



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.

CONTENTS

OVERVIEW

02	Financial Highlights and Brands
04	Financial Performance
05	Performance Trends
06	Chairman's Letter
08	Winning with Brands and Innovation
10	Winning in the Market Place
12	Winning through Continuous Improvement
14	Winning with People
16	Unilever Sustainable Living Plan - India Progress
18	Board of Directors
20	Management Committee

REPORTS

21	Notice of the Annual General Meeting
26	Profile of Directors and other Directorships
30	Directors' Report and Management Discussion and Analysis
45	Annexure to the Directors' Report
50	Corporate Governance Report
67	Secretarial Standards Report
68	Secretarial Audit Report

STANDALONE FINANCIAL STATEMENTS

70	Balance Sheet
71	Statement of Profit and Loss
72	Cash Flow Statement
74	Notes
114	Auditors' Report
117	Economic Value Added



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**

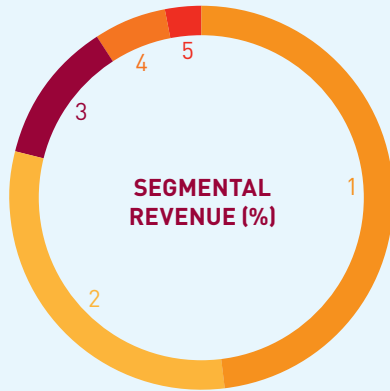
CONSOLIDATED FINANCIAL STATEMENTS

- 118 Balance Sheet
- 119 Statement of Profit and Loss
- 120 Cash Flow Statement
- 122 Notes
- 148 Auditors' Report
- 149 Statement Pursuant to Section 212
- 150 Subsidiary Companies' Particulars

OTHERS

- 151 Investor Safeguards
- 152 Corporate Information
 - Shareholders' Satisfaction Survey - 2012
 - E-Communication Registration Form
 - Proxy Form

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

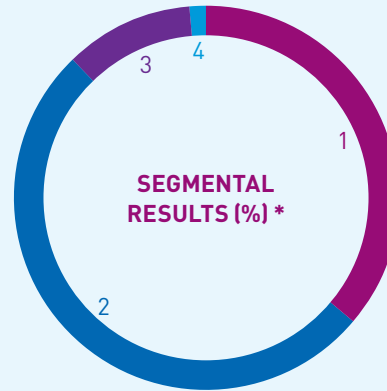
EVA

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

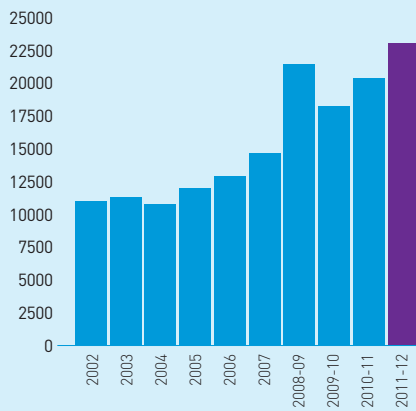
*Shown on an annualised basis

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

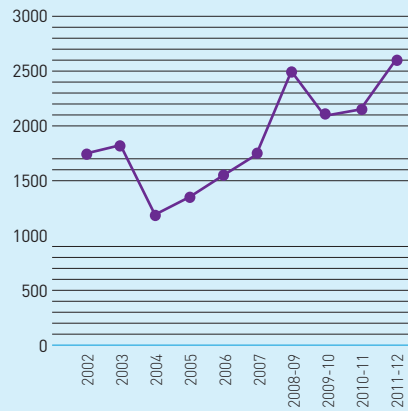
* Based on year-end closing prices quoted in the Bombay Stock Exchange, adjusted for bonus shares

PERFORMANCE TRENDS

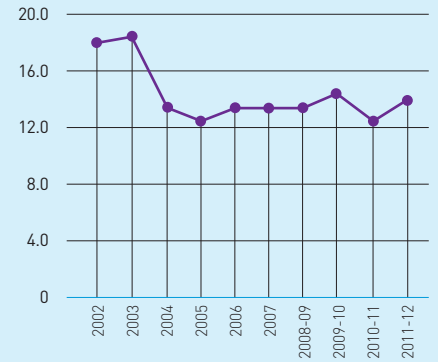
GROSS SALES (Rs Crores)



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 Naturol 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 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



- 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



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 (CIPIH) 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 PQCDMS (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	495.75	1,428.24
Foreign Exchange Outgo	2,198.72	2,645.01

NOTES

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

NOTES

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	-	-

NOTES

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

NOTES

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

NOTES

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

NOTES

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

NOTES

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)

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 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)

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 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:

- i) Hindustan Unilever Limited held the whole of the paid-up capital of Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited which were non-profit making organisations
- ii) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees
- 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 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.

Doomdooma 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:

Unilever House, B D Sawant Marg, Chakala,
Andheri East, Mumbai 400099

www.hul.co.in

