407.70	-	4,765.30	-

Source: BSE and NSE website

All comparisons are with respect to 3rd January, 2012 (the reference date).

COMMUNICATION TO SHAREHOLDERS

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

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Hindu Business Line. These results are also made available on the website of the Company www.hul.co.in. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. The Company also sends quarterly, half yearly and annual results as well as the notice of the Board Meeting to shareholders on e-mail.

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

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

Investor Services

Web-based Query Redressal System

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

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

Alternative Dispute Redressal

Shareholders

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

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

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

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

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

Consumers / Customers

In line with one of the Company's key tenets of Consumer and Customer Centricity, the Company commenced a process of resolving consumer and customer disputes and grievances through an alternative disputes redressal mechanism. The Company appointed four retired Judges of different High Courts, one in each region, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve long pending disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decision arrived at such dispute resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. These meetings were held in all the four regions and achieved reasonable success. Your Company believes that such independent dispute resolution mechanism will further reinforce its commitment and credibility with consumers and also set new benchmarks for the industry. During the year the Company has resolved 86 disputes, including consumer complaints, customer / supplier issues, shareholder disputes through the institution of Ombudsman.

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

Address for Correspondence

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

The Company's dedicated e-mail address for Investors' Complaints is hllshare.cmpt@unilever.com

Karvy Computershare Private Limited

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

Investor Service Department

Hindustan Unilever Limited
Unilever House,
B. D. Sawant Marg, Chakala,
Andheri East,
Mumbai- 400099
Phone : +91 - 22 - 398 32285 / 32452
Fax : +91 - 22 - 28249457
Website : www.hul.co.in

Compliance Officer

Mr. Dev Bajpai
Executive Director - Legal
and Company Secretary
E-mail : hllshare.cmpt@unilever.com
Phone : +91 - 22 - 398 32557 / 32358 /
32532 / 32312

Mergers & Demergers

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

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

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

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

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

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

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

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

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

§ 4,65,000 Equity Shares of Rs. 10/- each were allotted by Unilever India Exports Limited to Hindustan Unilever Limited pursuant to transfer of FMCG Exports Business of Hindustan Unilever Limited

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

Plant Locations

As mentioned at page nos. 152 - 153 of this annual report.

Information pursuant to Clause 32 of the Listing Agreement

Loans and advances in the nature of loan to subsidiaries:

Name of the Company	Rs. Crores	
	Balance as at 31st March, 2012	Maximum outstanding during the year
Lakme Lever Private Limited	29.7	29.7
Brooke Bond Real Estate Private Limited	7.1	7.1
Pond's Export Limited	2.0	2.5

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

To
The Board of Directors
Hindustan Unilever Limited

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

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2012 and based on our knowledge and belief, we state that :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee :
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Mumbai
1st May, 2012

Nitin Paranjpe
Managing Director and
Chief Executive Officer

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

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Hindustan Unilever Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

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

For Lovelock & Lewes
Firm Registration Number 301056E
Chartered Accountants

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 1st May, 2012

SECRETARIAL STANDARDS REPORT

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

We have examined relevant registers, records and documents maintained and made available to us by Hindustan Unilever Limited ("the Company") for the period commencing from 1st April, 2011 to 31st March, 2012 for compliances of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Secretarial Standards issued by ICSI are presently recommendatory in nature. The management has voluntarily decided to adhere to these standards and comply with the same. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of Secretarial Standards.

In our opinion and to the best of our information and according to the explanation given to us, we report that the Company has complied with all material aspects of applicable Secretarial Standards issued by ICSI.

S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

S N ANANTHASUBRAMANIAN
Proprietor
CP No. 1774

Date: 16th April, 2012
Place: Mumbai

SECRETARIAL AUDIT REPORT

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

We have examined the registers, records and documents of Hindustan Unilever Limited ("the Company") for the period commencing from 1st April, 2011 to 31st March, 2012 for compliances of provisions of:

1. The Companies Act, 1956 (the Act) and the Rules made thereunder;
 2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (effective till 22nd October, 2011) and Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (effective from 23rd October, 2011)
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.
 4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; and
 5. The Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanation given to us by the Company: -
- We report that the Company has, in our opinion, complied with the provisions of the Act and the Rules made thereunder and with the Memorandum and Articles of Association of the Company, with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
 - (b) closure of the Register of Members;
 - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
 - (d) service of documents by the Company on its Members and the Registrar of Companies;
 - (e) notice of Meetings of the Board and Committees thereof;
 - (f) minutes of the Meetings of the Board and Committees thereof including passing of resolutions by circulation;
 - (g) notice convening the 78th Annual General Meeting held on 28th July, 2011;
 - (h) minutes of general meetings;
 - (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
 - (j) constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Executive Directors;
 - (k) payment of remuneration to the Directors including the Managing Director and Executive Directors;
 - (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
 - (m) transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
 - (n) declaration and payment of dividends including interim dividend;
 - (o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
 - (p) satisfaction of charges, if any, registered with the Registrar of Companies;
 - (q) form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
 - (r) contracts, common seal, registered office and publication of name of the company; and
 - (s) generally, all other applicable provisions of the Act and the Rules made thereunder.

We further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debentures holdings and directorships in other companies and interest in other entities;

- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Share Dealing Code and Code of Conduct of the Company;
- (c) the Company has obtained all necessary approvals under the various provisions of the Act;
- (d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed under that Act by the depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with the securities issued by the Company.

We further report that:

- (a) the Company has complied with the requirements under the Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;

- (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (effective till 22nd October, 2011) and Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (effective from 23rd October, 2011) including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of 2006 HLL Performance Shares Scheme and 2001 HLL Stock Option Plan, grant of options and other related aspects.

S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

S N ANANTHASUBRAMANIAN
Proprietor
CP No. 1774

Date: 16th April, 2012
Place: Mumbai

BALANCE SHEET

As at 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	216.15	215.95
Reserves and surplus	4	3,296.78	2,443.57
Non-current liabilities			
Other long term liabilities	5	329.69	219.20
Long-term provisions	6	666.95	663.87
Current Liabilities			
Trade payables	7	4,622.96	5,009.05
Other current liabilities	9	546.77	554.59
Short-term provisions	10	1,278.97	1,056.43
Total		10,958.27	10,162.66
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	12	2,117.53	2,133.58
Intangible assets	13	29.94	35.52
Capital work-in-progress		205.13	216.59
Intangible assets under development		10.32	72.17
Non-current investments	14	186.31	120.58
Deferred tax assets (net)	15	214.24	209.66
Long-term loans and advances	16	396.18	400.31
Current Assets			
Current investments	17	2,251.90	1,140.09
Inventories	18	2,516.65	2,810.77
Trade receivables	19	678.99	943.21
Cash and bank balances	20	1,830.04	1,628.47
Short-term loans and advances	21	485.79	416.35
Other current assets	22	35.25	35.36
Total		10,958.27	10,162.66
Summary of significant accounting policies	2		
Contingent Liabilities, capital and other commitments	23, 24		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 1st May, 2012

For and on behalf of Board of Directors

Nitin Paranjpe
Managing Director and CEO

Aditya Narayan
Chairman - Audit Committee

Vivek Subramanian
Group Controller

Mumbai : 1st May, 2012

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Dev Bajpai
Executive Director Legal and
Company Secretary

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	Note	Year Ended 31st March, 2012	Year Ended 31st March, 2011
REVENUE FROM OPERATIONS	26	23,181.09	20,639.94
Less: Excise Duty		(1,064.72)	(904.43)
Revenue from operations, net		22,116.37	19,735.51
Other income	27	278.31	272.88
Total Revenue		22,394.68	20,008.39
EXPENSES			
Cost of materials consumed	28	8,584.89	7,550.49
Purchases of stock-in-trade	29	3,024.14	2,818.13
Changes in inventories of finished goods (including stock-in-trade) and Work-in-progress	30	128.73	(290.53)
Employee benefits expenses	31	1,107.28	961.26
Finance costs	32	1.24	0.24
Depreciation and amortization expense	33	218.25	220.83
Other expenses	34	5,979.99	6,017.77
Total expenses		19,044.52	17,278.19
Profit before exceptional items and tax		3,350.16	2,730.20
Exceptional items	35	118.87	206.83
Profit before Tax		3,469.03	2,937.03
Tax Expense			
Current tax		(784.52)	(588.82)
Deferred Tax		(0.76)	(39.16)
Tax adjustments of previous year, net		7.65	(3.06)
Profit for the year		2,691.40	2,305.99
Earnings Per Equity Share	36		
Basic (Face value of Re. 1 each)		Rs.12.46	Rs.10.58
Diluted (Face value of Re. 1 each)		Rs.12.45	Rs.10.56
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

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

Nitin Paranjpe
Managing Director and CEO

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Pradip Kanakia
Partner
Membership No. 39985

Aditya Narayan
Chairman - Audit Committee

Dev Bajpai
Executive Director Legal and
Company Secretary

Vivek Subramanian
Group Controller

Mumbai : 1st May, 2012

Mumbai : 1st May, 2012

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation and exceptional items	3,350.16	2,730.20
Adjustments for :		
Depreciation and amortization expense	218.25	220.83
Net Gain on sale of Investments	(115.96)	(60.21)
Deficit on fixed assets sold, scrapped, etc. (net)	15.73	5.93
Interest income	(117.70)	(115.68)
Dividend income	(44.22)	(76.06)
Provision for expenses on Employee Stock option / Performance scheme	11.74	8.50
Provision for diminution in the value of non-current investment	18.13	-
Interest expense	1.24	0.24
	(12.79)	(16.45)
Operating Profit before working capital changes	3,337.37	2,713.75
Adjustments for :		
(Increase) / decrease in trade receivables	264.22	(264.76)
(Increase) / decrease in short term loans & advances	(62.40)	(330.36)
(Increase) / decrease in other current assets	(52.29)	(14.80)
(Increase) / decrease in long term loans & advances	(3.49)	149.84
Increase / (decrease) in trade payables	(386.09)	495.81
Increase / (decrease) in provisions	212.59	355.94
Increase / (decrease) in other current liabilities	(11.75)	(78.27)
Increase / (decrease) in other long term liabilities	110.49	157.19
(Increase) / decrease in inventories	132.35	(631.33)
	203.63	(160.74)
Cash generated from Operations	3,541.00	2,553.01
Taxes paid (net of refunds)	(656.76)	(652.41)
Cash flow before exceptional items	2,884.24	1,900.60
Exceptional :		
Compensation paid under Voluntary Separation Schemes	(3.25)	(0.86)
Amounts paid for other restructuring activities	(11.43)	(7.96)
Net cash from Operating Activities - [A]	2,869.56	1,891.78
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(252.21)	(321.76)
Sale proceeds of fixed assets	7.24	10.46
Purchase of non-current investments	(0.50)	-
Purchase of current investments	(3,033.00)	(2,563.00)
Sale proceeds of current investments	1,995.00	2,181.00
Investment in subsidiary company	-	(10.10)
Advances to subsidiaries	(25.00)	(18.30)
Advances repaid by a subsidiary	0.50	-
Investment in bank deposits (having original maturity more than 3 months)	(2,471.01)	(2,764.81)
Redemption / Maturity of bank deposits (having original maturity more than 3 months)	2,967.00	2,791.75
Interest received	127.40	97.00

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Gain on sale of short term highly liquid investment	42.17	23.00
Dividend received from subsidiaries	27.14	25.76
Dividend received from others	17.08	50.30
Cash flow before exceptional items	(598.19)	(498.70)
Exceptional :		
Consideration received on disposal of unused land and building (including residential properties)	140.73	160.41
Consideration received on disposal of a non-current investment	-	44.27
Consideration received on disposal of a subsidiary	4.68	-
Amount received on sale of non current trade investment	0.33	-
Net cash used in Investing Activities - [B]	(452.45)	(294.02)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(1,509.31)	(1,418.36)
Dividend Distribution Tax	(245.32)	(235.58)
Interest paid	(1.24)	(0.24)
Proceeds from share allotment under Employee Stock option / Performance scheme	33.55	6.51
Payment towards Buyback of Shares	-	(625.30)
Cash flow before exceptional items	(1,722.32)	(2,272.97)
Exceptional :		
Costs incurred for Share buyback activity	-	(3.11)
Net cash used in Financing Activities - [C]	(1,722.32)	(2,276.08)
Net Increase / (decrease) in Cash and Cash equivalents - [A+B+C]	694.79	(678.32)
Cash and Cash equivalents at the beginning of the year	228.15	906.47
Cash and Cash equivalents at the end of the year	922.94	228.15
Cash and cash equivalents comprise of:		
Cash on hand	0.99	1.02
Cheques on hand	0.01	1.35
Balances with banks		
- Balance with Scheduled banks - current account	235.56	217.78
- Bank deposits (having original maturity of less than three months)	197.44	8.00
Certificate of deposits (having original maturity of less than three months)	268.52	-
Treasury bills (having original maturity of less than three months)	220.42	-
	922.94	228.15

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 1st May, 2012

For and on behalf of Board of Directors

Nitin Paranjpe
Managing Director and CEO

Aditya Narayan
Chairman - Audit Committee

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Group Controller

Mumbai : 1st May, 2012

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Dev Bajpai
Executive Director Legal and
Company Secretary

NOTES

to the financial statements for the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

1) COMPANY INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is a market leader in the FMCG business comprising home and personal care (HPC) and foods. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade. The Company has demerged its FMCG exports business to Unilever India Exports Limited, its wholly owned subsidiary effective 1 April 2011 (Refer note 52).

2) SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis for preparation of accounts

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

2.2. Revenue Recognition

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer, upon supply of goods, and are recorded net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced). It does not include inter-divisional transfers.

Income from export incentives such as duty drawback and premium on sale of import licences is recognised on an accrual basis.

Income from services rendered is recognised as the service is performed and 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.

2.3. Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

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.

2.4. Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their book value and net realisable value and are shown separately in the financial statements under Other Current Assets. Any expected loss is recognised immediately in the profit and loss account.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the profit and loss account.

Depreciation is provided on the straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

Accordingly,

- computers and related assets, included in Office equipment are depreciated over four years;
- leasehold land is amortised over the primary period of the lease;
- certain assets of the cold chain, included in Plant and equipment, are depreciated over four / seven years; and
- motor vehicles are depreciated over six years.

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

2.5. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment loss, if any. Amortisation is provided on the straight line method as per rates mentioned below:

Asset Class	Rate of Amortization
Goodwill	25%
Brands / Trademarks	25%
Computer Software	20%

2.6. 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.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7. 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.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

2.8. 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.

2.9. Trade Receivables and Loans and Advances

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

2.10. Provisions and Contingent Liabilities

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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.11. 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.

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

2.12. Current and Deferred Tax

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. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.13. Foreign Currency Translations

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

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the profit and loss account and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

2.14. Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to profit and loss account on a straight line basis over the lease term.

2.15. 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".

2.16. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.17. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.18. Employee Share Based Payments

Equity settled stock options granted under "HUL ESOP / Performance Shares Scheme" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

3) SHARE CAPITAL

	As at 31st March, 2012	As at 31st March, 2011
Authorized		
2,250,000,000 (March 31, 2011: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
Issued, subscribed and fully paid up		
2,161,512,492 (March 31, 2011: 2,159,471,968) equity shares of Re. 1 each	216.15	215.95
	216.15	215.95

a) Reconciliation of the number of shares

	As at 31st March, 2012 Number of shares	Amount	As at 31st March, 2011 Number of shares	Amount
Equity Shares :				
Balance as at the beginning of the year	2,159,471,968	215.95	2,181,686,781	218.17
Add : ESOP shares issued during the year (Refer note 48)	2,040,524	0.20	668,391	0.07
Less: Shares bought back during the year (Refer note below)	-	-	[22,883,204]	[2.29]
Balance as at the end of the year	2,161,512,492	216.15	2,159,471,968	215.95

b) Rights, preferences and restrictions attached to shares

Equity shares: The company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Shares in the company held by its holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2012	As at 31st March, 2011
Equity Shares of Re.1 held by :		
794,806,750 shares(March 31, 2011: 794,806,750 shares) held by holding company	79.48	79.48
340,042,710 shares (March 31, 2011: 340,042,710 shares) held by Subsidiaries of holding company	34.00	34.00

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

	As at 31st March, 2012	As at 31st March, 2011
Number of shares	794,806,750	794,806,750
Unilever PLC, UK, the Holding Company	36.77%	36.81%

e) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011
No. of equity shares issued in the last 5 years under the Employee Stock Options Plan as consideration for services rendered by employees(Refer note 48)	7,799,491	7,741,494

f) Shares bought back during the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011
No. of equity shares bought back by the company	53,118,976	53,118,976

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

g) Shares reserved for issue under options

Refer note 48 for details of shares to be issued under the Employee Stock Option Plan

Note:

During the previous year, pursuant to the shareholders' approval for buy back of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 22,883,204 equity shares through open market transactions for an aggregate amount of Rs. 625.30 crores, by utilizing Share Premium and General Reserve to the extent of Rs. 82.16 Crores and 540.85 Crores respectively. Capital redemption reserve has been created out of general reserve for Rs 2.29 crores being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

4) RESERVES AND SURPLUS

	As at 31st March 2011	Additions	Deductions	As at 31st March, 2012
Capital Reserve	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46
Securities Premium Reserve	0.86	37.88 (d)	-	38.74
Revaluation Reserve	0.67	-	-	0.67
Employee Stock Options Outstanding Account	28.54	11.74	(4.51)	35.77
Other Reserve				
Capital Subsidy(Received from Govt. for eligible projects under its scheme)	5.04	0.60	-	5.64
Export Profit Reserve (e)	12.22	-	-	12.22
Development Allowance Reserve (e)	0.27	-	-	0.27
General Reserve	1,147.18	269.14 (b)	-	1,416.32
Other Reserves (c) (Created on amalgamation of Brooke Bond Lipton India Limited)	2.51	-	-	2.51
	1,207.97	319.36	(4.51)	1,522.82
Surplus in statement of profit and loss	1,235.60	2,691.40 (a)	(2,153.04)	1,773.96
Balance as at the beginning of the year	1,235.60			
Profit for the year	2,691.40 (a)			
Less : Appropriations				
Interim Dividend on equity shares for the year [per share Rs. 3.50 (2011: Rs 3 per share.)]	(756.34)			
Proposed Final Dividend on equity shares [per share Rs. 4.00 (2011: Rs 3.50 per share.)]	(864.60)			
Dividend distribution tax	(262.96)			
Transfer to general reserve	(269.14) (b)			
Balance as at the end of the year	1,773.96			
Total Reserves and Surplus	2,443.57	3,010.76	(2,157.55)	3,296.78

(a) Transfer from statement of profit and loss account.

(b) Transfer from surplus in statement of profit and loss account.

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

(d) Represents additions arising from exercise of shares under Employees Stock Option / Performance Share Plans.

(e) These are statutory reserves created / retained as required by applicable laws.

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

5) OTHER LONG TERM LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Employee and Ex-Employee related liabilities	165.41	193.92
Security Deposits	164.28	25.28
	329.69	219.20

6) LONG-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Provision for gratuity	17.25	7.84
Provision for pension, medical, others	530.71	514.81
Other provisions (including for statutory levies, etc) - net, Refer Note 11	118.99	141.22
	666.95	663.87

7) TRADE PAYABLES

	As at 31st March, 2012	As at 31st March, 2011
Acceptances	840.36	1,118.67
Sundry Creditors (Refer note 8)	3,782.60	3,890.38
	4,622.96	5,009.05

8) DUES TO MICRO AND SMALL SCALE BUSINESS ENTERPRISES

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. 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.

9) OTHER CURRENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Unpaid dividend [Refer note (a) below]	53.07	50.22
Statutory dues including provident fund and tax deducted at source	224.11	204.95
Salaries, wages and bonus payable	176.31	219.08
Advance from customers	61.25	36.00
Other Payables (VRS, Fixed assets payable, etc.)	32.03	44.34
	546.77	554.59

a) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 205C of the Companies Act, 1956 as at the year end.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

10) SHORT-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
Provision for Employee Benefits	8.50	7.55
Provision for Income Tax (Net)	232.16	139.94
Provision for Wealth tax (Net)	4.17	3.07
Others		
Proposed Final Dividend (Refer note 25)	864.60	755.82
Dividend Distribution Tax on proposed final dividend	140.26	122.62
Other provisions (including for restructuring, etc.), Refer Note 11	29.28	27.43
	1,278.97	1,056.43

11) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM), REFER NOTES 6 AND 10

	As at 31st March, 2012	As at 31st March, 2011
Opening Balance	168.65	185.28
Provision during the year	13.62	13.36
Amounts utilised / reversed during the year	(34.00)	(29.99)
Balance at the end of the year	148.27	168.65

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

12) TANGIBLE FIXED ASSETS

	Gross Block			Depreciation			Net Block	
	As at 31st March, 2011	Additions	Transfer Out through demerger	As at 31st March, 2011	Additions	Transfer Out through demerger	As at 31st March, 2012	As at 31st March, 2011
Land								
- Freehold	73.12	0.10	(8.90)	0.00	-	0.07	64.25	73.12
- Leasehold	56.80	0.17	(0.89)	4.65	2.76	(0.11)	48.78	52.15
Buildings	947.17	73.91	(23.83)	189.60	26.43	(8.15)	769.08	757.57
Plant & equipment	2,241.65	218.72	(66.07)	1,073.97	165.86	(71.96)	1,158.32	1,167.68
Furniture & fixtures	79.12	5.53	(8.94)	33.78	4.65	(1.08)	41.55	45.34
Vehicles	2.37	-	(0.38)	2.33	0.01	-	1.88	0.04
Office equipment	95.74	12.68	(18.23)	58.06	6.53	(0.87)	53.24	37.68
Others								
- Railway Sidings	0.01	-	-	0.01	-	-	0.01	-
Total - 31 March, 2012	3,495.98	311.11	(127.24)	1,362.40	206.24	(82.07)	1,416.88	2,133.58
Total - 31 March, 2011	3,318.31	273.04	(95.38)	1,211.42	210.51	(59.53)	1,362.40	2,133.58

Notes :

- Buildings include Rs. 0.02 crores (2010-11 - Rs.0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 7.77 crores (2010-11 - Rs. 8.77 crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
- Transfers include i) Assets held for sale shown under 'Other Current Assets' (Refer note 22) : Gross block Rs.11.27 crores, Accumulated depreciation Rs.1.63 crores and Net block Rs. 9.64 crores (2010-11 - Rs. 3.58 crores) and ii) Investment Property shown under 'Non-Current Investments' (Refer note 14): Gross block Rs. 27.62 crores, Accumulated depreciation Rs.6.36 crores and Net block Rs. 21.26 crores.
- Additions in capital expenditure of Rs.0.40 crores (2010-11 - Rs. 0.77 crores) and Rs.1.48 crores (2010-11 - Rs. 1.07 crores) incurred at Company's inhouse R&D Facilities at Mumbai and Bangalore respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961
- Impairment charge of Rs. 7.20 crores (2010-11 - Rs. 9.37 crores) on plant and equipment has been included in Miscellaneous Expenses in the Statement of Profit and Loss.
- Refer note 52 relating to demerger.

13) INTANGIBLE ASSETS

	Gross Block			Amortization			Net Block	
	As at 31st March, 2011	Additions	Transfer Out through demerger	As at 31st March, 2011	Additions	Transfer Out through demerger	As at 31st March, 2012	As at 31st March, 2011
Goodwill	11.82	-	-	11.82	-	-	11.82	-
Brands/Trademarks	144.85	-	-	144.85	-	-	144.85	-
Computer Software	106.97	13.63	-	71.45	19.21	-	90.66	35.52
Total - 31 March, 2012	263.64	13.63	-	228.12	19.21	-	247.33	35.52
Total - 31 March, 2011	263.64	-	-	208.43	19.69	-	228.12	-

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

14) NON - CURRENT INVESTMENTS

		As at 31st March, 2012	As at 31st March, 2011
A. INVESTMENT PROPERTY (Refer note 12 c)			
	Cost of building given on operating lease	27.62	-
	Less: accumulated depreciation	(6.36)	-
	Net block	21.26	-
	Total (A)	21.26	-
B. TRADE INVESTMENT (VALUED AT COST UNLESS OTHERWISE STATED)			
a) Quoted Equity Instruments			
	3,833,619 Equity shares [March 31, 2011: 3,833,619] of Rs. 10 each held in Tata Chemical Limited	11.66	11.66
		11.66	11.66
b) Unquoted Equity Instruments			
Investment in Subsidiaries			
	2,975,000 Equity shares [March 31, 2011: 2,510,000] of Rs. 10 each held in Unilever India Exports Limited	72.63	2.51
	20,000,000 Equity shares [March 31, 2011: 20,000,000] of Rs. 10 each held in Lakme Lever Private Limited	20.00	20.00
	736,560 Equity shares [March 31, 2011: 736,560] of Nepalese Rs. 100 each held in Unilever Nepal Limited	4.60	4.60
	17,910,132 Equity shares [March 31, 2011: 19,900,147 of Rs. 10] of Re. 1 each held in Pond's Exports Limited [net of provision for other than temporary diminution in value Rs. Nil (March 31, 2011: Rs. 9.82 crores)]	2.58	10.08
Investment in Joint Venture			
	36,250,000 Equity shares [March 31, 2011: 36,250,000] of Rs. 10 each held in Kimberly Clark Lever Private Limited [net of provision for other than temporary diminution in value Rs. 18.13 crores (March 31, 2011: Rs. Nil)]	18.13	36.25
Others			
	284,040 Equity shares [March 31, 2011: 284,040] of Rs. 100 each held in Aquagel Chemicals Private Limited	2.66	2.66
	913,000 7% Cumulative Redeemable Preference Shares [March 31, 2011: 913,000] of Rs 100 each held in Aquagel Chemicals Private Limited	9.13	9.13
	96,125 Equity shares [March 31, 2011: 637,500] of Rs. 10 each held in Hindustan Field Services Private Limited (a subsidiary till June 2011)	0.10	0.63

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2012	As at 31st March, 2011
58,400	Equity shares [March 31, 2011: 58,400] of Rs. 10 each held in Hi Tech Surfactants Limited	0.06	0.06
7,164	Equity shares [March 31, 2011: 7,164] of Rs. 100 each held in Goldfield Fragrances Private Limited	0.02	0.02
1,000	Equity shares [March 31, 2011: 1,000] of Rs. 10 each held in Super Bazar Co-op. Stores Limited	0.00	0.00
1	Equity share [March 31, 2011: 1] of Rs. 10,000 each held in Coffee Futures India Exchange Limited	0.00	0.00
50	Equity shares [March 31, 2011: 50] of Rs. 100 each held in Dugdha Sahakari Kraya-vikraya samiti Limited	0.00	0.00
		129.91	85.94
Total (B)		141.57	97.60
C. NON TRADE INVESTMENT (VALUED AT COST UNLESS OTHERWISE STATED)			
a) Quoted			
Investment in Equity instruments			
10,000	Equity shares [March 31, 2011: 10000] of Rs. 10 each held in Scooters India Limited	0.01	0.01
		0.01	0.01
b) Unquoted Equity Instruments			
Investment in Subsidiaries			
12,946,000	Equity shares [March 31, 2011: 12,946,000] of Rs. 10 each held in Brooke Bond Real Estates Private Limited	12.95	12.95
5,000,000	Equity shares [March 31, 2011: 5,000,000] of Rs. 10 each held in Jamnagar Properties Private Limited	5.00	5.00
221,700	Equity shares [March 31, 2011: 221,700] of Rs. 10 each held in Daverashola Estates Private Limited	4.51	4.51
50,000	Ordinary shares [March 31, 2011: 50,000] of Rs. 10 each held in Levindra Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2011: 50,000] of Rs. 10 each held in Hindlever Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2011: 50,000] of Rs. 10 each held in Levers Associated Trust Limited	0.05	0.05
		22.61	22.61

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2012	As at 31st March, 2011
c) Unquoted			
Investment in Debentures and Bonds			
	500	6% Capital Gains Bond [March 31, 2011: Nil] face value of Rs. 10000 each held in National Highway Authority of India	-
	14	6 1/2% Non-redeemable Registered Debentures [March 31, 2011: 14] face value of Rs. 1000 each held in The Bengal Chamber of Commerce & Industry	0.00
	44	1/2% Debentures [March 31, 2011: 44] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00
	1	5% Non-redeemable Registered Debenture stock [March 31, 2011: 1] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00
	56	5% Debentures [March 31, 2011: 56] face value of Rs. 100 each held in Shillong Club Limited	0.00
Investment in government and Trust Securities			
		7 Year National Savings Certificates - II Issue	0.01
Investment in Others			
	240,000	Equity shares [March 31, 2011: 240,000] of Rs. 10 each held in Comfund Financial Services India Limited	0.24
	100,000	Equity shares [March 31, 2011: 100,000] of Rs. 10 each held in Biotech Consortium India Limited	0.10
	8,284	Equity shares [March 31, 2011: 8,284] of Rs. 10 each held in Assam Bengal Cereals Limited	0.01

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2012	As at 31st March, 2011
2,500	Equity shares [March 31, 2011: Nil] of Rs. 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0.00	-
2,500	Equity shares [March 31, 2011: 2,500] of Rs. 10 each held in Hindustan Unilever Vitality Foundation	0.00	0.00
200	Equity shares [March 31, 2011: 200] of Rs. 100 each held in The Nilgiri Co-operative Enterprises Limited	0.00	0.00
1,000	Equity shares [March 31, 2011: 1,000] of Rs. 10 each held in Saraswat Co-operative Bank Limited	0.00	0.00
1,150	Ordinary shares [March 31, 2011: 1,150] of Rs. 100 each held in Annamallais Ropeway Company Limited	0.00	0.00
		0.86	0.36
	Total (C)	23.48	22.98
	Total (A+B+C)	186.31	120.58
	Aggregate amount of Quoted Investments	11.67	11.67
	Market Value of Quoted Investments	132.52	131.15
	Aggregate amount of Unquoted Investments	153.38	108.91
	Aggregate amount of Investment Property	21.26	-
	Aggregate provision for diminution in the value of Non-current investments	18.13	9.82

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

15) DEFERRRED TAX ASSETS (NET)

	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Assets		
Provision for Post Retirement Benefits and other employee benefits	187.92	192.20
Provision for Doubtful Debts and Advances	27.56	27.57
Expenses allowable for tax purposes when paid	94.39	96.72
Other timing differences	93.39	82.51
	403.26	399.00
Deferred Tax Liabilities		
Depreciation	(189.02)	(189.34)
	214.24	209.66

16) LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Security Deposits		
Deposits with Customs, Port Trust, Excise, and other Govt . Authorities	24.03	15.48
Deposits with others	90.63	96.91
Loans and advances to subsidiaries		
- Considered good	38.80	14.30
- Doubtful	-	2.50
- Less : Allowance for doubtful loans and advances	-	(2.50)
Other Loans & Advances		
Advance Income Tax [Net]	234.89	267.01
Capital Advances	5.76	5.76
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2.07	0.85
- Doubtful	49.10	35.05
- Less : Allowance for doubtful loans and advances	(49.10)	(35.05)
	396.18	400.31

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

17) CURRENT INVESTMENT (with original maturity between 3 months and 12 months)

	As at 31st March, 2012	As at 31st March, 2011
Quoted		
Government Securities		
Treasury Bills of Face Value aggregating Rs. 175 crores [March 31, 2011 - Rs. Nil]	170.00	-
Certificates of Deposit		
State Bank of Travancore of the Face Value of 25.00 Crores [March 31, 2011 - Rs. Nil]	24.23	-
Bank of India of the Face Value of Rs.45.00 Crores [March 31, 2011 - Rs. Nil]	43.11	-
HDFC Bank of the Face Value of Rs.20.00 Crores [March 31, 2011 - Rs. Nil]	19.10	-
Standard Chartered Bank of the Face Value of Rs.145.00 Crores [March 31, 2011 - Rs. Nil]	139.93	
State Bank of Bikaner & Jaipur of the Face Value of Nil Crores [March 31, 2011-Rs. 25.00 Crores]	-	24.09
State Bank of Mysore of the Face Value of Rs.25 Crores [March 31, 2011-Rs.25.00 Crore]	24.03	24.04
ICICI Bank of the Face Value of Rs.345 Crores [March 31, 2011-Rs.105.00 Crore]	331.50	102.17
State Bank of India of the Face Value of Rs Nil Crores [March 31, 2011-Rs.250.00 Crore]	-	239.79
Mutual Funds		
ICICI Prudential Mutual Fund-Units ICICI Prudential Liquid - Super IP - Growth (92,769,569 units: PY: 51,753,429 units)	1,400.00	750.00
UTI Mutual Fund-Units UTI Liquid Fund - Cash Plan - IP - Growth (568,421 Units: PY: Nil Units)	100.00	-
	2,251.90	1,140.09
Aggregate amount of Quoted Investments	2251.90	1,140.09
Market Value of Quoted Investments	2,336.76	1,148.34

18) INVENTORIES (At lower of cost and net realisable value)

	As at 31st March, 2012	As at 31st March, 2011
Raw materials [includes in transit: Rs.64.02 crores, (March 31,2011: Rs.49.99 crores)]	863.31	1,002.40
Packing materials [(includes in transit:Rs. Nil (March 31,2011: Rs.0.26 crores)]	132.15	157.93
Work-in-progress (Refer note 39)	233.28	290.15
Finished Goods [(includes in transit:Rs. 37.06 crores, (March 31,2011: Rs.63.25 crores)] (Refer note 38)	1,238.04	1,312.17
Stores and spares	49.87	48.12
	2,516.65	2,810.77

Finished Goods include Stock-In-Trade, as both are stocked together

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

19) TRADE RECEIVABLES (Unsecured unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	21.42	40.70
Others	657.57	902.51
Considered Doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	50.73	49.91
Less: Allowance for Bad & Doubtful Debts	(50.73)	(49.91)
	678.99	943.21

20) CASH AND BANK BALANCES

	As at 31st March, 2012	As at 31st March, 2011
A. Cash and Cash Equivalents		
Cash on Hand	0.99	1.02
Cheques / Drafts on Hand	0.01	1.35
Balances with Banks		
In Current accounts	235.56	217.78
Term deposits with original maturity of less than three months	197.44	8.00
Short term, highly liquid investments		
Certificate of deposits with original maturity of less than three months	268.52	-
Treasury bills with original maturity of less than three months	220.42	-
Sub Total - A	922.94	228.15
B. Other Bank Balances		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs 1.58 crores, (March 31,2011; Rs 1.58 crores)]	854.03	1,350.10
Unpaid dividend account	53.07	50.22
Sub Total - B	907.10	1,400.32
Total A+B	1,830.04	1,628.47

21) SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Others Loans and Advances		
CENVAT Receivable	76.42	69.38
VAT Credit Receivable	25.44	17.82
Advance Agriculture Tax (Net)	5.09	5.09
Current account balances with group companies and joint venture	82.58	55.44
Advances recoverable in cash or in kind or for value to be received	296.26	268.62
	485.79	416.35

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

22) OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Income accrued on investments	2.94	1.25
Income accrued on deposits	19.15	30.53
Tangible fixed assets held for sale (at lower of cost and net realisable value)(Refer note 12 c)	13.16	3.58
	35.25	35.36

23) CONTINGENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Claims against the company not acknowledged as debts.		
Income-tax matters	499.82	490.61
Sales tax matters - Rs. 60.28 Crores (2010-11 - Rs. 83.34 Crores) net of tax	89.24	124.89
Excise and Customs duty matters - Rs. 58.52 Crores (2010-11 - Rs. 51.64 Crores) net of tax	86.62	77.39
Other matters including claims related to employees/ex-employees, property related demands, etc - Rs. 45.93 Crores (2010-11 - Rs. 37.41 Crores) net of tax	67.99	56.07
a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings		
b) The Company does not expect any reimbursements in respect of the above contingent liabilities.		
c) Future cash outflows in respect of the above are determinable only on receipt of judgements / decisions pending with various forums / authorities		

24) CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2012	As at 31st March, 2011
a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for.	265.56	173.96
b) Other commitments		
During the year, the Company has issued letters of undertakings to provide need based financial support to its wholly owned subsidiaries:		
a) Brooke Bond Real Estate Private Limited.		
b) Lakme Lever Private Limited.		
c) Daverashola Estates Private Limited.		
d) Jamnagar Properties Private Limited.		
e) Pond's Exports Limited.		
	265.56	173.96

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

25) PROPOSED DIVIDEND

	As at 31st March, 2012	As at 31st March, 2011
The final dividend proposed for the year is as follows:		
On Equity Shares of Re. 1 each		
Amount of dividend proposed	864.60	755.82
Dividend per Equity Share	Rs. 4.00	Rs. 3.50

26) REVENUE FROM OPERATIONS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sale of products (Refer Note 37)	22,800.32	20,285.44
Other operating revenue		
Income from services rendered to group companies	327.71	293.35
Others (including export incentives, scrap sales, etc.)	53.06	61.15
Less: Excise Duty	(1,064.72)	(904.43)
	22,116.37	19,735.51

27) OTHER INCOME

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Income		
From bank deposits	114.20	111.59
From others	3.50	4.10
Dividend income		
From subsidiaries	27.14	25.76
From current investments	11.32	44.31
From non current investments	5.76	5.99
Net Gain on sale of Investments		
From current investments	115.96	60.21
Miscellaneous income [Refer note (a) below]	0.43	20.92
	278.31	272.88

(a) The net difference in foreign exchange (i.e. exchange differences on settlement / restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments debited to profit and loss account is Rs. 14.40 crores (2010-11- credit of Rs. 36.58 crores)

28) COST OF MATERIALS CONSUMED

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Raw materials consumed (Refer Note 40)	6,683.32	5,885.39
Packing material consumed	1,901.57	1,665.10
	8,584.89	7,550.49

(Cost of materials consumed is based on derived values)

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

29) PURCHASE OF STOCK - IN - TRADE

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Purchase of goods (Refer Note 43)	3,024.14	2,818.13
	3,024.14	2,818.13

30) CHANGES IN INVENTORIES OF FINISHED GOODS, (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening inventories		
Finished goods	1,312.17	1,059.42
Work-in-progress	290.15	247.82
Closing inventories		
Finished goods	(1,238.04)	(1,312.17)
Work-in-progress	(233.28)	(290.15)
Excise duty on increase / (decrease) of finished goods	(2.27)	4.55
	128.73	(290.53)

31) EMPLOYEE BENEFITS EXPENSES

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries, Wages, bonus, etc. (Refer note (a) below)	949.37	812.26
Contribution to Provident fund and Other Funds	69.24	55.87
Gratuity	10.98	10.62
Expense on Employee Stock Option Scheme (Refer note 48)	11.74	8.50
Workmen and staff welfare expenses	65.95	74.01
	1,107.28	961.26

(a) 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.

32) FINANCE COST

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Expense on short term borrowings	1.07	0.24
Interest Expense on long term liabilities	0.17	-
	1.24	0.24

33) DEPRECIATION AND AMORTIZATION EXPENSE

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Depreciation on Tangible assets	199.04	201.14
Amortisation on Intangible assets	19.21	19.69
	218.25	220.83

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

34) OTHER EXPENSES

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Consumption of Stores & Spares	92.42	146.94
Power, Fuel, Light and Water	285.21	274.74
Processing charges	246.00	196.43
Rent [Refer note (c) below]	178.46	186.07
Repairs to Building	10.86	12.35
Repairs to Plant and Machinery	97.82	85.93
Repairs: Others	11.71	8.37
Insurance	5.62	4.65
Rates & Taxes (excluding Income Tax)	90.28	83.94
Advertising and sales promotion	2,634.79	2,764.23
Carriage and freight	1,070.49	1,045.15
Provision / (write back) for doubtful debts and advances (net)	14.86	(22.44)
Bad debts / Advances Written off	4.45	27.20
Travelling and motor car expenses	150.47	156.10
Deficit on fixed assets sold, scrapped, etc. (net)	15.73	5.93
Royalty	293.34	268.89
Miscellaneous Expenses [Refer note (d) below]	780.54	774.08
Expenses shared by subsidiary companies for use of common facilities	(3.06)	(0.79)
	5,979.99	6,017.77

Refer Note 27(a) for the net difference in foreign exchange

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
a) Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Audit fees	2.78	2.76
Tax audit fees	0.70	0.69
Fees for other services	2.05	1.93
Reimbursement of out-of-pocket expenses	0.20	0.24
Payments to Cost auditors		
Cost audit fees	0.11	0.10
Reimbursement of out-of-pocket expenses	0.05	0.01
Research and Development expenses	155.39	93.57

- b)** Total revenue expenditure (net of recoveries) on Research and Development included in note 34(a), eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs.22.91 Crores (2010-11-Rs. 26.44 Crores), The details are:

Location of the R&D facility	Bangalore	Mumbai
Revenue expenditure eligible u/s 35 (2AB)		
Salaries & Wages	6.72	7.16
	(6.95)	(10.63)
Materials, Consumables and Spares	0.39	3.73
	(0.34)	(2.81)
Other expenditure directly related to R&D	1.88	3.03
	(2.29)	(3.42)
[figures in brackets pertain to 2010-11]		

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

- c) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the profit and loss account (Refer Note 34).

The company has also given certain land and building on operating lease to a third party. The lease arrangement is for a period of 5 years, including a non-cancellable term of 3 years. The rent income on such lease is included in miscellaneous income (Refer note 27)

With respect to non-cancellable period of the operating lease, the future minimum lease rent receivable is as follows:

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Not later than one year	28.33	-
Later than one year and not later than five years	56.65	-

- d) Other expenses include provision for dimunition in the value of investment in joint venture debited to the profit and loss account of Rs. 18.13 crores (2010-11 - Rs. Nil) - Refer Note 14(B) (b)

35) EXCEPTIONAL ITEMS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
i) Profit on disposal of surplus properties	133.00	141.05
ii) Profit on sale of a stake in subsidiary	4.14	40.63
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes (Previous year - net impact of higher interest rates and higher gratuity limits)	-	39.04
iv) Write back of provision pertaining to a brand disposed in an earlier year	9.57	-
v) Write back of provision against advance given to a wholly owned subsidiary	6.68	-
Total exceptional income (A)	153.39	220.72
vi) Provision for retirement benefits arising from actuarial assumption changes	(5.79)	-
vii) Expenses related to buyback of shares	-	(4.10)
viii) Loss on capital reduction of a subsidiary	(6.13)	-
ix) Loss on sale of a stake in subsidiary	(0.68)	-
x) Restructuring costs :		
a) Compensation under Voluntary Separation Schemes	(6.50)	(1.81)
b) Other Costs	(15.42)	(7.98)
Total exceptional expenditure (B)	(34.52)	(13.89)
Exceptional items, Net (A-B)	118.87	206.83

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

36) EARNINGS PER SHARE

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Net Profit (Rs. Crores)	2,691.40	2,305.99
Weighted average number of Equity shares outstanding	2,160,677,103	2,180,310,319
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs.12.46	Rs.10.58
Add: Weighted Average Number of potential equity shares on account of Employees stock options.	896,669	2,794,993
Weighted average number of Equity shares (including dilutive ESOP shares) outstanding	2,161,573,772	2,183,105,312
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs.12.45	Rs.10.56

37) SALES (INCLUDING EXPORTS), NET OF EXCISE DUTY

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Soaps	4,303.39	3,939.71
Synthetic detergents	5,373.72	4,160.10
Personal Products	6,509.82	5,926.17
Tea	1,982.35	2,097.50
Frozen Desserts & Ice Creams	354.32	271.95
Processed triglycerides / hydrogenated oils / vanaspati	19.23	15.13
Canned and Processed Fruits and Vegetables	647.91	575.71
Branded Staple Foods (a)	377.59	338.89
Speciality Chemicals (b)	-	1.04
Others (c)	2,167.27	2,054.81
	21,735.60	19,381.01

Notes :

- Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs
- Speciality Chemicals comprises Glycerine and Fine Chemicals
- Others includes Coffee, Scourers, Marine products, Agri commodities, Water, Ayush services etc.

38) CLOSING FINISHED GOODS INVENTORY

	As at 31st March, 2012	As at 31st March, 2011
Soaps	281.21	345.69
Synthetic detergents	218.92	203.38
Personal Products	407.99	411.26
Tea	98.20	122.88
Others	231.72	228.96
	1,238.04	1,312.17

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

39) CLOSING WORK IN PROGRESS

	As at 31st March, 2012	As at 31st March, 2011
Soaps	61.08	86.18
Synthetic detergents	43.41	36.04
Personal Products	12.86	15.52
Tea	90.60	121.63
Others	25.33	30.78
	233.28	290.15

40) RAW MATERIALS CONSUMED

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Oils, fats and rosins	1,395.06	1,163.65
Chemicals and perfumes	3,639.86	2,907.06
Tea	919.78	1,112.98
Others	728.62	701.70
	6,683.32	5,885.39

41) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

		For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
		%	Amount	%	Amount
Raw materials	- Imported	13	838.07	19	1,125.99
	- Indigenous	87	5,845.25	81	4,759.40
Stores and spares (including components)	- Imported	23	21.54	19	28.30
	- Indigenous	77	70.88	81	118.64

42) VALUE OF IMPORTS ON CIF BASIS

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
(excluding purchases from canalising agencies and imported items purchased locally)		
Raw and packing materials	740.66	1,246.19
Stores, spare parts and components	18.94	30.61
Capital goods	38.16	39.08
	797.76	1,315.88

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

43) PURCHASE OF GOODS

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Processed triglycerides	14.74	11.70
Soaps	418.55	394.51
Synthetic detergents	1,076.06	1,053.05
Personal Products	835.99	808.61
Frozen Desserts & Ice-creams	51.79	35.85
Tea	11.49	11.23
Others (Scourers, edible oils and fats, etc.)	881.12	775.66
Total	3,289.74	3,090.61
Less : Excise duty on purchases	(265.60)	(272.48)
	3,024.14	2,818.13

44) EARNINGS IN FOREIGN EXCHANGE

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Exports at FOB (including exports to Nepal and Bhutan)	157.21	1,058.92
Income from services rendered	327.71	293.35
Others (freight, insurance, claims, etc)	10.83	75.97
	495.75	1,428.24

45) EXPENDITURE IN FOREIGN CURRENCY

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
Professional and Consultants fees	9.69	9.29
Royalty	289.52	265.96
Import of Stock in trade	170.43	172.83
Other expenses	136.92	143.40
	606.56	591.48

a) Previous year's figures have been restated on accrual basis.

46) NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	For the Year Ended 31st March, 2012		For the Year Ended 31st March, 2011	
	Rs. Crores	USD Crores	Rs. Crores	USD Crores
2009-10 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each			397.20	8.50
2010-11 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each			340.45	7.64
2010-11 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	397.20	9.00		
2011-12 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each	397.20	8.11		
	794.40	17.11	737.65	16.14

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

47) DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st March, 2012 and recognised in the financial statements in respect of Employee Benefit Schemes :

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2012	2011	2012	2011	2012	2011	2012	2011
I Components of Employer Expense								
(a) Current Service Cost	8.52	7.71	6.12	8.90	0.67	0.89	0.76	0.88
(b) Interest Cost	11.17	9.71	35.02	36.45	1.46	1.71	13.73	12.23
(c) Expected Return on Plan Assets	(8.71)	(6.80)	(7.43)	(7.57)	(4.41)	(4.78)	-	-
(d) Curtailment Cost / (Credit)	-	-	-	-	-	-	-	-
(e) Settlement Cost / (Credit)	-	-	-	-	-	-	-	-
(f) Past Service Cost	-	-	-	-	-	-	-	-
(g) Acquisition / Divesture (Gain) / Loss	-	-	-	-	-	-	-	-
(h) Actuarial (Gain) / Loss	6.27	(2.78)	(2.86)	(37.60)	1.75	3.53	1.81	2.76
(i) Total expense / (gain) recognised in the Profit & Loss Account	17.25	7.84	30.85	0.18	(0.53)	1.35	16.30	15.87
II Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2012								
(a) Present Value of Obligation as at 31st March, 2012	149.80	134.12	427.84	436.45	15.90	19.07	181.54	170.35
(b) Fair Value of Plan Assets as at 31st March, 2012	(132.55)	(126.28)	(91.86)	(103.93)	(62.19)	(64.84)	-	-
(c) (Asset) / Liability recognised in the Balance Sheet (Refer note)	17.25	7.84	335.98	332.52	- *	- *	181.54	170.35
Note:* The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.								
III Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2012								
(a) Present Value of Obligation as at 31st March, 2011	134.12	123.21	436.45	476.85	19.07	23.10	170.35	159.31
(b) Current Service Cost	8.52	7.71	6.12	8.90	0.67	0.89	0.76	0.88
(c) Interest Cost	11.17	9.71	35.02	36.45	1.46	1.71	13.73	12.23
(d) Curtailment Cost / (Credit)	-	-	-	-	-	-	-	-
(e) Settlement Cost / (Credit)	-	-	-	-	(2.80)	-	-	-
(f) Plan Amendments	-	-	-	-	-	-	-	-
(g) Acquisitions	-	-	-	-	-	-	-	-
(h) Actuarial (Gain)/ Loss	6.48	6.39	1.78	(34.42)	2.42	2.48	1.81	1.67
(i) Benefits Paid	(10.49)	(12.90)	(51.55)	(51.33)	(4.94)	(9.11)	(5.11)	(3.74)
(j) Present Value of Obligation as at 31st March, 2012	149.80	134.12	427.82	436.45	15.88	19.07	181.54	170.35

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

47) DEFINED BENEFIT PLANS (Contd.)

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2012	2011	2012	2011	2012	2011	2012	2011
IV Changes in the Fair value of Plan Assets								
(a) Present Value of Plan Assets as at 31st March, 2011	126.28	99.02	103.93	108.50	64.84	70.22	-	-
(b) Acquisition Adjustment				-			-	-
(c) Expected Return on Plan Assets	8.71	6.80	7.43	7.57	4.41	4.78	-	-
(d) Actuarial Gain / (Loss)	0.21	9.17	4.65	3.18	0.68	(1.05)	0.09	(1.08)
(e) Assets distributed on settlements		-		-	(2.80)	-	-	-
(f) Actual Company Contribution	7.84	24.19	27.42	36.01	-	-	5.02	4.82
(g) Benefits Paid	(10.49)	(12.90)	(51.55)	(51.33)	(4.94)	(9.11)	(5.11)	(3.74)
(h) Fair Value of Plan Assets as at 31st March, 2012	132.55	126.28	91.88	103.93	62.19	64.84	-	-
V Actuarial Assumptions								
(a) Discount Rate (per annum)	8.20%	8.15%	8.20%	8.15%	8.20%	8.15%	8.20%	8.15%
(b) Expected Rate of Return on Assets (per annum)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.00%	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.								
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							1.41	1.26
- Defined Benefit Obligation							16.34	15.33
Effect of 1% decrease in Healthcare Costs on								
- the aggregate of service cost and interest cost							(1.29)	(1.27)
- Defined Benefit Obligation							(14.99)	(14.07)
VII Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2012								
(a) Government of India Securities	12.00%	12.00%	-	-	-	-	-	-
(b) Corporate Bonds	8.00%	8.00%	-	-	-	-	-	-
(c) Bank Deposits (Special Deposit Scheme, 1975)		-	-	-	-	-	-	-
(d) Administered by Life Insurance Corporation of India	80.00%	80.00%	100.00%	100.00%	100.00%	100.00%	-	-

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

47) DEFINED BENEFIT PLANS (Contd.)

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2012	2011	2012	2011	2012	2011	2012	2011
VIII Experience Adjustments								
Defined Benefit Obligation	149.80	134.12	427.84	436.45	15.90	19.07	181.54	170.35
Plan Assets	132.55	126.28	91.86	103.93	62.19	64.84	-	-
Deficit / (Surplus)	17.25	7.84	335.98	332.52	(46.29)	(45.77)	181.54	170.35
Experience adjustments on plan liabilities	7.24	5.36	2.25	(30.41)	2.47	5.62	1.87	2.18
Experience adjustments on plan assets	0.21	9.17	4.65	3.18	0.68	(1.05)	0.09	-
IX Expected Employers contribution for the next year	20.00	7.50	30.00	30.00	-	-	5.86	5.26

X Present value of DBO, Fair Value of Plan Assets, Deficit / (Surplus) , Experience Adjustments for earlier periods:

	Gratuity	Management Pension	Officers Pension	Post Retirement Medical Benefits
I For the year ended 31st March 2010				
Present value of DBO	123.21	476.85	23.10	159.31
Fair value of plan assets	99.02	108.50	70.22	-
Deficit / (Surplus)	24.19	368.35	(47.12)	159.31
Experience adjustments on plan liabilities	7.17	(33.52)	(2.26)	6.34
Experience adjustments on plan assets	3.39	11.80	1.85	-
II For the period ended 31st March 2009 (15 months period)				
Present value of DBO	101.78	545.88	27.98	148.52
Fair value of plan assets	101.78	115.00	67.42	-
Deficit / (Surplus)	-	430.88	(39.44)	148.52
Experience adjustments on plan liabilities	3.62	11.84	(0.45)	8.09
Experience adjustments on plan assets	1.76	10.30	2.10	-
III For the year ended 31st December 2008				
Present value of DBO	99.21	519.85	26.89	141.45
Fair value of plan assets	100.63	129.54	64.40	-
Deficit / (Surplus)	(1.42)	390.31	(37.51)	141.45
Experience adjustments on plan liabilities	0.74	8.35	(3.90)	-
Experience adjustments on plan assets	2.94	17.50	1.56	-

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. Pursuant to the Guidance Note, the liability in respect of the shortfall of interest earnings of Fund is Nil determined on the basis of an actuarial valuation carried out as at 31st March, 2012. As per the actuarial valuation report, the interest shortfall liability being "Other Long Term Employee Benefits", detailed disclosures are not required.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

48) EMPLOYEE STOCK OPTION PLANS AND PERFORMANCE SHARE PLAN

	Stock Option Plans					2006 HUL Performance Share Scheme					
	2001	2002	2003	2004	2005	2007	2008	2009	2010	2011	2012
Date of Grant	July 24, 2001	April 23, 2002	April 24, 2003	June 30, 2004	May 27, 2005	May 1, 2007	March 20, 2008	May 11, 2009	March 29, 2010	March 29, 2011	February 17, 2012
Numbers of options granted	2,475,100	3,233,601	4,276,090	1,630,450	1,547,700	235,950	206,250	333,811	282,310	308,455	412,633
Vesting Conditions	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant	Vested after three years from date of grant
Exercise Period	7 years from date of vesting	7 years from date of vesting	7 years from date of vesting	7 years from date of vesting	7 years from date of vesting	3 months	3 months	3 months	3 months	3 months	3 months
Exercise Price per share (Rs)	208.69	201.59	127.24	128.47	132.05	1.00	1.00	1.00	1.00	1.00	1.00

"2006 HLL Performance Share Scheme" : The Board vide its resolution dated 29th May 2006 approved "2006 HLL Performance Share Scheme" for granting Employee Stock Options in the form of Equity Shares linked to the completion of a minimum period of continued employment to the eligible employees of the Company monitored and supervised by the Compensation Committee of the Board of Directors in compliance with the provisions of SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) and amendments thereof from time to time. The eligible employees, including directors, for the purpose of ESOP 2012 will be determined by the Compensation Committee from time to time.

(All amounts in Rs.Crores, unless otherwise stated)

	Stock Option Plans (Number of options)					2006 HUL Performance Share Scheme (Number of options)					
	2001	2002	2003	2004	2005	2007	2008	2009	2010	2011	2012
Outstanding at the beginning of the year	482,400 (545,005)	798,949 (874,597)	735,800 (810,160)	364,444 (403,744)	413,400 (501,800)	(Nil) (235,950)	157,455 (206,250)	333,811 (333,811)	282,310 (282,310)	308,455 (Nil)	(Nil) (Nil)
Granted during the year	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	(30,230) (Nil)	(Nil) (Nil)	(Nil) (Nil)	5,624 (Nil)	30,450 (308,455)	412,633 (Nil)
Forfeited / Expired during the year	18,600 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (4,000)	(Nil) (1,650)	3,503 (48,795)	68,990 (Nil)	(Nil) (Nil)	(Nil) (Nil)	(Nil) (Nil)
Exercised during the year	463,800 (62,605)	774,769 (75,648)	331,055 (74,360)	146,600 (39,300)	163,500 (84,400)	(Nil) (264,530)	153,952 (Nil)	(Nil) (Nil)	(Nil) (Nil)	(Nil) (Nil)	(Nil) (Nil)
Outstanding at the end of the year	Nil (482,400)	24,180 (798,949)	404,745 (735,800)	217,844 (364,444)	249,900 (413,400)	(Nil) (Nil)	(Nil) (157,455)	264,821 (333,811)	287,934 (282,310)	338,905 (308,455)	412,633 (Nil)
Weighted average exercise price per share (Rs)	208.69	201.59	127.24	128.47	132.05	1.00	1.00	1.00	1.00	1.00	1.00

Figures in bracket represent previous years (FY: 2010-11) number

The Company has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India for measuring the cost of stock options granted.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

The Company's net profit and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model.

	31st March, 2012	31st March, 2011
Profit after taxation	2,691.40	2,305.99
Less: Additional Employee compensation cost based on Fair value	(0.95)	(0.59)
Profit after taxation as per Fair Value Method	2,692.35	2,306.58
Basic Earnings per Share (EPS)		
Number of shares	2,160,677,103	2,180,310,319
Basic EPS as reported (in Rs.)	12.46	10.58
Proforma Basic EPS (in Rs.)	12.46	10.58
Diluted Earnings per Share (EPS)		
Number of shares	2,161,573,772	2,183,105,312
Diluted EPS as reported (in Rs.)	12.45	10.56
Proforma Diluted EPS (in Rs.)	12.46	10.57

The following assumptions were used for calculation of fair value of grants:

	31st March, 2012	31st March, 2011
Risk-free interest rate (%)	8.23%	7.78%
Expected life of options (years)	3.125	3.125
Expected volatility (%)	25.81%	30.86%
Dividend yield	1.82%	2.35%

Effect of Employee Stock option plans and Performance Share Plan on the Statement of Profit and Loss:

	31st March, 2012	31st March, 2011
Expense arising from Employee Stock option plans and Performance Share Plan	11.74	8.50

49) DERIVATIVE INSTRUMENTS

- a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2012 are as under:

Currency exchange	GBP/ INR	USD/ INR	THB/ USD	AUD/ USD	EUR/ USD	GBP/ USD	JPY/ USD	CAD/ USD	CHF/ USD	SEK/ USD
a. Number of 'buy' contracts	-	84	-	-	13	3	-	-	2	2
	-	(110)	-	-	(12)	(13)	-	-	(3)	(5)
b. Aggregate "buy" foreign currency amount (Crores)	-	7.10	-	-	1.08	0.01	-	-	0.02	1.44
	-	(9.98)	-	-	(0.78)	(0.09)	-	-	(0.45)	(0.83)
c. Number of 'sell' contracts	-	1	-	-	1	1	3	1	-	-
	(1)	(26)	-	-	(7)	-	(4)	-	-	-
d. Aggregate "sell" foreign currency amount (Crores)	-	0.03	-	-	0.02	0.00	4.90	0.00	-	-
	(0.84)	(2.48)	-	-	(0.25)	-	(3.76)	-	-	-

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

Currency exchange	GBP	USD	THB	AUD	EUR	SGD	JPY	CAD	CHF	SEK
Net Unhedged Exposure in currency (Crores)	0.01	0.03	-	-	0.00	0.00	0.48	-	0.01	0.01
	(0.02)	(0.01)	(0.07)	-	(0.00)	-	(0.45)	(0.00)	(0.01)	(0.02)

(Figures in bracket pertain to 2010-11)

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

c) Mark-to-Market losses

	As at 31st March, 2012	As at 31st March, 2011
Mark-to-market losses provided for	0.72	5.42

50) INTEREST IN JOINT VENTURE :

The Company has the following investment, in a jointly controlled entity.

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Kimberly - Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Non-Current Investment (Refer note 14) and is stated at cost.

The Company's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

	As at 31st March, 2012	As at 31st March, 2011
(A) ASSETS		
Tangible Assets	16.67	18.05
Capital Work in progress	0.30	0.03
Long-term loans and advances	4.52	4.52
Inventories	27.72	29.33
Trade Receivables	2.69	3.09
Cash and Bank balances	15.59	41.49
Short Term Loans and Advances	4.24	1.76
Other current assets	0.83	1.19
(B) LIABILITIES		
Long-term provisions	0.21	0.18
Deferred Tax Liability	0.97	1.08
Trade Payables	44.63	64.48
Other Current Liabilities	3.37	2.75
Short-term provisions	0.15	0.16
(C) INCOME		
Revenue From Operations (net of excise duty)	120.45	102.31
Other Income	1.77	3.21
(D) EXPENSES		
Cost of Materials consumed	60.62	59.93
Purchase of stock in trade	10.40	13.81
Changes In inventories of Finished Goods, Work-in-progress and Stock-in-Trade	4.81	(11.94)
Employee Benefit Expenses	6.54	6.24
Depreciation and Amortization Expense	2.48	2.08
Provision for current and deferred tax	(0.11)	(0.21)
Other Expenses	45.06	47.16
(E) OTHER MATTERS		
Contingent Liabilities	26.48	17.03
Capital Commitments	-	-

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

51) CLAUSE 32 DISCLOSURES

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
(i) Loans and advances in the nature of loans to subsidiaries		
Loan to subsidiary: Pond's Exports Limited, India		
Balance as at the year end	2.0	2.5
Maximum amount outstanding at any time during the year	2.5	2.5
Loan to subsidiary: Lakme Lever Private Limited, India		
Balance as at the year end	29.7	11.4
Maximum amount outstanding at any time during the year	29.7	11.4
Loan to subsidiary: Brooke Bond Real Estates Private Limited, India		
Balance as at the year end	7.1	0.4
Maximum amount outstanding at any time during the year	7.1	0.4
(ii) Investment by the loanees in the shares of the Company		
The loanees have not made any investments in the shares of the Company		

52) DEMERGER OF FMCG EXPORTS BUSINESS

In order to fully exploit the opportunity in exports market and to provide necessary focus, flexibility and speed to the business, the Board of Directors approved a Scheme of Arrangement (the 'Scheme') for transfer of the FMCG Exports Business Division (the 'demerged business undertaking') of the Company into its wholly owned subsidiary Unilever India Exports Limited ('UIEL') on 9th May, 2011 which was subsequently approved by the shareholders on 28th July, 2011. The Hon'ble High Court of Bombay sanctioned the Scheme with the appointed date of 1st April, 2011 vide an order dated 18th November, 2011. The Scheme became effective from 1st January, 2012 (the 'effective date') upon filing of the said order with the Registrar of Companies of Mumbai. In accordance with the Scheme, the above transfer of demerged business undertaking has been accounted by the company by recording the transfer of the relevant assets and liabilities of the demerged business undertaking at their book values as of the appointed date and the corresponding consideration received aggregating to Rs 70.12 Crores in the form of investment in the shares issued by UIEL (465,000 shares of Rs 10/- each issued at a premium of Rs 1,498/- per share) resulting in no gain or loss to the company. Accordingly, the financial results of the demerged business undertaking do not form part of the audited financial results of the company for the year ended 31st March, 2012 and hence the same are not comparable with the financial results for the year ended 31st March, 2011.

53) PREVIOUS YEAR FIGURES

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES

A. ENTERPRISES WHERE CONTROL EXISTS

(i) Holding Company	:	Unilever PLC
(ii) Subsidiaries (Extent of holding)	:	Brooke Bond Real Estates Private Limited (100%) Daverashola Estates Private Limited (100%) Hindlever Trust Limited (100%) Hindustan Field Services Private Limited (till June, 2011, 51%) Jamnagar Properties Private Limited (100%) Lakme Lever Private Limited (100%) Levers Associated Trust Limited (100%) Levindra Trust Limited (100%) Pond's Exports Limited (90%)(with effect from 18th November, 2011) Unilever India Exports Limited (100%) Unilever Nepal Limited (80%)

B. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS DURING THE YEAR

(i) Fellow Subsidiaries	:	Conopco, Inc. Digital Securities Private Limited Fine Tea Co SAE Lever Chile S.A. Lever Israel Lipton Soft Drinks Ireland Limited P.T. Unilever Indonesia, Tbk. Unilever (China) Limited Unilever Algérie SPA Unilever Asia Private Limited Unilever Best Foods, Vietnam Unilever Brasil Limited. Unilever Canada Inc Unilever Ceylon Marketing Limited Unilever Cote d'Ivoire Unilever De Argentina SA Corporativo Unilever de Mexico, S. de R.L. de C.V. Unilever Ethiopia Private Limited Company UNILEVER FRANCE, UNILEVER FRANCE HOLDINGS Elais Unilever Hellas SA Unilever Industries Pvt. Ltd. Unilever Japan Unilever Kenya Limited
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NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

(i) Fellow Subsidiaries (Contd.)	:	<ul style="list-style-type: none"> Unilever Korea Chusik Hoesa Unilever Maghreb Export SA, Tunisia Unilever Nigeria Plc Unilever Pakistan Limited Unilever Research Laboratory, Colworth House Unilever Sanayi ve Ticaret Turk A.S Unilever South Central Europe S.R.L. Unilever Supply Chain Company AG Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S. Unilever UK & CN Holdings Limited Unilever Vietnam International Company Limited Unilever (China) Investing Company Unilever Andina Bolivia S.A. Unilever Andina Colombia Ltd Unilever Lipton Ceylon Ltd. Unilever Mocambique Limitada Unilever Peru S.A Unilever Philippines, Inc. Unilever Sri Lanka Limited Unilever Trading LLC AL Gurg Unilever LLC Unilever Bangladesh Ltd Unilever Australasia
(ii) Joint Venture	:	<ul style="list-style-type: none"> Kimberly Clark Lever Private Limited
(iii) Key Management Personnel	:	<ul style="list-style-type: none"> Dev Bajpai (from June, 2010) Gopal Vittal Geetu Verma (from November, 2011) Harish Manwani Hemant Bakshi Leena Nair Manish Tiwary (from February, 2012) Nitin Paranjpe Pradeep Banerjee (from March, 2010) Ramamurthy Sridhar Shrijeet Mishra (till July, 2011)
(iv) Employees' Benefit Plans where there is significant influence	:	<ul style="list-style-type: none"> Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012

		For the year ended 31st March, 2012	For the year ended 31st March, 2011
Holding Company	:		
	Dividend paid	556.36	516.62
	Royalty expense	289.52	265.96
	Income from services rendered	327.71	293.35
	Outstanding as at the year end :		
	- Payables	67.37	117.26
Subsidiaries	:		
	Sale of finished goods / raw materials etc.	63.74	18.04
	Income from services rendered	-	1.42
	Transfer of net assets on demerger (Refer note 52)	70.12	-
	Investment in equity shares on demerger (Refer note 52)	70.12	-
	Investment in equity shares	-	24.90
	Transfer of fixed assets	-	0.53
	Purchase of finished goods / raw materials etc.	2.77	-
	Amount received on capital reduction (Refer note (a) below)	0.36	-
	Royalty received	1.41	0.58
	Management fees Paid	9.90	11.12
	Expenses shared by subsidiary companies	3.06	0.79
	Expenses for services received	28.38	132.87
	Dividend received	27.14	25.76
	Interest received	3.36	1.94
	Rent received	0.08	0.88
	Purchase of Export Licences	6.64	0.65
	Rent paid	0.12	0.12
	Inter Corporate Deposits advanced during the year	25.00	3.50
	Inter Corporate Deposits repaid during the year	0.50	-
	Divestment in equity shares	0.33	-
	Outstanding as at the year end (short term):		
	- Receivables	50.52	23.81
	- Payables	-	17.37
	Outstanding as at the year end (long term):		
	- Deposits given	38.80	14.30
	Prov for doubtful advances	-	6.68
Fellow Subsidiaries	:		
	Sale of finished goods / raw materials etc.	-	702.50
	Rent Received	1.10	1.10
	Other recoveries	-	15.13
	Expenses shared by fellow subsidiaries	-	0.08
	Purchase of finished goods / raw materials etc.	288.76	336.14

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012

		For the year ended 31st March, 2012	For the year ended 31st March, 2011
Fellow Subsidiaries (Contd.)	: Dividend paid	238.03	221.03
	Royalty expense	3.82	2.94
	Purchase of Tangible Fixed Assets	-	6.27
	Software development and procurement of licenses	5.25	4.66
	Maintenance and support costs for licences and software	2.30	2.04
	Outstanding as at the year end :		
	- Receivables	20.68	146.21
	- Payables	106.90	178.83
Joint Venture	: Purchase of finished goods / raw materials etc.	290.14	246.75
	Sale of Finished Goods	-	0.34
	Outstanding as at the year end :		
	- Receivables	25.32	29.99
Key Management Personnel	: Remuneration	32.49	22.47
	Dividend paid	0.15	0.09
	Consideration received on exercise of options	2.84	0.01
Employees' Benefit Plans where there is significant influence	: Contributions during the year	41.01	38.33
	Outstanding receivables at the year end	7.76	4.33

Note: a) Consequent to the approval of the capital reduction scheme of Pond's Exports Limited, the paid-up value of equity shares has been reduced from Rs. 10 each to Re. 1 each. As part of the scheme, the Company has received Rs. 0.20 per share in lieu of the cancellation.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

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

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Dividend paid		
Unilever PLC	556.36	516.62
Royalty expense (Gross)		
Unilever PLC	289.52	265.96
Income from services rendered		
Unilever PLC	327.71	293.35
Expenses for services received		
Hindustan Field Services Private Limited	28.38	132.87
Remuneration		
Nitin Paranjpe	9.74	7.92
Sridhar Ramamurthy	3.20	2.75
Gopal Vittal	3.80	2.14
Pradeep Banerjee	3.33	-
Purchase of Export Licences		
Pond's Exports Limited	1.21	0.65
Unilever India Exports Limited	5.44	-
Maintenance and support costs for licences and software		
Unilever N.V.	2.30	2.04
Software development and procurement of licenses		
Unilever N.V.	5.25	4.66
Contributions during the year		
The Union Provident Fund	30.43	20.80
The Hind Lever Pension Fund	2.73	17.53
Hind Lever Gratuity Fund	7.84	-
Consideration received on exercise of options		
Hemant Bakshi	0.52	0.00
Leena Nair	0.29	0.00
Nitin Paranjpe	0.60	0.00
Pradeep Banerjee	0.91	0.00
Sridhar Ramamurthy	0.52	-
Other recoveries		
Unilever Asia Private Limited	-	15.13
Outstanding as at the year end - Deposits given		
Lakme Lever Private Limited	29.70	-
Unilever India Exports Limited	-	16.57
Brooke Bond Real Estates Private Limited	7.10	-
Outstanding as at the year end - Receivables		
Kimberly Clark Lever Private Limited	25.32	29.99

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

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

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Outstanding as at the year end - Payables to Holding Company and Fellow Subsidiaries		
Unilever N.V.	14.30	48.94
Unilever Supply Chain Company	54.42	56.06
Unilever Asia Private Limited	24.31	8.65
Unilever Australia Limited	-	0.68
Lipton Limited UK	1.21	13.43
Unilever PLC	67.37	117.26
Sale of finished goods / raw materials etc.		
Unilever India Exports Limited	54.23	-
Unilever Nepal Limited	8.56	-
Unilever Asia Private Ltd	-	91.63
Unilever Gulf Free Zone Establishment, Arabia	-	172.43
Sale of fixed assets		
Unilever Nepal	-	0.53
Transfer of net assets on demerger		
Unilever India Exports Limited	70.12	-
Investment in equity shares on demerger		
Unilever India Exports Limited	70.12	-
Investment in equity shares		
Pond's Exports Limited	-	10.10
Lakme Lever Private Limited	-	14.80
Amount received on capital reduction		
Pond's Exports Limited	0.36	-
Expenses shared by subsidiary companies / fellow subsidiary companies		
Pond's Exports Limited	0.82	0.72
Unilever India Exports Limited	2.24	-
Dividend received		
Unilever Nepal Limited	27.14	25.76
Interest received		
Pond's Exports Limited	1.02	0.69
Lakme Lever Private Limited	2.05	1.23
Rent received		
Unilever Industries Private Limited	1.10	1.10
Hindustan Field Services Private Limited	0.08	0.88

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

54) RELATED PARTY DISCLOSURES (Contd.)

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

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Royalty received		
Lakme Lever Private Limited	1.41	0.58
Management fees Paid		
Lakme Lever Private Limited	9.90	11.12
Purchase of Tangible Fixed Assets		
Unilever De Mexico De RL	-	0.92
Unilever De Argentina SA	-	2.15
Unilever China Investing Company	-	3.20
Purchase of finished goods / raw materials etc.		
Kimberly Clark Lever Private limited	290.14	246.75
Unilever Supply Chain Company	156.79	145.70
Unilever Australia Limited	-	30.73
Unilever Asia Private Limited	115.78	87.43
Rent paid		
Unilever India Exports Limited	0.12	0.12
Divestment in equity shares		
Pond's Exports Limited	0.33	-
Inter Corporate Deposits advanced during the year		
Lakme Lever Private Limited	18.30	1.90
Brooke Bond Real Estates Private Limited	6.70	-
Pond's Exports Limited	-	1.50
Inter Corporate Deposits repaid during the year		
Pond's Exports Limited	0.50	-

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

55) SEGMENT INFORMATION

Information about Primary Business Segments

	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Soaps and Detergents	10,636.28		10,636.28	8,801.06		8,801.06
Personal Products	6,845.86		6,845.86	5,850.39		5,850.39
Beverages	2,617.43		2,617.43	2,346.50		2,346.50
Packaged Foods	1,359.46		1,359.46	1,178.43		1,178.43
Others	636.36		636.36	1,539.31		1,539.31
Total Revenue (Refer note 3 to Segment Information)	22,095.39	-	22,095.39	19,715.69	-	19,715.69
RESULT						
Soaps and Detergents			1,233.27			820.78
Personal Products			1,744.60			1,494.80
Beverages			366.68			357.76
Packaged Foods			24.17			29.87
Others			(24.92)			11.43
Total Segment (Refer note 4 to Segment Information)			3,343.80			2,714.64
Un-allocated expenditure net of un-allocated income			(270.71)			(257.07)
Operating Profit			3,073.09			2,457.57
Finance Costs			(1.24)			(0.24)
Other income			278.31			272.87
Profit before exceptional items and tax			3,350.16			2,730.20
Exceptional items - income / (expenditure) - Segment						
Soaps and Detergents		(6.64)			14.09	
Personal Products		2.30			9.73	
Beverages		(10.78)			2.77	
Packaged foods		(0.85)			13.28	
Others		(0.40)			8.05	
			(16.37)			47.92
Exceptional items - income / (expenditure) - Unallocated / Corporate			135.24			158.91
Profit before tax			3,469.03			2,937.03
Taxation for the year (including adjustments of previous years)						
Current tax			(784.52)			(588.82)
Deferred tax			(0.76)			(39.16)
Tax adjustments of previous years			7.65			(3.06)
Profit for the year			2,691.40			2,305.99

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

55) SEGMENT INFORMATION (Contd.)

Information about Primary Business Segments

	Segment Assets		Segment Liabilities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Other Information				
Soaps and Detergents	2,584.77	2,566.12	(2,625.55)	(2,931.70)
Personal Products	1,396.44	1,482.98	(1,370.99)	(1,332.30)
Beverages	755.38	858.97	(455.45)	(512.73)
Packaged foods	559.20	517.89	(344.32)	(384.44)
Others	227.81	624.23	(302.88)	(454.59)
Total	5,523.60	6,050.19	(5,099.19)	(5,615.76)
Unallocated Corporate Assets / (Liabilities)	5,623.68	4,301.79	(2,535.18)	(2,076.41)
Total Assets / (Liabilities)	11,147.28	10,351.98	(7,634.37)	(7,692.17)

	Capital Expenditure		Depreciation / Amortization		Non - Cash Expenses other than Depreciation	
	12 Months Ended 31st March, 2012	12 Months Ended 31st March, 2011	12 Months Ended 31st March, 2012	12 Months Ended 31st March, 2011	12 Months Ended 31st March, 2012	12 Months Ended 31st March, 2011
Soaps and Detergents	71.10	59.11	70.41	80.84	16.41	29.70
Personal Products	63.32	59.81	74.35	59.13	5.61	5.28
Beverages	33.07	23.57	10.66	14.12	0.08	3.27
Packaged Foods	54.73	56.71	17.06	8.00	4.20	9.01
Others	1.38	17.15	6.95	17.31	0.75	0.61
Unallocated Corporate Assets / (Liabilities)	86.41	94.96	38.83	41.44	18.13	-

Information about Secondary Business Segments

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Revenue by Geographical Market		
India	21,595.41	18,329.23
Outside India	499.98	1,386.46
Total	22,095.39	19,715.69
Additions to Tangible Fixed Assets and Intangible Assets		
India	223.60	216.36
Outside India	-	-
Total	223.60	216.36
Carrying Amount of Segment Assets		
India	5,523.60	6,050.19
Outside India	-	-
Total	5,523.60	6,050.19

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

55) SEGMENT INFORMATION (Contd.)

Information about Secondary Business Segments

NOTES :

1. Business Segments

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

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

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

The above business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- 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.
- The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

3. Revenue comprises :

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Sale of Products	21,735.60	19,381.01
Income from services rendered to group companies	327.71	293.35
Export incentives, scrap sales included in Others	32.08	41.33
	22,095.39	19,715.69

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

AUDITORS' REPORT

to the Members of Hindustan Unilever Limited

1. We have audited the attached Balance Sheet of Hindustan Unilever Limited (the "Company") as at 31st March, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the 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 Order.
4. Further to our comments in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Lovelock & Lewes

Firm Registration Number: 301056E
Chartered Accountants

Pradip Kanakia

Partner
Membership No: 39985

Mumbai : 1st May, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hindustan Unilever Limited on the financial statements as of and for the year ended 31st March 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 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, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, 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 examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
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, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the 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 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 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute, and the particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at 31st March 2012 which have not been deposited on account of a dispute, are as follows:

ANNEXURE TO AUDITORS' REPORT (Contd.)

Name of the statute	Nature of dues	Amount under dispute not yet deposited (Rs. Crores)	Periods to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	97.33 64.21 0.03 4.70	1982-83,1985-90, 1991-2011 1981,1992-99, 2000-10 1999 1979 -1983	Appellate Authority - upto Commissioner's level Tribunal High Court Supreme Court
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	94.82 10.23 32.29 2.18	1983-89, 1990-10 1992-10 1976-77,1983-86, 1988-89,1991-01, 2003, 2004-05, 2007 1985-90, 1995-97, 2000	Appellate Authority - upto Commissioner's level Tribunal High Courts Supreme Court
Customs Act, 1962	Customs duty including interest and penalty, as applicable	2.74	1995,1998-99, 2011	Appellate Authority - upto Commissioner's level
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	169.23 126.20 0.06	1979-80,1991, 2003-08, 2010-12 1982-83, 2005-06 1963-64,1982-83	Appellate Authority - upto Commissioner's level Tribunal High Court
Service Tax (Finance Act 1994)	Service tax including interest and penalty, as applicable	12.41 3.62	2004, 2005-10, 2011 2009	Appellate Authority - upto Commissioner's level Tribunal

10. The Company has no accumulated losses.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
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; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Pradip Kanakia
Partner
Membership No: 39985

Mumbai : 1st May, 2012

ECONOMIC VALUE ADDED

ADDITIONAL INFORMATION : ECONOMIC VALUE ADDED (EVA)

WHAT IS EVA?

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

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

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

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

*Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated Company like HUL for a short term debt, net of taxes. We have considered a pre tax rate of 9.17% for 2011-12 (8.02% for 2010-11)

*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 8.09% for 2011-12)

+

Market risk premium (taken at 3.36%) (x) Beta variant for the Company, (taken at 0.598) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity = 8.09% + 3.36%(x) 0.598=10.10%

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's 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 Limited.

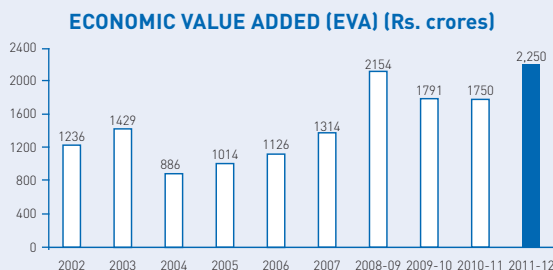
In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups, Measures to evaluate business performance and to set targets take into account this concept of value creation.

EVA TRENDS: 2002-2012 (UNAUDITED)

(Rs. crores)

Particulars	2002	2003	2004	2005	2006	2007	2008-09	2009-10	2010-11	2011-12
Cost of Capital Employed (COCE)										
1 Average Debt	45	881	1588	360	163	382	342	119	2	-
2 Average Equity	3351	2899	2116	2200	2515	2402	1928	2497	3118	3,462
3 Average Capital Employed : (1) + (2)	3396	3780	3704	2560	2678	2784	2270	2616	3120	3,462
4 Cost of Debt, post-tax %	6.45	4.88	5.19	3.38	5.90	6.24	3.91	3.95	5.36	6.20
5 Cost of Equity %	14.40	12.95	14.77	15.50	16.38	17.59	14.47	12.51	12.93	10.10
6 Weighted Average Cost of Capital % (WACC)	14.30	11.07	10.66	13.80	15.74	16.03	12.88	12.12	12.92	10.10
7 COCE : (3) x (6)	486	418	395	353	421	446	*365	317	403	350
Economic Value Added (EVA)										
8 Profit after tax, before exceptional items	1716	1804	1199	1355	1540	1,743	2501	2103	2153	2,599
9 Add : Interest, after taxes	6	43	82	12	7	17	17	5	0	1
10 Net Operating Profits After Taxes (NOPAT)	1722	1847	1281	1367	1547	1760	2518	2108	2153	2,600
11 COCE, as per (7) above	486	418	395	353	421	446	365	317	403	350
12 EVA : (10) - (11)	1236	1429	886	1014	1126	1314	2154	1791	1750	2,250

* COCE is computed for 15 months



BALANCE SHEET

As at 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	216.15	215.95
Reserves and surplus	4	3,464.93	2,519.00
Minority Interests		18.30	14.58
Non-current liabilities			
Other long term liabilities	5	331.67	219.23
Long-term provisions	6	674.30	673.66
Current Liabilities			
Trade payables	7	4,843.87	5,079.02
Other current liabilities	9	564.36	566.56
Short-term provisions	10	1,293.67	1,059.82
Total		11,407.25	10,347.82
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	12	2,232.91	2,187.93
Intangible assets	13	29.95	35.52
Capital work-in-progress		217.32	217.02
Intangible assets under development		10.32	72.17
Non-current investments	14	70.25	48.41
Deferred tax assets (net)	15	209.91	207.37
Long-term loans and advances	16	380.82	404.27
Current Assets			
Current investments	17	2,251.91	1,140.09
Inventories	18	2,667.37	2,875.69
Trade receivables	19	856.74	963.29
Cash and bank balances	20	1,996.43	1,775.68
Short-term loans and advances	21	446.11	382.62
Other current assets	22	37.21	37.76
Total		11,407.25	10,347.82
Summary of significant accounting policies	2		
Contingent Liabilities, capital and other commitments	23, 24		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

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

Nitin Paranjpe
Managing Director and CEO

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Pradip Kanakia
Partner
Membership No. 39985

Aditya Narayan
Chairman - Audit Committee

Dev Bajpai
Executive Director Legal and
Company Secretary

Vivek Subramanian
Group Controller

Mumbai : 1st May, 2012

Mumbai : 1st May, 2012

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	Note	Year Ended 31st March, 2012	Year Ended 31st March, 2011
REVENUE FROM OPERATIONS	26	24,506.40	20,939.38
Less: Excise Duty		(1,070.07)	(916.83)
Revenue from operations, net		23,436.33	20,022.55
Other income	27	259.62	255.18
Total Revenue		23,695.95	20,277.73
EXPENSES			
Cost of materials consumed	28	9,487.01	7,796.87
Purchases of stock-in-trade	29	2,919.49	2,692.75
Changes in inventories of finished goods (including stock in trade) and Work-in-progress	30	95.15	(307.60)
Employee benefits expenses	31	1,200.94	1,014.86
Finance costs	32	1.65	1.01
Depreciation and amortization expense	33	233.54	229.29
Other expenses	34	6,250.18	6,114.46
Total expenses		20,187.96	17,541.64
Profit before exceptional items and tax		3,507.99	2,736.09
Exceptional items	35	113.69	220.82
Profit before Tax		3,621.68	2,956.91
Tax Expense			
Current tax		(832.21)	(606.22)
Deferred Tax		2.60	(41.18)
Tax adjustments of previous year, net		8.07	(2.88)
Profit after tax and before minority interest		2,800.14	2,306.63
Less: Minority Interest		(9.48)	(10.58)
Profit for the year		2,790.66	2,296.05
Earnings Per Equity Share	36		
Basic (Face value of Re. 1 each)		Rs.12.92	Rs.10.53
Diluted (Face value of Re. 1 each)		Rs.12.91	Rs.10.52
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

For and on behalf of Board of Directors

Nitin Paranjpe
Managing Director and CEO

Aditya Narayan
Chairman - Audit Committee

Vivek Subramanian
Group Controller

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Dev Bajpai
Executive Director Legal and
Company Secretary

Mumbai : 1st May, 2012

Mumbai : 1st May, 2012

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation and exceptional items	3,507.99	2,736.09
Adjustments for :		
Depreciation and amortization expense	233.54	229.29
Net Gain on sale of Investments	(115.96)	(60.21)
Deficit on fixed assets sold, scrapped, etc. (net)	16.49	5.94
Interest income	(124.04)	(119.67)
Dividend income	(17.21)	(50.30)
Provision for expenses on Employee Stock option /Performance scheme	11.74	8.50
Interest expense	1.65	1.03
	6.21	14.58
Operating Profit before Working Capital Changes	3,514.20	2,750.67
Adjustments for :		
(Increase) / decrease in Trade receivables	92.40	(262.48)
(Increase) / decrease in Loans & Advances	(65.15)	127.34
(Increase) / decrease in Other current assets	0.42	0.75
(Increase) / decrease in Other non current assets	(7.60)	(135.08)
Increase / (decrease) in Trade payables	(243.29)	471.47
Increase / (decrease) in Provisions	(850.48)	285.75
Increase / (decrease) in Other current liabilities	(9.33)	(116.72)
Increase / (decrease) in Other long term liabilities	120.20	130.86
(Increase) / decrease in Inventories	208.32	(649.14)
	(754.51)	(147.25)
Cash generated from operations	2,759.69	2,603.42
Taxes paid (net of refunds)	(694.83)	(670.99)
Cash flow before exceptional items	2,064.86	1,932.43
Exceptional :		
Compensation paid under Voluntary Separation Schemes	(3.25)	(0.86)
Amounts paid for other restructuring activities	(11.43)	(7.96)
Net Cash from Operating Activities-[A]	2,050.18	1,923.61
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(280.61)	(333.39)
Sale proceeds of fixed assets	7.24	10.71
Purchase of current investments	(3,032.38)	(2,559.77)
Sale proceeds of current investments	1,995.03	2,181.01
Purchase of non-current investments	(0.50)	-
Investment in bank deposits (having original maturity more than 3 months)	(2,508.50)	(2,823.87)
Redemption / Maturity of bank deposits (having original maturity more than 3 months)	2,967.00	2,791.75
Gain on sale of short term highly liquid investment	42.17	23.00
Interest received	134.49	100.44
Dividend received	17.21	50.30

CASH FLOW STATEMENT

For the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash flow before exceptional items	(658.85)	(559.82)
Exceptional :		
Consideration received on disposal of unused land and building (including residential properties)	140.73	188.27
Consideration received on disposal of long term investments	-	44.42
Consideration received on partial disposal of shares in a subsidiary	4.68	0.00
Net Cash used in Investing Activities-[B]	(513.44)	(327.13)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(753.45)	(1,424.68)
Dividend Distribution Tax	(122.70)	(235.58)
Interest paid	(1.65)	(1.01)
Payment towards buyback of shares	-	(625.30)
Proceeds from share allotment under Employee Stock option / Performance scheme	33.56	6.50
Cash flow before exceptional items	(844.24)	(2,280.07)
Exceptional :		
Costs incurred for Share buyback activity	-	(3.11)
Net Cash used in Financing Activities-[C]	(844.24)	(2,283.18)
Net Increase / (Decrease)in Cash and Cash equivalents- [A+B+C]	692.50	(686.70)
Cash and Cash equivalents at the beginning of the year	250.45	937.16
Cash and Cash equivalents at the end of the year	942.95	250.46
Cash and Cash equivalents comprise of:		
Cash on hand	1.10	1.07
Cheques on hand	0.01	1.35
Balances with banks		
- Balance with Scheduled banks - current account	252.90	231.40
- Bank deposits (having original maturity of less than three months)	197.45	8.00
Certificate of deposits (having original maturity of less than three months)	268.52	3.22
Treasury bills (having original maturity of less than three months)	220.42	0.00
Share of Joint Ventures		
- Balance with Scheduled banks - current account	2.55	5.42
	942.95	250.46

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 1st May, 2012

For and on behalf of Board of Directors

Nitin Paranjpe
Managing Director and CEO

Aditya Narayan
Chairman - Audit Committee

Vivek Subramanian
Group Controller

Mumbai : 1st May, 2012

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Dev Bajpai
Executive Director Legal and
Company Secretary

NOTES

to the financial statements for the year ended 31st March, 2012

(All amounts in Rs.Crores, unless otherwise stated)

1) GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is a market leader in the FMCG business comprising home and personal care (HPC) and foods. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade.

a) **The Company, its subsidiaries and its joint venture (jointly referred to as the 'Group' hereinafter) considered in these consolidated financial statements are:**

Subsidiaries:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2012	% voting power held as at 31st March, 2011
Unilever India Exports Limited	India	100	100
Unilever Nepal Limited	Nepal	80	80
Daverashola Estates Private Limited	India	100	100
Pond's Exports Limited	India	100	100
Levers Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Brooke Bond Real Estates Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100
Hindustan Field Services Private Limited *	India	-	51

* - Ceased to be a subsidiary during the year

b) **Interest in Joint Venture :**

Name of the Company	Country of Incorporation	% ownership interest, as at 31st March, 2012	% ownership interest, as at 31st March, 2011
Kimberly - Clark Lever Private Limited	India	50	50

2) SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis for preparation of accounts

The consolidated accounts have been prepared to comply in all material aspects with applicable accounting principles in India and the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, in particular Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements' and Accounting Standard 27 (AS 27) - 'Financial Reporting of Interest in Joint Ventures'.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating

cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

2.2. Revenue Recognition

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer, upon supply of goods, and are recorded net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced). It does not include inter-divisional transfers.

Income from export incentives such as duty drawback and premium on sale of import licences is recognised on an accrual basis.

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

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

Income from services rendered is recognised as the service is performed and 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.

2.3. Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

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.

2.4. Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their book value and net realisable value and are shown separately in the financial statements under Other Current Assets. Any expected loss is recognised immediately in the profit and loss account.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the profit and loss account.

Depreciation is provided on the straight line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

Accordingly,

- computers and related assets, included in Office equipment are depreciated over four years
- leasehold land is amortised over the primary period of the lease

- certain assets of the cold chain, included in Plant and equipment, are depreciated over four / seven years; and

- motor vehicles are depreciated over six years.

- certain assets lying at salons and training centre, included in Plant and equipment, Furniture and fixtures and Office equipment, are depreciated over five to nine years

Assets of certain subsidiaries are depreciated on Written Down Value Method (WDV). The difference between the SLM basis and WDV basis is not significant

2.5. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment loss, if any. Amortisation is provided on the straight line method as per rates mentioned below:

Asset Class	Rate of Amortization
Goodwill	25%
Brands / Trademarks	25%
Computer Software	20%

2.6. 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.

Assessment is done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7. 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.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

2.8. Interests in Joint Ventures

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

2.9. 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.

2.10. Trade Receivables and Loans and Advances

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

2.11. Provisions and Contingent Liabilities

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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12. 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.

2.13. Current and Deferred Tax

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. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing the current tax and where the deferred tax assets and liabilities relate to taxes on income levied by the same governing taxation laws.

2.14. 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.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the profit and loss account and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

2.15. Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to profit and loss account on a straight line basis over the lease term.

2.16. 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".

2.17. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.19. Employee Share Based Payments

Equity settled stock options granted under "HUL ESOP / Performance Shares Plans" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

3) SHARE CAPITAL

	As at 31st March, 2012	As at 31st March, 2011
Authorized		
2,250,000,000 (March 31, 2011: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
Issued, subscribed and fully paid up		
2,161,512,492 (March 31, 2011: 2,159,471,968) equity shares of Re. 1 each	216.15	215.95
	216.15	215.95

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

a) Reconciliation of the number of shares

	As at 31st March, 2012 Number of shares	Amount	As at 31st March, 2011 Number of shares	Amount
Equity Shares:				
Balance as at the beginning of the year	2,159,471,968	215.95	2,181,686,781	218.17
Add : ESOP shares issued during the year	2,040,524	0.20	668,391	0.07
Less: Shares bought back during the year (Refer note below)	-	-	(22,883,204)	(2.29)
Balance as at the end of the year	2,161,512,492	216.15	2,159,471,968	215.95

b) Rights, preferences and restrictions attached to shares

Equity shares: The company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Shares in the company held by its holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2012	As at 31st March, 2011
Equity Shares Of Re.1 Held By :		
794,806,750 shares(March 31, 2011: 794,806,750 shares) held by holding company	79.48	79.48
340,042,710 shares (March 31, 2011: 340,042,710 shares) held by subsidiaries of holding company	34.00	34.00

d) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

	As at 31st March, 2012	As at 31st March, 2011
Number of shares	794,806,750	794,806,750
Unilever PLC, UK, the Holding Company	36.77%	36.81%

e) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011
Number of equity shares issued in the last 5 years under the Employee Stock Options Plan as consideration for services rendered by employees(Refer note 48)	7,799,491	7,741,494

f) Shares bought back during the period of five years immediately preceding the reporting date:

	As at 31st March, 2012	As at 31st March, 2011
Number of equity shares bought back by the company	53,118,976	53,118,976

Note:

During the previous year, pursuant to the shareholders' approval for buy back of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 22,883,204 equity shares through open market transactions for an aggregate amount of Rs. 625.30 crores, by utilizing Share Premium and General Reserve to the extent of Rs. 82.16 Crores and 540.85 Crores respectively. Capital redemption reserve has been created out of general reserve for Rs 2.29 crores being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

4) RESERVES AND SURPLUS

	As at 31st March 2011	Additions	Deductions	As at 31st March, 2012
Capital Reserve	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46
Securities Premium Reserve	0.85	37.88 (d)	-	38.73
Revaluation Reserve	0.67	-	-	0.67
Employee Stock Options Outstanding Account	28.53	11.74	(4.51)	35.76
Other Reserve				
Capital Subsidy (Received from Govt. for eligible projects under its scheme)	5.05	0.60	-	5.65
Export Profit Reserve (e)	12.26	-	-	12.26
Development Allowance Reserve (e)	0.27	-	-	0.27
General Reserve	1,236.60	269.14 (b)	-	1,505.74
Other Reserves (c)	2.51	-	-	2.51
(Created on amalgamation of Brooke Bond Lipton India Limited)				
	1,297.42	319.36	(4.51)	1,612.27
Surplus in statement of profit and loss	1,221.58	2,790.66 (a)	(2,159.58)	1,852.66
Balance as at the beginning of the year	1,221.58			
Profit for the year	2,790.66 (a)			
Less : Elimination on disposal of a subsidiary	(6.54)			
Less : Appropriations				
Interim Dividend on equity shares for the year [per share Rs. 3.50 (2011: Rs 3 per share.)]	(756.34)			
Proposed Final Dividend on equity shares [per share Rs. 4.00 (2011: Rs 3.50 per share.)]	(864.60)			
Dividend distribution tax	(262.96)			
Transfer to general reserve	(269.14) (b)			
Balance as at the end of the year	1,852.66			
Total Reserves and Surplus	2,519.00	3,110.02	(2,164.09)	3,464.93

(a) Transfer from statement of profit and loss account.

(b) Transfer from surplus in statement of profit and loss account.

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

(d) Represents additions arising from exercise of shares under Employees Stock Option/ Performance Share Plans.

(e) These are statutory reserves created / retained as required by applicable laws.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

5) OTHER LONG TERM LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Employee and Ex-Employee related liabilities	165.41	193.92
Security Deposits	166.26	25.31
	331.67	219.23
Share of Joint Venture - Refer Note 37	-	-
	331.67	219.23

6) LONG-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Provision for gratuity	17.25	7.84
Provision for pension, medical, others	537.63	524.42
Other provisions (including for statutory levies, etc), Refer Note 11	119.21	141.22
	674.09	673.48
Share of Joint Venture - Refer Note 37	0.21	0.18
	674.30	673.66

7) TRADE PAYABLES

	As at 31st March, 2012	As at 31st March, 2011
Acceptances	840.36	1,118.67
Sundry Creditors (Refer note 8)	3,958.88	3,895.87
	4,799.24	5,014.54
Share of Joint Venture - Refer Note 37	44.63	64.48
	4,843.87	5,079.02

8) DUES TO MICRO AND SMALL SCALE BUSINESS ENTERPRISES

There are no Micro and Small Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2012. 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 Group.

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

9) OTHER CURRENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Unpaid dividend [Refer note (a) below]	53.96	51.07
Statutory dues including provident fund and tax deducted at source	227.00	207.72
Salaries, wages and bonus payable	180.87	220.10
Advance from customers	62.61	36.05
Other Payables (VRS, Fixed assets payable, etc.)	36.55	48.87
	560.99	563.81
Share of Joint Venture - Refer Note 37	3.37	2.75
	564.36	566.56

- a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

10) SHORT-TERM PROVISIONS

	As at 31st March, 2012	As at 31st March, 2011
Provision for Employee Benefits	12.20	8.36
Provision for Income Tax (Net)	232.16	139.94
Provision for Wealth tax (Net)	4.25	3.16
Others		
Proposed Final Dividend (Refer note 25)	864.60	755.82
Dividend distribution Tax on proposed final dividend	140.26	122.62
Other provisions (including for restructuring, etc.), Refer Note 11	40.05	29.76
	1,293.52	1,059.66
Share of Joint Venture - Refer Note 37	0.15	0.16
	1,293.67	1,059.82

11) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM), REFER NOTES 6 AND 10

	As at 31st March, 2012	As at 31st March, 2011
Opening Balance	170.98	188.18
Provision during the year	23.27	15.87
Amounts utilised / reversed during the year	(34.99)	(33.07)
Balance at the end of the year	159.26	170.98

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

12) TANGIBLE FIXED ASSETS

	Gross Block			Depreciation			Net Block	
	As at 31st March, 2011	Additions	Deductions/Transfers	As at 31st March, 2011	Additions	Deductions/Transfers	As at 31st March, 2012	As at 31st March, 2011
Land								
- Freehold	75.92	6.55	(8.90)	-	-	0.07	73.50	75.92
- Leasehold	57.35	0.17	(0.89)	4.94	2.88	(0.11)	48.92	52.41
Buildings	969.64	74.10	(24.85)	1,018.89	27.74	(6.73)	802.09	773.85
Plant & equipment	2,260.94	225.81	(67.03)	2,419.72	175.33	(47.65)	1,202.28	1,171.18
Furniture & Fixtures	89.26	8.46	(9.30)	88.42	6.00	(5.48)	51.08	52.44
Vehicles	2.53	-	(0.38)	2.15	0.02	(0.46)	0.12	0.06
Office Equipment	107.40	13.99	(25.33)	96.06	7.07	(12.64)	38.25	44.02
Others	0.01	-	-	0.01	-	-	-	-
- Railway Sidings								
Total	3,563.05	329.08	(136.68)	3,755.45	219.04	(73.00)	1,539.21	2,169.88
Share of Joint Venture - Refer Note 37	32.94	1.25	(0.28)	33.91	2.48	(0.13)	17.24	18.05
Total - 31st March, 2012	3,595.99	330.33	(136.96)	3,789.36	221.52	(73.13)	1,556.45	2,187.93
Total - 31st March, 2011	3,409.09	290.09	(103.19)	3,595.99	218.97	(60.85)	1,408.06	2,187.93

Notes :

- Buildings include Rs. 0.02 crores (2011 - Rs. 0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 20.42 crores (2011 - Rs. 14.97 crores), acquired on transfer of business / undertakings are in the process of being transferred in the name of the Company.
- Deductions / Transfers include i) Assets held for sale shown under 'Other Current Assets' (Refer note 22) : Gross block 12.10 crores, Accumulated depreciation Rs. 1.78 crores and Net book value Rs. 10.32 crores (2011 - Rs. 3.58 crores) and ii) Investment Property shown under 'Non-Current Investments' (Refer note 14): Gross block 27.62 crores, Accumulated depreciation Rs. 6.36 crores and Net book value Rs. 21.26 crores (2011 - nil).
- Additions in capital expenditure of Rs. 0.40 crores (2011 - Rs. 0.77 crores) and Rs. 1.48 crores (2011 - Rs. 1.07 crores) incurred at Company's inhouse R&D Facilities at Mumbai and Bangalore respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961.
- 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 Group's interest.
- Impairment charge of Rs. 7.20 crores (2011 - Rs. 9.37 crores) in Plant & equipment has been included in Miscellaneous Expenses in the Statement of Profit and Loss.

13) INTANGIBLE ASSETS

	Gross Block			Amortization			Net Block	
	As at 31st March, 2011	Additions	Deductions/Transfers	As at 31st March, 2011	Additions	Deductions/Transfers	As at 31st March, 2012	As at 31st March, 2011
Goodwill	6.34	-	6.34	6.34	-	-	6.34	-
Brands / Trademarks	144.85	-	144.85	144.85	-	-	144.85	-
Computer Software	106.97	13.63	120.60	71.45	19.21	-	90.66	35.52
Total - 31st March, 2012	258.16	13.63	271.79	222.64	19.21	-	241.85	35.52
Total - 31st March, 2011	258.16	-	258.16	202.95	19.69	-	222.64	-

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

14) NON-CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

	As at 31st March, 2012	As at 31st March, 2011
Investment Property (Refer note 12 c)	21.26	-
Trade Investments		
Quoted	36.16	36.16
Unquoted	11.96	11.87
Non Trade Investments		
Quoted	0.01	0.01
Unquoted	0.86	0.37
	70.25	48.41
Aggregate amount of Quoted Investments	36.17	36.17
Market Value of Quoted Investments	132.52	131.15
Aggregate amount of Unquoted Investments	12.82	12.24
Aggregate amount of Investment Property	21.26	-

15) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Assets		
Provision for Post Retirement Benefits and other employee benefits	187.92	192.42
Provision for Doubtful Debts and Advances	28.61	28.05
Expenses allowable for tax purposes when paid	94.39	96.72
Other timing differences	95.89	83.73
	406.81	400.92
Deferred Tax Liabilities		
Depreciation	(195.93)	(192.47)
	210.88	208.45
Share of Joint Venture, net - Refer Note 37	(0.97)	(1.08)
	209.91	207.37

16) LONG TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Security Deposits		
Deposits with Customs, Port Trust, Excise, and other Govt . Authorities	30.76	23.97
Deposits with others	100.52	97.05
Other Loans & Advances		
Advance Income Tax (Net)	236.54	272.08
Capital Advances	6.34	5.76
Advances recoverable in cash or in kind or for value to be received		
- Considered good	2.14	0.89
- Doubtful	49.10	35.05
- Less : Allowance for doubtful loans and advances	(49.10)	(35.05)
	376.30	399.75
Share of Joint Venture - Refer Note 37	4.52	4.52
	380.82	404.27

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

17) CURRENT INVESTMENTS

(with original maturity between 3 months and 12 months)

	As at 31st March, 2012	As at 31st March, 2011
Quoted Investments	2,251.91	1,140.09
	2,251.91	1,140.09
Market Value of Quoted Investments	2,336.76	1,148.34

18) INVENTORIES

(At lower of cost and net realisable value)

	As at 31st March, 2012	As at 31st March, 2011
Raw materials [includes in transit: Rs. 68.19 crores (March 31,2011: Rs.49.99 crores)]	910.71	1,020.06
Packing materials [includes in transit:Rs. Nil (March 31,2011: Rs.0.26 crores)]	150.66	161.83
Work-in-progress	253.71	294.44
Finished Goods [includes in transit:Rs. 37.12 crores (March 31,2011: Rs.63.25 crores)]	1,269.24	1,321.12
Stores and spares	55.32	48.90
	2,639.65	2,846.36
Share of Joint Venture - Refer Note 37	27.72	29.33
	2,667.37	2,875.69

Finished Goods include Stock-In-Trade, as both are stocked together

19) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	34.06	47.91
Others	819.99	912.29
Considered Doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	54.47	50.35
Less: Allowance for Bad & Doubtful Debts	(54.47)	(50.35)
	854.05	960.20
Share of Joint Venture - Refer Note 37	2.69	3.09
	856.74	963.29

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

20) CASH AND BANK BALANCES

	As at 31st March, 2012	As at 31st March, 2011
A. Cash and Cash Equivalents		
Cash on Hand	1.10	1.07
Cheques / Drafts on Hand	0.01	1.35
Balances with Banks		
In Current accounts	252.90	231.40
Term deposits with original maturity of less than three months	197.44	8.00
Short term, highly liquid investments		
Certificate of deposits with original maturity of less than three months	268.52	3.22
Treasury bills with original maturity of less than three months	220.42	-
Sub Total - A	940.39	245.04
B. Other Bank Balances		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs 1.58 crores, (March 31,2011; Rs 1.58 crores)]	987.38	1,438.93
Unpaid dividend account	53.07	50.22
Sub Total - B	1,040.45	1,489.15
Total A+B	1,980.84	1,734.19
Share of Joint Venture - Refer Note 37	15.59	41.49
	1,996.43	1,775.68

21) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Others Loans and Advances		
CENVAT Receivable	76.43	69.42
VAT Credit Receivables	25.59	18.07
Advance Agriculture Tax (Net)	5.09	5.09
Advances recoverable in cash or in kind or for value to be received		
- Good	334.76	288.28
- Doubtful	0.12	0.03
- Less : Allowance for doubtful loans and advances	(0.12)	(0.03)
	441.87	380.86
Share of Joint Venture - Refer Note 37	4.24	1.76
	446.11	382.62

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

22 OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2012	As at 31st March, 2011
Income accrued on investments	4.22	3.49
Income accrued on deposits	18.32	29.50
Tangible fixed assets held for sale (at lower of cost and net realisable value)(Refer note 12 c)	13.84	3.58
	36.38	36.57
Share of Joint Venture - Refer Note 37	0.83	1.19
	37.21	37.76

23) CONTINGENT LIABILITIES

	As at 31st March, 2012	As at 31st March, 2011
Claims against the company not acknowledged as debts		
Income-tax matters	504.55	494.41
Sales tax matters-Rs. 60.74 Crores (2010-11 : Rs. 94.76 Crores) net of tax	89.91	142.00
Excise and Customs duty matters- Rs 58.55 Crores (2010-11: Rs. 51.67 Crores) net of tax	86.67	77.44
Other matters including claims related to employees / ex employees, property related demands, etc -Rs. 60.41 Crores (2010-11: Rs. 40.87 Crores) net of tax	89.42	61.25
Share of Joint Venture - Refer Note 37	26.48	17.05
a) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings		
b) The Group does not expect any reimbursements in respect of the above contingent liabilities.		
c) Future cash outflows in respect of the above are determinable only on receipt of judgements / decisions pending with various forums / authorities		

24) CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2012	As at 31st March, 2011
Capital Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for.	266.99	174.20
	266.99	174.20
Share of Joint Venture - Refer Note 37	-	-
	266.99	174.20

25) PROPOSED DIVIDEND

	As at 31st March, 2012	As at 31st March, 2011
The final dividend proposed for the year is as follows:		
On Equity Shares of Re. 1 each		
Amount of dividend proposed	864.60	755.82
Dividend per Equity Share	Rs. 4.00	Rs. 3.50

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

26) REVENUE FROM OPERATIONS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sale of products	23,932.82	20,450.66
Other operating revenue		
Income from services rendered to group companies	334.18	293.35
Others (including salon services, export incentives, scrap sales, etc.)	114.42	81.39
Less: Excise Duty, [includes share of Joint Venture Rs. 4.54 Crores(2010-11 - Rs. 11.55 Crores)]	(1,070.07)	(916.83)
	23,311.35	19,908.57
Share of Joint Venture including excise duty- Refer Note 37	124.98	113.98
	23,436.33	20,022.55

27) OTHER INCOME

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Income		
From bank deposits	120.82	117.48
From others	1.45	2.19
Dividend income		
From current investments	11.45	44.31
From non current investment	5.76	5.99
Net Gain on sale of Investments		
From current investments	115.96	60.21
Miscellaneous income [Refer note (a) below]	2.41	21.79
	257.85	251.97
Share of Joint Venture - Refer Note 37	1.77	3.21
	259.62	255.18

(a) The net difference in foreign exchange [i.e. exchange differences on settlement / restatement of all monetary items and mark to market valuation of outstanding forward contracts on accounts of firm commitments debited to profit and loss account is Rs. 14.65 crores (2010-11 credit of Rs. 36.34 crores)]

28) COST OF MATERIALS CONSUMED

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Raw materials consumed	7,328.55	6,042.31
Packing material consumed	2,097.84	1,694.63
	9,426.39	7,736.94
Share of Joint Venture - Refer Note 37	60.62	59.93
	9,487.01	7,796.87

(Cost of materials consumed is based on derived values)

29) PURCHASE OF STOCK - IN - TRADE

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Purchase of goods	2,909.09	2,678.94
	2,909.09	2,678.94
Share of Joint Venture - Refer Note 37	10.40	13.81
	2,919.49	2,692.75

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

30) CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK IN TRADE) AND WORK-IN-PROGRESS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening Inventories		
Finished goods	1,321.12	1,066.30
Work-in-progress	294.44	249.04
Closing Inventories		
Finished goods	(1,269.25)	(1,321.12)
Work-in-progress	(253.71)	(294.44)
Excise duty on increase / (decrease) of finished goods	(2.26)	4.56
	90.34	(295.66)
Share of Joint Venture - Refer Note 37	4.81	(11.94)
	95.15	(307.60)

31) EMPLOYEE BENEFITS EXPENSES

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries, Wages, bonus, etc. (Refer note (a) below)	1,028.23	855.62
Contribution to Provident fund and Other Funds	71.53	58.14
Gratuity	11.72	10.62
Expense on Employee Stock Option Scheme	11.74	8.50
Workmen staff welfare expenses	71.18	75.74
	1,194.40	1,008.62
Share of Joint Venture - Refer Note 37	6.54	6.24
	1,200.94	1,014.86

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

32) FINANCE COST

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Expense on short term borrowings	1.48	1.01
Interest Expense on long term liabilities	0.17	-
	1.65	1.01
Share of Joint Venture - Refer Note 37	-	-
	1.65	1.01

33) DEPRECIATION AND AMORTIZATION EXPENSE

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Depreciation on Tangible assets	211.85	207.52
Amortisation on Intangible assets	19.21	19.69
	231.06	227.21
Share of Joint Venture - Refer Note 37	2.48	2.08
	233.54	229.29

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

34) OTHER EXPENSES

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Consumption of Stores & Spares	100.94	147.73
Power, Fuel, Light and Water	299.63	278.54
Processing charges	276.44	214.57
Rent (Refer note (c) below)	195.94	192.97
Repairs to Building	11.50	12.81
Repairs to Plant and Machinery	105.33	87.36
Repairs: Others	11.84	8.79
Insurance	6.26	5.08
Rates & Taxes (excluding Income Tax)	95.88	84.32
Advertising and sales promotion	2,696.96	2,797.05
Carriage and freight	1,125.02	1,054.37
Provision / (write back) for doubtful debts and advances (net)	18.22	(22.44)
Bad debts / Advances Written off	4.54	27.20
Travelling and motor car expenses	156.37	164.08
Deficit on fixed assets sold, scrapped, etc. (net)	16.34	5.93
Royalty	307.24	268.89
Miscellaneous Expenses (Refer note (a) below)	776.67	740.07
	6,205.12	6,067.32
Share of Joint Venture - Refer Note 37	45.06	47.15
	6,250.18	6,114.46

Refer Note 27(a) for the net difference in foreign exchange

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
a) Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Audit fees	3.11	2.98
Tax audit fees	0.79	0.77
Fees for other services	2.08	1.94
Reimbursement of out-of-pocket expenses	0.26	0.28
Payments to Cost auditors		
Cost audit fees	0.11	0.10
Reimbursement of out-of-pocket expenses	0.05	0.01
Research and Development expenses	155.39	93.57

- b)** Total revenue expenditure (net of recoveries) included in note 34(a), eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs.22.91 Crores (2010-11-Rs. 26.44 Crores), The details are:

Location of the R&D facility	Bangalore	Mumbai
Revenue expenditure eligible u/s 35 (2AB)		
Salaries & Wages	6.72	7.16
	(6.95)	(10.63)
Materials, Consumables and Spares	0.39	3.73
	(0.34)	(2.81)
Other expenditure directly related to R&D	1.88	3.03
	(2.29)	(3.42)
(figures in brackets pertain to 2010-11)		

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

- c) The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the Statement of Profit and Loss (Refer Note 34). The company has also given certain land and building on operating lease to a third party. The lease arrangement is for a period of 5 years, including a non-cancellable term of 3 years. The rent income on such lease is shown under miscellaneous income (Refer note 27).

With respect to non-cancellable period of the operating lease, the future minimum lease rent receivable is as follows:

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Not later than one year	28.33	-
Later than one year and not later than five years	56.65	-

35) EXCEPTIONAL ITEMS

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
i) Profit on disposal of surplus properties	133.00	162.54
ii) Profit on sale of a long term trade investment	-	33.13
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes, (Previous year - net impact of higher interest rates and higher gratuity limits)	-	39.04
iv) Write back of provision pertaining to a brand disposed in an earlier year	9.57	-
Total exceptional income (A)	142.57	234.71
v) Provision for retirement benefits arising from actuarial assumption changes, mainly due to higher interest rates	(5.79)	-
vi) Expenses related to buyback of shares	-	(4.10)
vii) Loss of sale of stake in subsidiary	(1.17)	-
viii) Restructuring costs :		
a) Compensation under Voluntary Separation Schemes	(6.50)	(1.81)
b) Other Costs	(15.42)	(7.98)
Total exceptional expenditure (B)	(28.88)	(13.89)
Exceptional items (Net A-B)	113.69	220.82
Add : Share of Interest in Joint Venture - Refer Note 37	-	-
	113.69	220.82

36) EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Net Profit (Rs. Crores)	2,790.66	2,296.05
Weighted average number of Equity shares outstanding	2,160,677,103	2,180,310,319
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs.12.92	Rs.10.53
Add: Weighted Average Number of potential equity shares on account of Employees stock options.	896,669	2,794,993
Weighted average number of Equity shares (including dilutive ESOP shares) outstanding	2,161,573,772	2,183,105,312
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs.12.91	Rs.10.52

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

37) SHARE IN JOINT VENTURE

The Company has the following investment, in a jointly controlled entity.

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2012	Percentage of ownership interest as at 31st March, 2011
Kimberly - Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Non-Current Investment (Refer note 14) and stated at cost.

The Company's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

	As at 31st March, 2012	As at 31st March, 2011
(A) ASSETS		
Tangible Assets	16.67	18.05
Capital Work in progress	0.30	0.03
Long-term loans and advances	4.52	4.52
Inventories	27.72	29.33
Trade Receivables	2.69	3.09
Cash and Bank balances	15.59	41.49
Deferred Tax Asset (Net)	0.97	1.08
Short Term Loans and Advances	4.24	1.76
Other current assets	0.83	1.19
(B) LIABILITIES		
Shareholders funds	23.22	30.81
Long-term provisions	0.21	0.18
Trade Payables	44.63	64.48
Other Current Liabilities	3.37	2.75
Short-term provisions	0.15	0.16
(C) INCOME		
Revenue From Operations (net of excise duty)	120.44	102.43
Other Incomes	1.77	3.21
(D) EXPENSES		
Cost of Materials consumed	60.62	59.93
Purchase of stock in trade	10.40	13.81
Changes In inventories of Finished Goods, Work-in-progress and Stock-in-Trade	4.81	(11.94)
Employee Benefit Expenses	6.54	6.24
Depreciation and Amortization Expense	2.48	2.08
Provision for current and deferred tax	(0.11)	(0.21)
Other Expenses	45.06	47.15
(E) OTHER MATTERS		
Contingent Liabilities	26.48	17.05
Capital Commitments	-	-

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

38) PREVIOUS YEAR FIGURES

The consolidated financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

39) RELATED PARTY DISCLOSURES

A. ENTERPRISES WHERE CONTROL EXISTS

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

B. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, DURING THE YEAR

(i) **Fellow Subsidiaries** :

- Besan San. Ve Tas
- Binzagar Unilever Ltd.
- Conopco, Inc.
- Corporativo Unilever De Mexico, S. De R.L. De C.V.
- Digital Securities Private Limited
- Elais Unilever Hellas SA
- Fine Tea Co SAE
- Lever Chile S.A.
- Lever Israel
- Lipton Soft Drinks Ireland Limited
- OOO Unilever Sng
- P.T. Unilever Indonesia, Tbk.
- Royal Estates Tea Company
- TIGI Liniea, LP
- Unilever Istanbul
- Unilever Skin GDC
- Unilever (China) Investing Company
- Unilever (China) Limited
- Unilever Algérie SPA
- Unilever Andina Bolivia S.A.
- Unilever Andina Colombia Ltd
- Unilever Asia Pte Limited
- Unilever Australasia
- Unilever Bangladesh Ltd
- Unilever Best Foods, Vietnam
- Unilever Brasil Limited.
- Unilever Canada Inc
- Unilever Caribbean Ltd.
- Unilever Ceylon Marketing Limited
- Unilever Chile S.A.
- Unilever Cote D'Ivoire
- Unilever De Argentina Sa
- Unilever De Mexico S DE RL
- Unilever Ethiopia Private Limited Company
- Unilever France, Unilever France Holdings
- Unilever Gulf Free Zone Establishment, Arabia

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

39) RELATED PARTY DISCLOSURES (Contd.)

(i) Fellow Subsidiaries (Contd.)	:	Unilever Hongkong Ltd. Unilever HPC USA Unilever Industries Pvt. Ltd. Unilever Indonesia Unilever Iran P.J.S.C Unilever Israel Marketing Ltd Unilever Istanbul Unilever Japan Unilever Kenya Limited Unilever Korea Unilever Korea Chusik Hoesa Unilever Lever Sri Lanka Unilever Lipton Ceylon Ltd. Unilever Maghreb Export SA, Tunisia Unilever Market Development (Pty) Ltd Unilever Mashreq Unilever Mocambique Limitada Unilever Nigeria Plc Unilever Pakistan Limited Unilever Peru S.A Unilever Philippines Inc Unilever Research Laboratory, Colworth House Unilever Sanayi Ve Ticaret Turk A.S Unilever South Central Europe S.R.Ltd. Unilever South Africa(Pty)Ltd Unilever Sri Lanka Limited Unilever Supply Chain Company Ag Unilever Taiwan Ltd. Unilever Thai Trading Ltd. Unilever Trading Llc Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S. Unilever Uganda Ltd Unilever UK & Cn Holdings Limited Unilever Vietnam International Company Limited Unilever Zimbabwe Pvt Ltd
(ii) Joint Venture	:	Kimberly Clark Lever Private Limited
(iii) Key Management Personnel	:	Dev Bajpai (from June, 2010) Gopal Vittal Geetu Verma (from November, 2011) Harish Manwani Hemant Bakshi Leena Nair Manish Tiwary (from February, 2012) Nitin Paranjpe Pradeep Banerjee (from March, 2010) Ramamurthy Sridhar Shrijeet Mishra (till July, 2011)
(iv) Employees' Benefit Plans where there is significant influence	:	Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

39) RELATED PARTY DISCLOSURES (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012

		For the year ended 31st March,2012	For the year ended 31st March,2011
Holding Company	:		
	Dividend paid	556.36	516.62
	Royalty expense	303.42	265.96
	Income from services rendered	334.18	293.35
	Outstanding as at the year end :		
	- Payables	71.88	117.26
Fellow Subsidiaries	:		
	Sale of finished goods / raw materials etc.	745.97	702.50
	Rent Received	1.10	1.10
	Other recoveries	-	15.13
	Expenses shared by fellow subsidiaries	-	0.08
	Advertising and sales promotion expenses	-	0.64
	Purchase of finished goods / raw materials etc.	329.49	337.34
	Dividend paid	238.03	221.03
	Royalty expense	3.82	2.94
	Purchase of Tangible Fixed Assets	-	6.27
	Software development and procurement of licenses	5.25	4.66
	Maintenance and support costs for licences and software	2.30	2.04
	Outstanding as at the year end :		
	- Receivables	166.64	146.21
	- Payables	109.81	179.48
	Advances to suppliers	2.42	-
Joint Venture	:		
	Purchase of finished goods / raw materials etc.	145.07	123.37
	Sale of Finished Goods	-	0.17
	Outstanding as at the year end :		
	- Receivables	12.66	14.99
Key Management Personnel	:		
	Remuneration	32.49	22.47
	Dividend paid	0.15	0.09
	Consideration received on exercise of options	2.84	0.01
Employees' Benefit Plans where there is significant influence	:		
	Contributions during the year	41.01	38.33
	Outstanding receivables at the year end	7.76	4.33

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

39) RELATED PARTY DISCLOSURES (Contd.)

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

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sale of finished goods / raw materials etc.		
Unilever Asia Private Ltd	133.92	91.63
Unilever Gulf Free Zone Establishment, Arabia	208.52	172.43
Rent received		
Unilever Industries Pvt. Ltd.	1.10	1.10
Purchase of Tangible Fixed Assets		
Unilever De Mexico De RL	-	0.92
Unilever De Argentina SA	-	2.15
Unilever (China) Investing Company	-	3.20
Purchase of finished goods / raw materials etc.		
Kimberly Clark Lever Private limited	145.07	251.28
Unilever Supply Chain Company	156.79	145.70
Unilever Australia Limited	-	30.73
Unilever Asia Private Limited	122.08	87.43
Dividend paid		
Unilever PLC	556.36	516.62
Royalty expense (Gross)		
Unilever PLC	303.85	265.96
Income from services rendered		
Unilever PLC	334.12	293.35
Other Recoveries		
Unilever Asia Private Limited	-	15.13
Remuneration		
Nitin Paranjpe	9.74	7.92
Sridhar Ramamurthy	3.20	2.75
Gopal Vittal	3.80	2.14
Pradeep Banerjee	3.33	-
Consideration received on exercise of options		
Hemant Bakshi	0.52	0.00
Leena Nair	0.29	0.00
Nitin Paranjpe	0.60	0.00
Pradeep Banerjee	0.91	0.00
Sridhar Ramamurthy	0.52	-
Maintenance and support costs for licences and software		
Unilever N.V.	2.30	2.04
Software development and procurement of licenses		
Unilever N.V.	5.25	4.66
Contributions during the year		
The Union Provident Fund	30.44	20.80
Hind Lever Gratuity Fund	7.84	-
The Hind Lever Pension Fund	2.73	17.53

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

39) RELATED PARTY DISCLOSURES (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Outstanding as at the year end - Receivables		
Kimberly Clark Lever Private Limited	12.66	14.99
Unilever Asia Private Limited	31.14	-
Outstanding as at the year end - Payables		
Unilever N.V.	14.30	48.94
Unilever Supply Chain Company	54.42	56.06
Unilever Asia Private Limited	24.31	8.65
Unilever Australia Limited	-	0.68
Lipton Limited UK	1.21	13.43
Unilever PLC	71.88	117.26
Advances to suppliers		
Lipton Soft Drinks (Ireland)	1.42	-
Unilever Asia Pte Limited	1.00	-

40) SEGMENT INFORMATION

Information about Primary Business Segments

	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Soaps and Detergents	10,636.28		10,636.28	8,801.18		8,801.18
Personal Products	7,008.76		7,008.76	5,857.27		5,857.27
Beverages	2,617.43		2,617.43	2,346.50		2,346.50
Packaged Foods	1,359.47		1,359.47	1,178.42		1,178.42
Others	1,801.35		1,801.35	1,822.05		1,822.05
Total Revenue (Refer note 3 to Segment Information)	23,423.29	-	23,423.29	20,005.42	-	20,005.42
RESULT						
Soaps and Detergents			1,233.26			820.77
Personal Products			1,742.93			1,469.56
Beverages			366.68			357.76
Packaged Foods			24.17			29.87
Others			153.10			56.83
Total Segment (Refer note 4 to Segment Information)			3,520.14			2,734.79
Un-allocated expenditure net of un-allocated income			(270.12)			(252.87)
Operating Profit			3,250.02			2,481.92
Finance Cost			(1.65)			(1.01)

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

40) SEGMENT INFORMATION

Information about Primary Business Segments

	For the year ended 31st March, 2012			For the year ended 31st March, 2011		
	External	Intersegment	Total	External	Intersegment	Total
Other Income			259.62			255.18
Profit before exceptional items and tax			3,507.99			2,736.09
Exceptional items - income / (expenditure) -Segment						
Detergents		(6.64)			14.09	
Personal Products		2.30			9.72	
Beverages		(0.85)			2.77	
Packaged Foods		(10.78)			13.28	
Others		(5.58)			8.06	
			(21.56)			47.92
Exceptional items - income / (expenditure)- Unallocated / Corporate			135.25			172.90
Profit before tax			3,621.68			2,956.91
Taxation for the year (including adjustments of previous years)						
Current tax			(832.21)			(606.22)
Deferred tax			2.60			(41.18)
Tax adjustments of previous years			8.07			(2.88)
Profit after tax and before minority interest			2,800.14			2,306.63
Less: Minority Interest			(9.48)			(10.58)
Profit for the year			2,790.66			2,296.05

	Segment Assets		Segment Liabilities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Other Information				
Soaps and Detergents	2,584.77	2,566.12	(2,625.55)	(2,931.70)
Personal Products	1,470.77	1,538.60	(1,370.99)	(1,415.10)
Beverages	755.38	858.96	(455.45)	(512.73)
Packaged Foods	559.20	517.89	(344.32)	(384.44)
Others	539.02	695.81	(557.76)	(495.36)
Total	5,909.14	6,177.38	(5,354.07)	(5,739.33)
Unallocated Corporate Assets / (Liabilities)	5,695.02	4,379.41	(2,550.70)	(2,067.93)
Total Assets / (Liabilities)	11,604.16	10,556.79	(7,904.77)	(7,807.26)

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to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

40) SEGMENT INFORMATION

Information about Primary Business Segments (Contd.)

	Capital Expenditure		Depreciation / Amortization		Non - Cash Expenses other than Depreciation	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Soaps and Detergents	71.10	59.11	70.41	80.84	16.41	29.70
Personal Products	69.06	65.79	78.41	62.12	5.74	5.32
Beverages	33.07	23.57	10.66	14.12	0.08	3.27
Packaged Foods	54.73	56.71	17.06	8.00	4.20	9.01
Others	26.86	19.13	18.17	18.76	4.10	0.63
Unallocated Corporate Assets / (Liabilities)	86.66	98.50	38.83	45.45	18.13	-

Information about Secondary Business Segments

	12 month ended 31st March, 2012	12 month ended 31st March, 2011
Revenue by Geographical Market		
India	21,595.63	18,335.51
Outside India	1,827.66	1,669.91
Total	23,423.29	20,005.42
Additions to Fixed Assets and Intangible Assets		
India	253.47	222.39
Outside India	1.35	1.92
Total	254.82	224.31
Carrying Amount of Segment Assets		
India	5,878.13	6,134.79
Outside India	31.01	42.59
Total	5,909.14	6,177.38

Notes :

1. Business Segments

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

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

NOTES

to the financial statements for the year ended 31st March, 2012 (Contd.)

(All amounts in Rs.Crores, unless otherwise stated)

40) SEGMENT INFORMATION

Information about Secondary Business Segments (Contd.)

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

In addition, the Company's Others segment includes Export sales of Marine Products, Leather Products etc.

The above business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- 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.
- The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

3. Revenue comprises :

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Sale of products (net of excise duty)	22,987.73	19,647.81
Income from services rendered to group companies	334.18	293.35
Salon services, Export incentives, scrap sales included in others	101.38	64.26
Total	23,423.29	20,005.42

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

AUDITORS' REPORT

on the Consolidated Financial Statements of Hindustan Unilever Limited

The Board of Directors of Hindustan Unilever Limited

1. We have audited the attached consolidated balance sheet of Hindustan Unilever Limited (the "Company") and its subsidiaries, its jointly controlled entity; hereinafter referred to as the "Group" (Refer Note 1 to the attached consolidated financial statements) as at 31st March, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. 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. We did not audit the financial statements of one subsidiary and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs 155.71 crores and net assets of Rs 29.33 crores as at 31st March, 2012, total revenue of Rs. 240.50 crores, net profit of Rs 36.69 crores and net cash outflows amounting to Rs 23.83 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Lovelock & Lewes

Firm Registration No: 301056E
Chartered Accountants

Pradip Kanakia

Partner
Membership No: 39985

Mumbai : 1st May, 2012

STATEMENT PURSUANT TO SECTION 212

of the Companies Act, 1956

Rs. Crores

Name of the subsidiary Company	Financial year ending of the subsidiary	Number of equity shares held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 6)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 8)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Unilever India Exports Limited	31-03-12	2,975,000	100%	97.40	-	113.93	60.87
Pond's Exports Limited	31-03-12	19,900,147	100%	1.65	-	(18.70)	-
Brooke Bond Real Estates Private Limited	31-03-12	12,946,000	100%	(0.47)	-	(6.99)	-
Jamnagar Properties Private Limited	31-03-12	5,000,000	100%	(0.11)	-	(0.52)	-
Daverashola Estates Private Limited	31-03-12	221,700	100%	-	-	(0.34)	-
Unilever Nepal Limited - Nepalese Rs.	16-07-11 [Ashaad 32, 2068]	736,560	80%	48.79	43.42	217.09	195.50
- Indian Rs. [Refer Note (ii)]				30.49	27.14	135.68	122.21
Lakme Lever Private Limited	31-03-12	20,000,000	100%	(13.25)	-	(22.82)	-

Changes in Company's interest in Unilever Nepal Limited between 16th July, 2011 and 31st March, 2012 : Nil

Material changes between 16th July, 2011 and 31st March, 2012 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
- Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees
- Hindustan Field Services Private Limited ceased to be a subsidiary of the Company w.e.f. 31st May, 2011

Nitin Paranjpe
Managing Director and CEO

Sridhar Ramamurthy
Executive Director (Finance & IT)
and CFO

Aditya Narayan
Chairman - Audit Committee

Dev Bajpai
Executive Director Legal and
Company Secretary

Vivek Subramanian
Group Contoller

Mumbai : 1st May, 2012

SUBSIDIARY COMPANIES' PARTICULARS

Particulars regarding subsidiary Companies, in accordance with General circular No : 02/2011 dated 8th February, 2011 from the Ministry of Corporate Affairs.

Rs. Crores

Name of Subsidiary company	Issued and sub-scribed share capital	Reserves	Total Assets	Total Liabilities [excl. (2) & (3)]	Investment included in total Asset	Turnover	Profit/ (Loss) before taxation	Provision for Taxation	Profit/ (loss) after taxation	Proposed dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Unilever India Exports Limited	2.97	218.81	486.30	264.52	0.29	1,048.49	130.26	(32.86)	97.40	-
Pond's Export Limited	1.99	0.57	27.86	25.30	0.01	79.31	1.73	(0.08)	1.65	-
Brooke Bond Real Estates Private Limited	12.95	(7.45)	13.02	7.52	-	-	(0.60)	0.13	(0.47)	-
Jamnagar Properties Private Limited	5.00	(0.63)	4.37	-	-	-	(0.11)	-	(0.11)	-
Daverashola Estates Private Limited	0.22	3.96	4.47	0.29	-	-	-	-	-	-
Unilever Nepal Limited										
- Nepalese Rs.	9.20	84.04	153.33	60.09	-	420.60	88.20	(17.94)	70.26	(54.32)
- Indian Rs.	5.75	52.52	95.83	37.56	-	262.88	55.13	(11.21)	43.92	(33.95)
Levers Associated Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Levindra Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Hindlever Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Lakme Lever Private Limited	20.00	(36.06)	27.67	43.73	-	44.66	(13.25)	-	(13.25)	-

Note: i) Converted into Indian Rupees at the Exchange rate INR 1= 1.6 Nepalese Rupees
 ii) The aforesaid data in respected of the subsidiaries are as on 31st March, 2012
 iii) Hindustan Field Services Private Limited ceased to be a subsidiary of the Company w.e.f. 31st May, 2011

Nitin Paranjpe
 Managing Director and CEO

Sridhar Ramamurthy
 Executive Director (Finance & IT)
 and CFO

Aditya Narayan
 Chairman - Audit Committee

Dev Bajpai
 Executive Director Legal and
 Company Secretary

Vivek Subramanian
 Group Controller

Mumbai : 1st May, 2012

INVESTOR SAFEGUARDS

In order to serve you better and prevent risks associated with dealing in securities, we request you to follow the general safeguards as detailed hereunder:

Update your Address / E-mail

To receive all communications promptly, please update your address with the Company or Depository Participants (DP), as the case may be.

Prevention of Frauds

Certain instances of fraudulent transactions relating to dormant folios have been observed in cases where the shareholder has either passed away or has gone abroad. Hence, we urge you to exercise due diligence and notify us of any change in address, stay abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant. Periodic statement of holdings should be obtained from the concerned Depository Participants and the holdings should be verified.

Confidentiality of Security Details

Do not disclose your Folio Nos. / DP ID / Client ID to 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 only with 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. It should be ensured that the Contract Note / Confirmation Memo contains order number, trade number, trade time, quantity, price and brokerage.

PAN Requirement for Transfer of Shares in Physical Form

SEBI has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form. Therefore, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to M/s. Karvy Computershare Private Limited/Investor Service Department for registration of such transfers. Members / Investors are therefore requested to make note of the same and submit their PAN card copy to M/s. Karvy Computershare Private Limited/Investor Service Department of 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. This would facilitate one stop tracking of all corporate benefits on the shares.

Demat / Exchange

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat/electronic form through a Depository Participant of their choice. Holding securities in demat form helps investors to get immediate transfer of securities, also no stamp duty is payable on transfer of shares held in demat form. The Company also offers help to its shareholders to demat their physical shares. Members who are still holding the share certificates of the face value of Rs. 10/- each, are requested to forward their old share certificates (which are no longer tradable in market and will not be accepted by the DPs for demat) to M/s. Karvy Computershare Private Limited, along with a request letter signed by all the holders for exchange of shares. The exchanged share certificate(s) of face value of Re.1/- each will help you demat your shares expeditiously.

Register your ECS Mandate and Nomination

The members who have not registered their ECS Mandate or Nomination with the Company, are requested to send their registration forms to M/s. Karvy Computershare Private Limited/Investor Service Department of the Company.

If your bank particulars have changed either due to your banker having migrated their operation to core banking solutions and/or merged with another bank, please register a fresh ECS Mandate with the revised bank particulars.

Unclaimed Dividend

To ensure maximum disbursement of unclaimed dividends, the Company sends reminders to the relevant investors, before transfer of dividend to Investor Education and Protection Fund (IEPF). Members are requested to encash outstanding dividend on time, by sending their requests to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company.

Mode of Postage

Share certificates and high value dividend warrants / cheques / demand drafts should not be sent by ordinary post. It is recommended that investors should send such instruments by registered post or courier.

CORPORATE INFORMATION

REGISTERED OFFICE Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai – 400 099.

SOLICITORS Crawford Bayley & Co., Mumbai

AUDITORS Lovelock & Lewes, Mumbai

BANKERS

Bank of America	Indian Bank
Bank of Baroda	Punjab National Bank
Bank of India	Royal Bank of Scotland (ABN Amro Bank)
Canara Bank	Standard Chartered Bank
Citibank N.A.	State Bank of Hyderabad
Deutsche Bank	State Bank of India
HDFC Bank	Syndicate Bank
Hongkong & Shanghai Banking Corporation	Union Bank of India
ICICI Bank	

PLANT LOCATIONS

NORTHERN REGION

BAROTIWALA

- Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil Kasauli, District Solan - 174 103, Himachal Pradesh

NALAGARH

- Hudbust No. 143, Khasra No. 182, 183, 187/1, Village - Kiralpur, Tehsil - Nalagarh, District Solan - 174 101, Himachal Pradesh
- Khasra No. 1350 – 1318, Bhatoli Kalan, Hill Top Industrial Area, Jharmajri, Tehsil Nalagarh, District Solan - 173 295, Himachal Pradesh

HARIDWAR

- Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttaranchal

RAJPURA

- A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab

KHALILABAD

- Plot No. D34-D38, Road No. 4, UPSIDC Industrial Area, District Sant Kabir Nagar, Khalidabad - 271 175, Uttar Pradesh

ETAH – BEVERAGES

- G. T. Road, Etah – 207 001, Uttar Pradesh

ORAI

- A-1, Industrial Area, UPSIDC, Orai, Jalaun - 285 001, Uttar Pradesh

SUMERPUR

- A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

SOUTHERN REGION**COCHIN**

- Tatapuram PO, Cochin – 682 014, Kerala
- Edapally, Cochin – 682 024, Kerala

HOSUR

- Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 109, Tamilnadu

MANGALORE

- Sultan Batter Road, Bloor, Mangalore – 575 003, Karnataka

MYSORE

- Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka

PONDICHERRY

- Off NH 45-A, Vadamangalam, Pondicherry - 605 102
- No. 3, Cuddalore Road, Kirumambakkam, Pondicherry – 607 402

EASTERN REGION**TINSUKIA**

- Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, Tinsukia - 786 151, Assam

HALDIA

- PO Durgachak, Haldia, Midnapore - 721 602, West Bengal

KOLKATA

- 1, Transport Depot Road, Kolkata - 700 088, West Bengal
- 63, Garden Reach, Kolkata - 700 024, West Bengal
- P10 Taratola Road, Kolkata - 700 088, West Bengal

WESTERN REGION**KHAMGAON**

- C-9, MIDC, Khamgaon, District Buldhana - 444 303, Maharashtra

CHIPLUN

- Plot No. B-7, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra

KALWA

- Plot No.7 & 7A, MIDC Industrial Area, Thane - Belapur Road, Post Airoli -400 708 , Maharashtra

MUMBAI

- Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra

NASIK

- Plot No. A 8/9, MIDC, Malegaon, Sinnar - 422 103, Maharashtra

SILVASSA

- Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230, Dadra and Nagar Haveli
- Survey No.907, Kilwali Road, Amlli Village, Near Gandhidham Bus Stop, Silvassa - 396 230
- Orient Press Complex, Survey No. 297/1/2, Dungrapada, Village Saily, Silvassa - 396 230
- Survey No. 46/11, Plot No 16, Naroli Road, Village Athal, Silvassa - 396 230

CHORWAD

- Plot no 130/1, Holiday Home road, Chorwad, Dist Junagarh- 362 250, Gujarat

GOA

- Plot Nos. 132-139, Kundaim Industrial Estate, Kundaim – 403 115, Goa

CHHINDWARA

- 5/6 KM Stone, Narsinghpur Road, Lehgadua, Chhindwara - 480 002, Madhya Pradesh



Hindustan Unilever Limited

Registered Office : Unilever House, B. D. Sawant Marg, Chakala, Andheri (E), Mumbai – 400 099 Tel: +91-22-39830000

SHAREHOLDERS' SATISFACTION SURVEY - 2012

Dear Shareholders,

It has been our constant endeavor to provide best of the services to our valuable shareholders and maintain highest level of Corporate Governance in this Company.

In order to further improve shareholder service standards we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send it back to us in the attached postage pre-paid envelope, to enable us to serve you better.

Thank You,

Dev Bajpai

Executive Director – Legal and Company Secretary

Name : _____

Contact Person (In case of Corporate Holding) : _____

Folio No./DP ID No. Client ID No. : _____

No. of shares held : _____

No. of years' as Shareholder of the Company : _____

Name of City / Village : _____

E-mail ID : _____

Contact No. : _____

I. HOW DO YOU RATE THE INFORMATION PROVIDED IN THE ANNUAL REPORT OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presentation of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

II. HOW DO YOU RATE THE INFORMATION PROVIDED ON THE WEBSITE OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relevance of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Updated and Latest information available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease and Accessibility while navigating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Shareholders' Satisfaction Survey 2012 (Contd.)

III. HOW DO YOU RATE THE INTERACTION WITH INVESTOR SERVICE DEPARTMENT OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IV. HOW DO YOU RATE THE SERVICES PROVIDED BY KARVY COMPUTERSHARE PRIVATE LIMITED, OUR REGISTRAR & SHARE TRANSFER AGENT

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

V. HOW DO YOU RATE THE RECEIPT OF VARIOUS DOCUMENTS

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
General Notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dividend / ECS intimations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share Certificates after transfer, transmission etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VI. WHAT IS YOUR OVERALL ASSESSMENT OF INVESTOR SERVICE STANDARDS OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of response received	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Orientation of person contacted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VII. DO YOU HAVE ANY GRIEVANCE WHICH IS NOT ADDRESSED SO FAR

Yes No

(If yes, Please provide a brief summary of the grievance)

VIII. ANY OTHER SUGGESTIONS FOR IMPROVING THE QUALITY OF INVESTOR SERVICE



Hindustan Unilever Limited

Registered Office : Unilever House, B. D. Sawant Marg, Chakala, Andheri (E), Mumbai – 400 099 Tel: +91-22-39830000

E-COMMUNICATION REGISTRATION FORM

Dear Shareholder,

The Ministry of Corporate Affairs vide its Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 commenced the 'Green Initiative in Corporate Governance' thereby allowing paperless compliances by Companies through electronic mode. Further, in line with recent circular ref no. CIR/CFD/DIL/2011 dated 05.10.2011 issued by the Securities and Exchange Board of India (SEBI) and consequent changes in the listing agreement, Companies can send Annual Report in electronic mode to shareholders who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Hindustan Unilever to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website www.hul.co.in.

Let's be part of this 'Green Initiative'!

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

Best Regards,

Dev Bajpai

Executive Director - Legal and Company Secretary

E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID & Client ID:

Name of 1st Registered Holder :

Name of Joint Holder(s):

Registered Address :

E-mail ID (to be registered):

I/we shareholder(s) of Hindustan Unilever Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail id in your records for sending communication through e-mail.

Date:

Signature:

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.





Hindustan Unilever Limited

Registered Office : Unilever House, B. D. Sawant Marg, Chakala, Andheri (E), Mumbai – 400 099 Tel: +91-22-39830000

PROXY FORM

I/We _____
of _____ being
Member(s) 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
79th Annual General Meeting of the Company, to be held on Monday, 23rd July, 2012 at 10.30 a.m. and at any adjournment thereof.

I wish my / our Proxy to vote in the manner as indicated in the table below*:

Reso. No.	Description	For	Against
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2012.	<input type="checkbox"/>	<input type="checkbox"/>
2.	Declaration of dividend.	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-election of the following persons as Director: Mr. Harish Manwani Mr. Sridhar Ramamurthy Mr. A. Narayan Mr. S. Ramadorai Dr. R. A. Mashelkar Mr. Pradeep Banerjee	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4.	Appointment of M/s. Lovelock & Lewes as Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2013.	<input type="checkbox"/>	<input type="checkbox"/>
5.	Appointment of Mr. O. P. Bhatt as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6.	Re-appointment of Mr. Nitin Paranjpe as Managing Director and Chief Executive Officer (CEO) of the Company effective 4th April, 2013.	<input type="checkbox"/>	<input type="checkbox"/>
7.	Increase the maximum limit of Salary payable to the Managing Director(s) of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
8.	Adoption of revised '2012 HUL Performance Share Scheme'	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____ 2012.

Reference Folio No./DP ID & Client ID _____

No. of shares _____

Signature _____

Affix
Revenue
Stamp

Notes :

- The Proxy, to be effective, should be deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
- A Proxy need not be a Member of the Company.
- *3. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the Meeting.



AWARDS AND FELICITATIONS

WINNING WITH BRANDS AND INNOVATION

Six of our brands (Lux, Lifebuoy, Closeup, Fair & Lovely, Clinic Plus and Sunsilk) featured in Top 15 list in Brand Equity's Most Trusted Brands Survey.

Hindustan Unilever Limited (HUL) was awarded the CNBC AWAAZ Storyboard Consumer Awards 2011 in three categories.

- FMCG Company of the Year
- The Most Consumer Conscious Company of the Year
- The Digital Marketer of the Year

HUL won the 'Golden Peacock Innovative Product Award' for Marvella RO

HUL was identified the sixth most innovative company in the world in a ranking published by Forbes magazine.

HUL bagged 6 awards (1 Gold, 3 Silvers and 2 bronze) across categories at the EMVIES Awards. We also won a People's Choice Award and special TAM award for TV innovation.

HUL won 5 EFFIE Awards which were organized by the Ad Club of Bombay.

HUL won the Rolta Corporate Award for the top Indian Company in the FMCG sector at an awards ceremony organised by Dun & Bradstreet.

WINNING IN THE MARKET PLACE

HUL was awarded for Exceptional supplier performance by Bharti Walmart.

- Supplier of the Year: Retail Format
- Supplier of the Year : Cash & Carry Format
- Supply Chain Excellence : Cash & Carry Format
- Supplier of the Year for CSR / Sustainability

HUL received "TESCO Value Award" for best in class execution of the Joint Business Plan.

WINNING THROUGH CONTINUOUS IMPROVEMENT

HUL was awarded the FMCG Supply Chain Excellence Award at the 5th Express, Logistics & Supply Chain Awards endorsed by The Economic Times along with the Business India Group.

Doomdooa factory won the Gold Award in the Process Sector, Large Business category at The Economic Times India Manufacturing Excellence Awards 2011.

WINNING WITH PEOPLE

HUL was ranked the No.1 Employer of Choice for students in the annual Nielsen B-School Survey. In the survey, HUL retained the 'Dream Employer' status for the 3rd year running and continues to be the top company considered for application by B-School students.

HUL was awarded the National Award for Excellence in Corporate Governance, 2011 by the ICSI.

HUL received the 'Dream employer of the year' Awards presented by UTV Bloomberg.

Fortune India featured India's most admired companies wherein Hindustan Unilever was ranked at No.2.

HUL was recognised as the Best Employer Brand in Asia at the Asia's Best Employer Brand Awards 2011.

HUL ranked sixth in the list of 'Global Top Companies for Leaders 2011 Study Results' announced by Aon Hewitt, The RBL Group and Fortune.

HUL was awarded the "The Top 5 India Companies in Corporate Governance" by IR Global Rankings for 2011.

HUL received the National Award for 'Significant Achievements in Employee Relations' by the Employee Federation of India for the Pan India category.



SUSTAINABILITY

HUL has won the Asian Centre for Corporate Governance and Sustainability Awards in the category 'Company with the Best CSR and Sustainability Practices.'

Our instant Tea Factory, Etah bagged the second prize in tea category for Energy Conservation from Ministry of Power, Govt. of India.

HUL won the prestigious 'Golden Peacock Global Award for Corporate Social Responsibility' for the year 2011.

HUL's Andheri campus received certification of LEED India Gold in 'New Construction' category, by Indian Green Building Council (IGBC), Hyderabad, under license from the United States Green Building Council (USGBC)

The Orai, Etah and Chhindwara factories were selected as winners of the prestigious 'Srishti Good Green Governance (G Cube) Award 2011 in the 'Process Non-metallic' category.

Chiplun factory received the CII Award for the efforts being taken to enhance Safety & Health initiatives.

HUL won the third prize at the prestigious FE-EVI Green Business Leadership Awards 2010-11 in the low energy intensive sector category.

HUL (Khamgaon) was declared winner of the Gold Award in FMCG Sector for outstanding achievement in Safety Management.



HINDUSTAN UNILEVER LIMITED

Registered Office:

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Andheri East, Mumbai 400099

www.hul.co.in

