



Hindustan Unilever Limited

ANNUAL REPORT 2013-14

MAKING SUSTAINABLE LIVING COMMONPLACE





OUR PURPOSE TO MAKE SUSTAINABLE LIVING COMMONPLACE

We work to create a better future every day, with brands and services that help people feel good, look good and get more out of life.

Our first priority is to our consumers – then customers, employees, suppliers and communities. When we fulfil our responsibilities to them, we believe that our shareholders will be rewarded.

Unilever Sustainable Living Plan (USLP)

Our Annual Report 2013-14 is complemented by the Business Responsibility Report and also the online Unilever Sustainable Living Report - India 2013 Progress Report published in April 2014. This details performance against our USLP targets for the period 1 January to 31 December 2013 except where indicated otherwise. The online report carries a wealth of information on our approach to running a responsible business. See www.hul.co.in/sustainable-living-2014/





WE MEET EVERY DAY NEEDS FOR NUTRITION, HYGIENE AND PERSONAL CARE WITH BRANDS THAT HELP PEOPLE FEEL GOOD, LOOK GOOD AND GET MORE OUT OF LIFE.

While growing our business we will reduce our environmental footprint and increase our positive social impact.

We will lead for responsible growth, inspiring people to take small everyday actions that will add up to a big difference. We will grow by winning shares and building markets everywhere.

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HINDUSTAN UNILEVER AT A GLANCE

WHO WE ARE

Hindustan Unilever Limited is one of the leading fast-moving consumer goods companies in India. We own some of the best-known and best-loved brands like Dove, Surf, Kissan, Bru and Pureit. We are passionate about them and proud of the way they help people get more out of life.

WHAT WE DO

We build our brands and develop our products through extensive consumer insight, relentless innovation, and crystal-clear design and marketing. This is a powerful blend that helps us excite and inspire our customers and consumers. We are committed to making sustainable living commonplace and work to develop new ways of doing business that will reduce our environmental footprint and increase our positive social impact.

OPERATIONAL HIGHLIGHTS

Despite a challenging environment, we delivered broad-based growth and margin improvement by stepping up investment in brands and innovations, while driving cost savings and operational efficiencies with even greater rigour. We delivered competitive and profitable growth:

- Domestic consumer business grew 9% with an underlying volume growth of 4%.
- Operating margin expanded +40 bps.
- Strong track record of cash generation was sustained with cash from operations at over Rs. 5,000 crores, up Rs. 462 crores over the previous year.
- Total dividend of Rs. 13.00 per share was declared for the Financial Year.

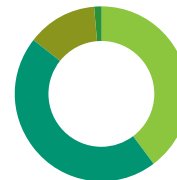
SEGMENTAL PERFORMANCE

SEGMENTAL REVENUE (%)

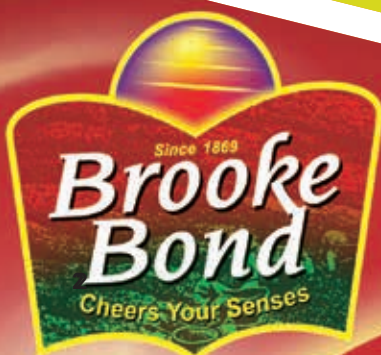


Soaps and Detergents	49.0
Personal Products	29.1
Beverages	11.9
Packaged Foods	5.9
Others	4.1

SEGMENTAL RESULTS (%)



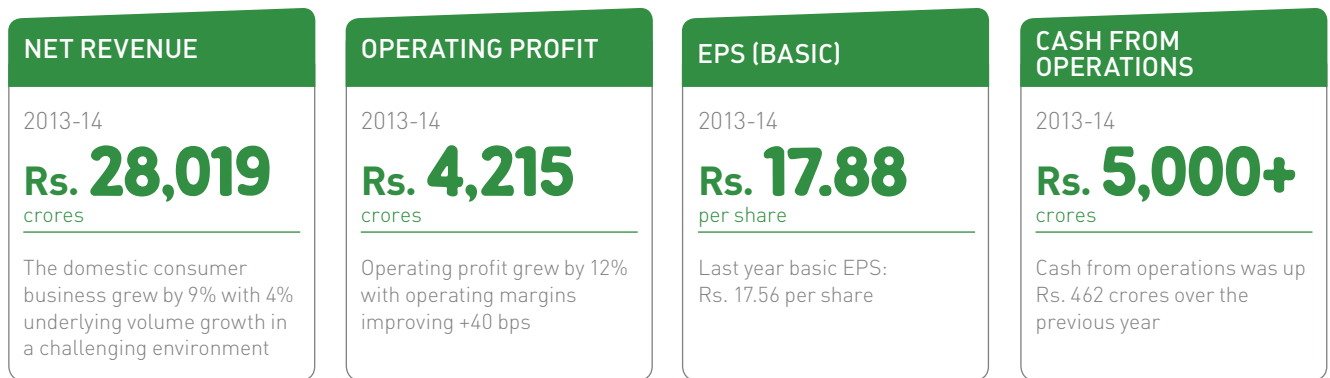
Soaps and Detergents	40.1
Personal Products	46.4
Beverages	13.0
Packaged Foods	1.4
Others	-0.8



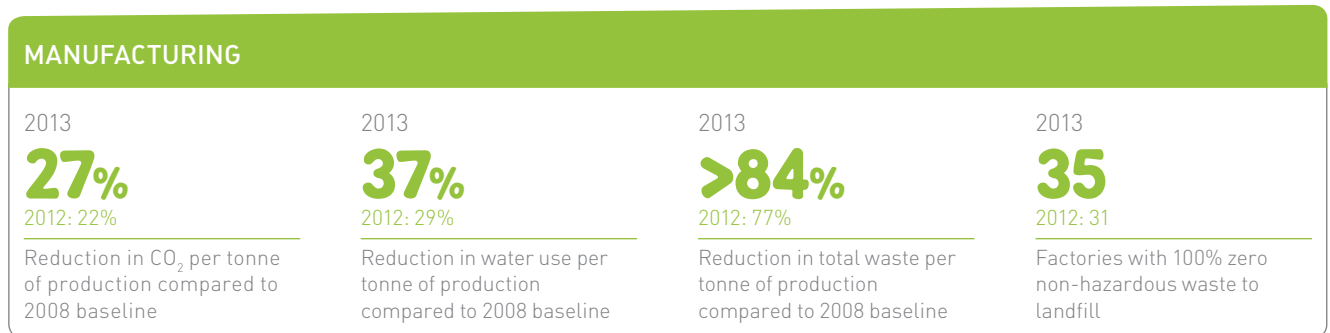
OUR KEY PERFORMANCE INDICATORS

We report our performance against key financial and non-financial performance indicators below. The Directors' Report starting on page 30 gives details of our performance in each of the business segments and functions. Details of the progress made on the Unilever Sustainable Living Plan (USLP) commitments are given on the page 16 and 17.

FINANCIAL



NON-FINANCIAL



FINANCIAL PERFORMANCE

10 YEAR RECORD

Standalone

Rs. crores

Statement of Profit & Loss	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11 ^	2011-12 ^	2012-13 ^	2013-14 ^
Gross Sales*	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27	20,285.44	22,800.32	26,679.76	28,947.06
Other Income	318.83	304.79	354.51	431.53	589.72	349.64	627.38	659.08	1,210.73	1,231.87
Interest	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)	(6.98)	(0.24)	(1.24)	(25.15)	(36.03)
Profit Before Taxation @	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07	2,730.20	3,350.16	4,349.48	4,799.71
Profit After Taxation @	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25	2,599.23	3,314.35	3,555.32
Earnings Per Share of Re. 1	5.44	6.40	8.41	8.73	11.46	10.10	10.58	12.46	17.56	17.88
Dividend Per Share of Re. 1	5.00	5.00	6.00	9.00#	7.50	6.50	6.50	7.50	18.50#	13.00

* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items ^ 2010-11, 2011-12, 2012-13 and 2013-14 based on Revised Schedule VI

Includes Special Dividend

Balance Sheet	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^
Fixed Assets	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07	2,457.86	2,362.92	2,508.54	2,741.84
Investments	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08	1,260.67	2,438.21	2,330.66	3,094.12
Net Deferred Tax	226.00	220.14	224.55	212.39	254.83	248.82	209.66	214.24	204.78	161.73
Net Assets/(Liabilities) (Current and Non-current)	(409.30)	(1,355.31)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)	(1,268.67)	(1,502.44)	(2,369.96)	(2,720.64)
	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93	2,674.02	3,277.05
Share Capital	220.12	220.12	220.68	217.74	217.99	218.17	215.95	216.15	216.25	216.27
Reserves & Surplus	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35	2,443.57	3,296.78	2,457.77	3,060.78
Loan Funds	1,471.11	56.94	72.60	88.53	421.94	-	-	-	-	-
	3,563.82	2,362.56	2,796.09	1,527.76	2,483.45	2,583.52	2,659.52	3,512.93	2,674.02	3,277.05

^ 2010-11, 2011-12, 2012-13 and 2013-2014 based on Revised Schedule VI

Segment-Wise Sales (%)	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14
Soaps and Detergents	45	45	47	47	49	48	46	48	49	49
Personal Products	26	28	29	29	29	30	32	31	31	29
Beverages and Packaged Foods	24	22	20	21	19	20	20	19	18	18
Others	5	5	4	3	3	2	2	2	2	4

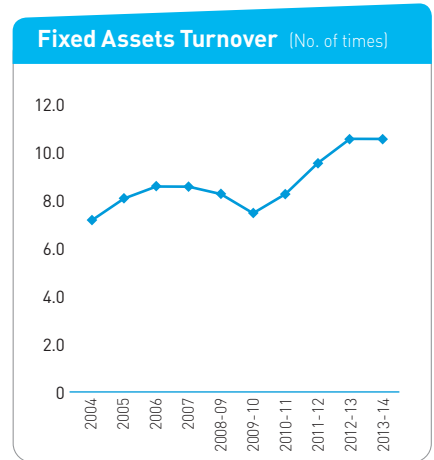
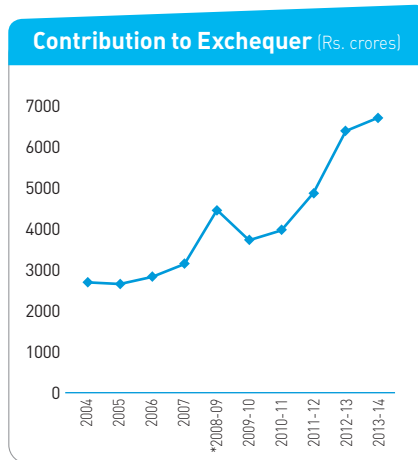
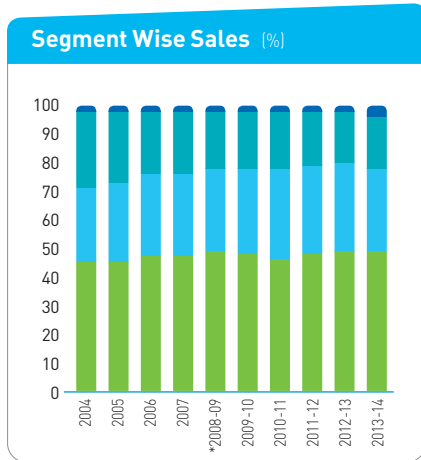
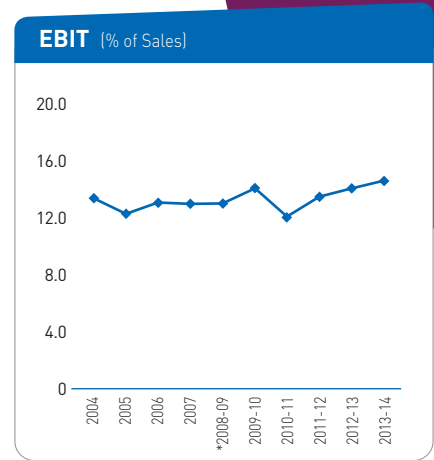
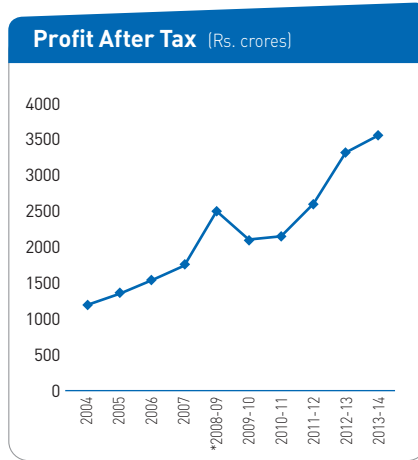
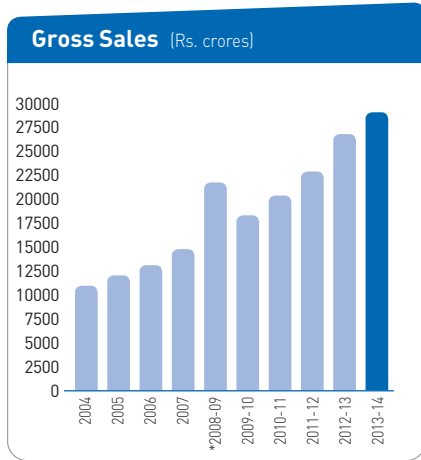
Key Ratios and EVA	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14
EBIT as % of Sales	13.4	12.3	13.1	13.1	13.1	14.1	12.1	13.5	14.1	14.6
Fixed asset Turnover (No. of Times)	7.2	8.1	8.6	8.6	8.3*	7.5	8.3	9.6	10.6	10.6
PAT / Sales (%)	11.0	11.3	11.8	11.8	11.6	11.5	10.6	11.4	12.4	12.3
Return on Capital Employed (%)	45.9	68.7	67.0	78.0	107.5*	103.8	87.5	96.8	109.1	130.2
Return on Net Worth (%)	57.2	61.1	68.1	80.1	103.6*	88.2	74.0	77.7	94.7	104.1
Economic Value Added (EVA) (Rs. crores)	886	1,014	1,126	1,314	2,154	1,791	1,750	2,250	2,926	3,147

* Shown on annualised basis

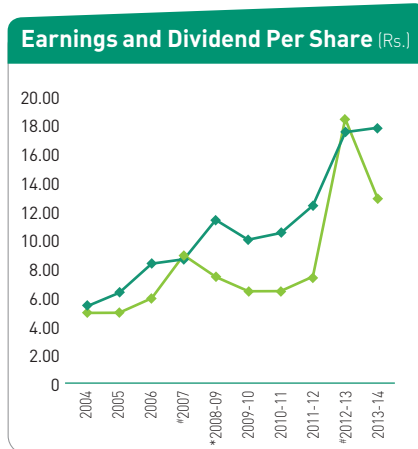
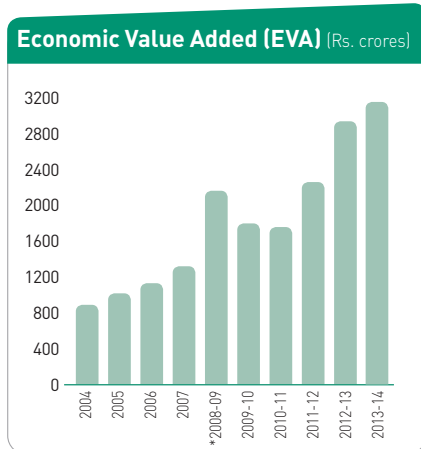
Others	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	143.50	197.25	216.55	213.90	237.50	238.70	284.60	409.90	466.10	603.65
Market Capitalisation (Rs. crores)	31,587	43,419	47,788	46,575	51,770	52,077	61,459	88,600	100,793	130,551
Contribution to Exchequer (Rs. crores)	2,674	2,638	2,813	3,133	4,429	3,704	3,953	4,839	6,365	6,680

* Based on year-end closing prices quoted in the Bombay Stock Exchange

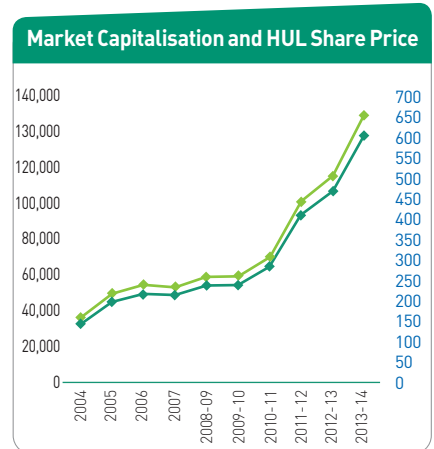
PERFORMANCE TRENDS



- Soaps and Detergents
- Beverages and Packaged Foods
- Personal Products
- Others



- Earnings per share
- Dividend per share



- Market capitalisation (Rs. crores)
- HUL share price (Rs.)

* Figures are for 15 months period

Includes Special Dividend

Based on year-end closing prices quoted in the Bombay Stock Exchange.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended March 2014 was another successful year, where despite a challenging environment, our business grew well ahead of competition. Several innovations were launched to meet the emerging needs and aspirations of our consumers. We expanded our reach and further strengthened our distribution so that we can serve our consumers better with our wide range of product offerings. At the same time, we continued to make significant progress on our Unilever Sustainable Living Plan.

During the year, Unilever increased its stake in your Company from 52.48% to 67.25% through an open offer. The open offer reflects Unilever's confidence in the long term growth opportunity of the Indian market and more importantly its strong commitment to investing and driving the growth of your Company.

The business environment continued to remain muted. Despite the Indian economy witnessing a slowdown, your Company delivered healthy results. Our domestic consumer business grew by 9% with 4% underlying volume growth which was ahead of the market. Profit before interest

and tax (PBIT) grew by 12% with PBIT margin improving 40 bps. Profit after tax but before exceptional items, PAT (bei), grew by 7% to Rs. 3,555 crores with Net Profit at Rs. 3,867 crores growing 2%. Net Profit growth was impacted by the significant property sale in the previous year. Cash generated from operations at over Rs. 5,000 crores for the year, was up Rs. 462 crores over the previous year. With the final dividend of Rs. 7.50 per share proposed by the Board of Directors and an interim dividend of Rs. 5.50 per share already paid, the total dividend for the financial year ending 31 March 2014 amounts to Rs. 13.00 per share.

Innovations touched most of our product portfolio and delivered strong growth. We launched a host of innovations across our businesses by leveraging Unilever's global portfolio of brands, research and technology. Surf Excel launched the first main-wash liquid detergent in May. Domex Zero Stain was launched reinstating the cleaning properties of Domex. In personal care we launched the 'Best Ever' Fair & Lovely, Pond's BB+ cream, Lakmé CC cream and Vaseline Healthy White. Hair Care and Skin Care brands were premiumised with Lakmé Pro-Stylist, TRESemmé and Toni&Guy being some of the innovations this year. In beverages, green tea was added to the Lipton and Taj Mahal range. Magnum, Unilever's most premium ice cream brand globally, was launched in Chennai in 2013 and has been extended to more cities this year. Pureit, launched the best in class water purifier, Pureit Ultima RO + UV. The dual technology of RO + UV removes harmful chemicals like lead, arsenic and mercury, ensuring that the water is always pure and safe for drinking.

In our endeavour to serve the consumers in the farthest corners of India, we further

expanded our direct retail reach and strengthened our in store execution. We extended our Perfect Stores programme to 1 million stores by the end of 2013. The on-shelf availability in modern trade touched an all-time high with many of our key customers recognising us as the Supplier of Choice.

In 2013, we significantly increased our Shakti network adding over 17,000 Shakti Entrepreneurs (Shaktiammas). Project Shakti now has over 65,000 Shakti Entrepreneurs complemented by over 50,000 Shaktimaans, the male members of the Shakti family who distribute Company products on bicycles.

It was once again 'business unusual on costs' across the board with significant savings in Supply Chain and Overheads and improvements in the effectiveness of our Trade and Marketing spends. These savings helped to sustain competitive investments behind our brands and deliver a steady improvement in the operating margin.

We made good progress on the Unilever Sustainable Living Plan. In line with our belief of doing well by doing good, we launched the 'Perfect Village' programme across eight states. Under this initiative, we created awareness about health and wellbeing among rural consumers and at the same time, improved the availability of our products in these villages. The Lifebuoy Handwashing Programme now touches 58 million consumers in India.

Lifebuoy's 'Help a Child Reach 5' Handwashing Programme was launched in Thesgora, a village in Madhya Pradesh, last year. With our interventions, the incidence of diarrhoea dropped significantly. This campaign is now being



BOARD OF DIRECTORS

extended to many other villages in Madhya Pradesh and Bihar.

Domex, our leading toilet cleaner brand, announced the launch of Domex Toilet Academy (DTA). DTA's ambition is to help reduce the incidence of open defecation and increase access to improved sanitation by educating people about the importance of safe and hygienic sanitation practices.

In our factories, for every tonne of production in 2013 we reduced CO₂ emissions by 27% compared to 2008 baseline. Use of renewable energy increased to more than 20% of the total consumption and water usage in manufacturing operations reduced by 37% compared to 2008 baseline. Employing the 'Reduce, Reuse and Recycle' principle, 99% of total waste was recycled, reducing the total waste per tonne from manufacturing sites by 84% against 2008 baseline. HUL factories with 100% zero non-hazardous waste to landfill increased to 35.

To renew and reconnect our brands to the larger purpose of serving society, we launched Project Sunlight in November 2013. Project Sunlight is our long term initiative to motivate millions to live sustainably, by inspiring them to create a brighter future for our children. It aims to build momentum behind a growing community of people who believe it is possible to build a world where everyone lives well and sustainably, without compromising the needs of future generations.

We continue to focus on attracting, retaining and developing the best talent. This year, we retained our position as the No. 1 Employer Brand among premier business school students for the third successive year and as a 'Dream Employer' for the fifth consecutive year. This comes as an endorsement of our people agenda which provides strong support networks, mentoring and learning

1 Mr. Harish Manwani
Chairman

2 Mr. Sanjiv Mehta
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. Aditya Narayan
Independent Director

6 Mr. S. Ramadorai
Independent Director

7 Mr. O. P. Bhatt
Independent Director

8 Dr. Sanjiv Misra
Independent Director



experiences to develop successful business leaders.

In October 2013, Sanjiv Mehta took over your Company's leadership baton from Nitin Paranjpe, who after leading HUL successfully since 2008, was promoted to the Unilever Leadership Executive as President Home Care. I would like to take this opportunity to thank Nitin for his outstanding contribution to HUL. Sanjiv is a proven business leader with rich experience of leading Unilever companies across Developing & Emerging markets and I am confident that he will take HUL to greater heights.

In the year ahead, the business environment will continue to remain challenging and competitive intensity is

likely to remain high. With our purpose driven brands, passionate employees and your continued support, I am confident that we will continue to deliver growth that is consistent, competitive, profitable and responsible.

I would like to thank you, all our shareholders, for your trust and your wholehearted support.

Best Regards,

Harish Manwani
Chairman

OUR BUSINESS MODEL

SUSTAINABLE LIVING

For us, sustainable, equitable growth is the only acceptable business model. Business needs to be a regenerative force in the system that gives it life. For example, by reducing waste we create efficiencies and reduce costs, helping to improve margins while reducing risk. Meanwhile, looking at more sustainable ways of developing products, sourcing and manufacturing opens up opportunities for innovation while improving the livelihoods of our suppliers.

Our USLP is the means by which we seek to achieve sustainable growth. The USLP has three big global goals:

IMPROVING HEALTH AND WELL-BEING

By 2020 we will help more than a billion people take action to improve their health and well-being.

REDUCING ENVIRONMENTAL IMPACT

By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.

ENHANCING LIVELIHOODS

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

See page 16



OUR BRANDS

Strong brands and innovation are central to our ambition to deliver consistent, competitive, profitable and responsible growth. We are investing in brand equity, finding and strengthening the connections between consumers and the products they buy. Strong brand equities enable us to create efficiencies by focusing on fewer, bigger projects that enhance margins. And we are seeking superior products which consumers will prefer, driving profitable growth.

See page 10



OUR PEOPLE

Sustainable, profitable growth can be achieved with the right people working in an organisation that has a culture where performance is aligned with values. We are an agile and diverse business with people motivated by doing good while doing well. We are building capability and leadership among our people and attracting some of the best talent in the marketplace.

See page 12



OUR OPERATIONS

On any given day 2 billion consumers use Unilever products. We want to reach many more, by developing innovative products that address different consumer needs at different price points. To do this, we use our global scale to help deliver sustainable, profitable growth by seeking to add value at every step in the value chain by enhancing product quality and customer service and rolling out innovations faster across markets.

See page 14

Our business model is designed to deliver sustainable growth. For us, sustainability is integral to how we do business. In a world where temperatures are rising, water is scarce, energy is expensive, sanitation is poor in many areas, and food supplies are uncertain and expensive, we have both a duty and an opportunity to address these issues in the way we do business.

OUR COMPASS STRATEGY

We call our business strategy document 'the Compass', since it sets out a constant path for Unilever for the long term. First developed in 2009, it was sharpened in 2012 but its core elements remained the same. The Compass sets out our ambitious Vision and Purpose, and defines four non-negotiable commitments within the business that we believe will help us achieve both: winning with brands and innovation; winning in the marketplace; winning through continuous improvement; and winning with people. Our Statement of Purpose is also the title of our Annual Report.

The Compass gives life to our determination to build a sustainable business for the long term and to find new ways to operate that do not just take from society and the environment. This is captured in the Unilever Sustainable Living Plan (USLP).



OUR BUSINESS MODEL

The **inputs** to our business model, like those of all major packaged goods manufacturers, are threefold: brands; people; and operations. These map directly on to our Compass 'winning with' commitments – with both continuous improvement and the marketplace pillars supporting the operations strand of the model.

The **differentiator** in our business model is our USLP and the goal of sustainable living.

The **outputs** of the model are threefold: sustained growth; lower environmental impact; and positive social impact.

The diagram represents our virtuous circle of growth. It summarises, simply, how we derive profit from our business model.



A VIRTUOUS CIRCLE OF GROWTH

PROFITABLE VOLUME GROWTH

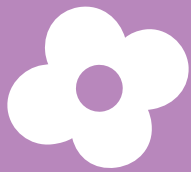
Profitable volume growth is the basis of the virtuous circle of growth. Stronger brands and innovation are the key drivers behind it. Consistently strong volume growth builds brand equity as we reach more consumers, more often.

COST LEVERAGE + EFFICIENCY

Profitable volume growth allows us to optimise the utilisation of our infrastructure and spread fixed costs over a larger number of units produced, reducing the average cost per unit. It improves our profitability and allows us to invest in the business.

INNOVATION + MARKETING INVESTMENT

Lower costs and improved efficiency enable us to invest behind our brands to strengthen our business further. New and improved products are the result of investment in R&D and, together with effective marketing, strengthen our brand equity. This results in profitable volume growth, self-perpetuating the virtuous circle of growth.



OUR BRANDS

Strong brands and innovation are central to our ambition to deliver consistent, competitive, profitable and responsible growth. We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life. We strive to reach our customers in the most cost effective manner and delight them.

DRIVING PREMIUMISATION

In order to tap the premiumisation opportunity, we launched a host of innovations this year with distinct consumer propositions and benefits. Premium beauty brands like Dove drove the agenda in Hair Care. The TRESemmé proposition of 'Salon like hair, at home everyday' accelerated it. HUL also launched Unilever's premium ice cream brand, Magnum, in Chennai. Backed by a strong 360-degree multimedia launch and an excellent 'go-to-market' execution, the launch turned out to be a huge success.

Lakmé reinvented its Skin Care portfolio with the Pro-stylist range, offering the signature benefit of 'salon expertise'. It forayed into the

anti-aging segment with Youth Infinity and relaunched its fairness range, Perfect Radiance. Pond's launched its BB+ cream in India with a 360-degree campaign that delivered some outstanding results within the first three months of launch. Digital and new media was leveraged by all our brands to drive salience and engagement.

CONNECTING WITH CONSUMERS

Pepsodent reached out to half a million consumers through the 'Call The Expert' campaign that encouraged consumers to call trained Pepsodent Experts on a toll free number and get free advice on oral health and hygiene. The AXE Apollo campaign gave winners a once in-a-lifetime opportunity to visit the NASA space centre. Lux's tie-up with Chennai Express, through a 'missed call' contest, gave consumers a chance to go on 'a romantic train ride' with Shah Rukh Khan. This contest received a record 5.5 million calls in just three weeks.

3 Roses and Red Label highlighted the goodness of tea that helps improve blood circulation. Lipton Green Tea launched the 'Feel Light Feel Active' campaign with actress Anushka Sharma encouraging people to consume a healthier and lighter beverage.

Kissan inspired mothers to make home food exciting and delicious for children through the innovative 'Kissan Rolls' campaign. Knorr Chinese mini meals were sampled in modern trade stores at the check-out counters, creating high quality trials of the mealmaker range. Shoppers were delighted to discover how easy it was to 're-create restaurant-like experiences at home'.





DRIVING NEW CATEGORIES

The Perfect Village initiative was conceptualised to drive growth of our brands in rural India. The focus of the programme was to develop the market, driving growth in the Tender Loving Care categories such as hair conditioners, facewashes, body lotions, fabric conditioners and liquid handwash.

Launched in March 2013 in eight key states across India, the project involved holding 'Mohalla sessions' with consumers and educating them about new categories, their benefits and on the right usage. This helps to drive the Unilever Sustainable Living Plan agenda of improving health and hygiene.

REACHING OUR CUSTOMERS: ADDING 1 MILLION STORES

Expansion of distribution reach across urban and rural markets was one of the key thrust areas. This resulted in the addition of one million stores to our existing network.

A new low cost distribution model was developed to leverage the increasing penetration of mobile phones among the bottom-of-the-pyramid retailers. Taking orders through tele-calling saved time and led to a significant cut in front end distribution cost. Reduction in servicing cost enabled us to reach more shoppers who purchase from those marginal outlets outside the purview of our traditional distribution model.

PERFECT VILLAGES

In 2013, we went to 8,500 villages across India through school contact and *Mohalla* programmes. Through these school activities, Lifebuoy educated children on the importance and correct method of handwashing. Pepsodent also educated them on the importance and correct method of brushing teeth. In the *Mohalla* activity, we demonstrated the benefits of new and emerging categories such as facewash, hair conditioners and fabric conditioners to the women in the village. We touched the lives of over three million consumers in these villages through these programmes. We ensured the availability of these new product categories in the retail outlets of these villages through the Perfect Stores programme.

DRIVING HEALTH AND HYGIENE

Domex launched Domex Toilet Academy (DTA) on the occasion of World Toilet Day on November 19. The academy aims to build toilets in areas where people do not have access to improved sanitation and face a problem of open defecation.

REDUCING CARBON FOOTPRINT

Our frozen desserts business moved into procuring technologically advanced Hydrocarbon (HC) refrigerant-based freezers with a zero ozone depletion potential for its retail operations. Kwalita Walls has 37,500 HC refrigerant-based freezer cabinets in India, which are a significant reduction in our carbon footprint.

Through innovation in packaging of instant coffee and dry foods, we are now on a journey to reduce the use of plastic laminate in our product packaging.

ENHANCING LIVELIHOODS

The 65,000 Shakti Entrepreneurs (Shaktiammas) across 16 states cover 160,000 villages and reach around four million rural households. In 2013, we continued our focus on stabilising the Shakti DMS (a mobile-based mini ERP solution) to help improve the sales and earnings of Shaktiammas.

Project Xpress, our rural distribution alliance with Tata Teleservices for distributing their telecom products through our distribution network, helped in enhancing the earning potential of our partners, including Shaktiammas. We are now nationally distributing telecom products to 75,000 telecom outlets through our distribution network.



OUR BRANDS IN ACTION TO FIND OUT MORE VISIT : WWW.HUL.CO.IN/BRANDS-IN-ACTION/



EXPANDING SHAKTI REACH

In 2013, we had

65,000

Shakti Entrepreneurs (Shaktiammas) and 50,000 Shaktimaans across 16 states who covered 160,000 villages and reached around 4 million rural households.



OUR PEOPLE

Great brands and great people are our biggest assets. Sustainable, profitable growth can only be achieved in an organisation which focuses on performance culture and where employees are engaged and empowered to be the best they can be.

Future success depends on being lean, agile and competitive in a resource-challenged world. In three years, we have transformed our structure to enable us to move faster, innovate better and leverage our global scale.

EMPLOYER OF CHOICE- ATTRACTING THE RIGHT TALENT

For the third year in a row, HUL was recognised as the 'No. 1 Employer of Choice' among students on campus in the Nielsen survey. In addition, HUL retained the 'Dream Employer' status for the fifth consecutive year and continued to be the top company considered for application by B-School students.

UPHOLDING BRAND IMAGE DIGITALLY

Our digital presence is a vital factor in maintaining our brand image. Our Facebook 'Unilever Diaries' page currently has over 350,000 fans with approximately 1,000 conversations every day. The page helps us maintain constant digital engagement with the extended student community. Last year, we launched an Alumni Facebook group with ~600 members and 700 engagements so far.

A GENDER BALANCED WORKFORCE

HUL aims to become a gender balanced organisation. We have a roadmap in place and are creating enablers to ensure a culture of inclusion. 'Career by Choice', a re-hire programme that provides a platform for women looking for real opportunities to work flexibly and part-time on live business projects, is one such enabler. With these enablers, our Company has seen a significant shift in the Gender Balance Ratio over the last three years.

DEVELOPING LEADERS FOR THE FUTURE

HUL is well-known for nurturing talent and building leaders, driven by the 'leaders build leaders' philosophy. Such a mindset ensures that leadership gets ingrained in all people across the Company, rather than placing it as the responsibility of a function or a few individuals. This is exemplified through our Management Trainee programme, commonly known as the Unilever Future Leaders Programme that has been the training ground for many inspiring leaders across HUL and Unilever.

A LEARNING CULTURE OF 70:20:10

We follow a holistic 70:20:10 capability building approach across functions. We believe that 70% of all capability is built on the job, 20% through coaching and short term projects and 10% through classroom learning. There are multiple forums for learning including quarterly webcasts, regular guest sessions from industry stalwarts and portals to ensure a constant flow of best practices. Our learning practices are best-in-class with over 28,000 man-days invested in classroom training and ~38,000 e-learning courses completed in 2013.

DRIVING EMPLOYEE ENGAGEMENT

Our Global People Survey (GPS) measures the level of engagement of all employees. Employee Engagement for India showed a 300 bps improvement over 2012 in the GPS Pulse check conducted in 2013.

CREATING AN AGILE, FLEXIBLE ORGANISATION

HUL has an established culture of agile working and flexibility through a well-defined agile policy which includes work from home, flexi-timing and hot-desking. We have also undertaken initiatives to cut down on complexity in terms of processes, and improved speed of decision-making and speed to the market.

ENSURING SAFETY AT THE WORKPLACE

Our mission is to protect and enhance the well-being of our employees, visitors and partners. Safe working is non-negotiable. We have a clear focus on safety practices ensuring all possible safety hazards are eliminated; not just from the work place but during travel and at employee homes.

EMPLOYEE RELATIONS

We have undertaken a host of programmes in the space of capability building on the shopfloor. Our Shopfloor Skill Upgradation Programme, 'Sparkle', is an intranet-based tool that assesses training needs, skill and performance. Stepping Into One (SIO) helps develop technical and leadership skills among shopfloor employees and provides them career advancement opportunities into supervisory roles.



OUR PEOPLE IN ACTION TO FIND OUT MORE VISIT :
WWW.HUL.CO.IN/CAREERS-REDESIGN/

HUL recognised as the
NO. 1 EMPLOYER OF CHOICE
for the third consecutive year

HUL retained the
DREAM EMPLOYER
status for the fifth year in a row





STRENGTHENING PARTNERSHIPS

Our Partner to Win programme aims at developing a business plan with suppliers and business partners in order to reduce lead time, procurement cost, improve reliability and new innovation delivery. Project Procure To Pay Transformation was launched to move the needle on our services to suppliers from vendor satisfaction to vendor delight. This year, we standardised and centralised payments process from over 40 locations to one Payment Excellence Centre.

To strengthen our distribution channel and empower our partners, the existing technology backbone was leveraged to provide for a low cost phone based solution that significantly saved costs of selling our products. Analytics-based algorithms that have been fine tuned for urban distribution were extended to the rural distribution system to improve the effectiveness of sales calls.

IMPROVING ECO-EFFICIENCY

Sustainability is embedded in our operations; be it sourcing, manufacturing or logistics. For every tonne of production in 2013 we reduced CO₂ emissions by 27% in India, compared to the 2008 baseline. Use of renewable energy increased to over 20% of the total consumption while water usage in manufacturing operations reduced by over 37% compared to the 2008 baseline.

OUR OPERATIONS

At HUL, we aim to deliver growth that is consistent, competitive, profitable and responsible. At every step of the value chain, we add value in order to deliver superior customer service, better quality, competitive cost and flawless execution while maintaining a flexible, lean and agile structure.

GENERATING CUSTOMER DELIGHT

We continued to improve our customer service. CCFOT (Customer Case fill-on-Time) increased to 94% and On-Shelf-Availability in Modern Trade touched an all time high of 96%. Our customers acknowledged this and declared us 'the best supplier of the year'. We continued to strengthen the Sales and Operation Planning process (S&OP) and Innovation Process Management (IPM) in order to proactively drive competitive growth as well as to respond to market demands with speed and agility.

We focused on improving product quality through better product designs and various quality improvement programmes. There has been a 50% reduction in consumer complaints over last year.

FOCUS ON CONSUMERS

60%

of our product portfolio touched by innovations



Hindustan Unilever Limited

Employing the 'Reduce, Reuse and Recycle' principle, 99% of total waste generated was recycled, reducing the total waste per tonne from manufacturing sites by more than 84% against the 2008 baseline.

EXECUTING EXCELLENCE

An increased number of innovation networks were executed this year and touched about 60% of the product portfolio. The focus on bigger, faster innovation and capability development significantly helped in launching innovations first time right. To achieve manufacturing excellence, HUL embarked on a journey of setting up world-class manufacturing sites focusing on identification, root-cause analysis and elimination of non-value added activities to lead to improvement in efficiencies.

Several initiatives were undertaken to reduce cost, complexity and processing time required for transactions. A global financial excellence centre was set up in Bengaluru and a programme was launched that converts data into insights with just a click of a button. This will enable faster decision making, whilst significantly reducing the efforts on information management.



SUSTAINABLE SOURCING TO FIND OUT HOW WE PARTNER WITH SMALL-SCALE SUPPLIERS VISIT : WWW.HUL.CO.IN/SUSTAINABLE-LIVING/SUSTAINABLESOURCING

SUSTAINABLE SOURCING

By end-2012 all of our palm oil was from sustainable sources and 100% of palm oil volumes of India stand covered by GreenPalm certificates.

A total of 86 tea estates in Assam, West Bengal and Tamil Nadu have been certified 'Sustainable Estates' by the Rainforest Alliance™ till the end of 2013. In 2013, more than 80% of tomatoes used in Kissan Ketchup in India were from sustainable sources.

We continued the simplification agenda that started last year by appropriately investing in IT. This resulted in significant savings in audit effort.

In 2013, we won the esteemed Silver Shield from the Institute of Chartered Accountants of India for excellence in financial reporting for HUL annual report for 2012-13. We continue to focus on delivering excellence in Financial Accounting and Reporting.

DELIVERING SAVINGS

The focus on costs was even more pronounced this year given the tough business environment. A strong Supply Chain saving programme driven by various cross functional teams such as R&D, Procurement, Manufacturing and Logistics delivered strong savings across the Supply Chain.

Key cost savings initiatives like freight cost optimisation through re-aligning sourcing networks, energy saving capex being deployed across units, consolidation of sourcing footprint was activated across the board. This helped in delivering a healthy contribution to the margins of the Company. Performance on working capital was very strong.



UNILEVER SUSTAINABLE LIVING PLAN

In an uncertain and volatile world, we have to find new ways to operate that do not negatively impact society and the environment. Launched in 2010, the Unilever Sustainable Living Plan is our blueprint for sustainable growth.

IMPROVING HEALTH AND WELL-BEING



By 2020, we will help more than a billion people take action to improve their health and well-being. So far, Unilever has helped 303 million people globally.

REDUCING ENVIRONMENTAL IMPACT



By 2020, our goal is to halve the environmental footprint of the making and use of our products as we grow our business. Globally, our waste impact per consumer use has reduced since 2010.

1 HEALTH AND HYGIENE



By 2020, Unilever will help more than a billion people globally to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhoea.

- IN INDIA, 58 MILLION PEOPLE REACHED THROUGH LIFEBOUY HANDWASHING PROGRAMME SINCE 2010.
- 57.5 MILLION PEOPLE GAINED ACCESS TO SAFE DRINKING WATER FROM PUREIT GLOBALLY BY END OF 2013.

2 NUTRITION



Unilever will continually work to improve the taste and nutritional quality of all its products. The majority of our products meet, or are better than, benchmarks based on nutritional recommendations. This will help hundreds of millions of people to achieve a healthier diet.

- IN INDIA, NEARLY 92% OF OUR CHILDREN'S ICE CREAMS PORTFOLIO CONTAINS 110 KILOCALORIES OR FEWER PER PORTION.
- IN 2013, 70% OF OUR FOODS PORTFOLIO (BY VOLUME) WAS COMPLIANT TO 5 GMS SALT PER DAY TARGET.
- CURRENTLY ALL OUR KISSAN KETCHUP VARIANTS AND SOUPS MEET THE INTERIM TARGET OF 6 GMS SALT PER DAY.

3 GREENHOUSE GASES



OUR PRODUCTS' LIFECYCLE
Halve the greenhouse gas impact of Unilever products across the lifecycle by 2020.*

OUR MANUFACTURING
By 2020 CO₂ emissions from energy from Unilever factories will be at or below 2008 levels despite significantly higher volumes.

- IN INDIA, CO₂ EMISSION PER TONNE OF PRODUCTION HAS REDUCED BY 27% IN 2013 COMPARED TO THE 2008 BASELINE.
- SHARE OF RENEWABLE ENERGY IN OUR TOTAL ENERGY CONSUMPTION IN OUR MANUFACTURING ACTIVITIES IS 21%.

4 WATER



OUR PRODUCTS IN USE
Halve the water associated with the consumer use of Unilever products by 2020.*

OUR MANUFACTURING
By 2020, water abstraction by Unilever's global factory network will be at or below 2008 levels, despite significantly higher volumes.

- IN INDIA, WATER USAGE PER TONNE IN MANUFACTURING OPERATIONS REDUCED BY 37% COMPARED TO OUR 2008 BASELINE.
- SIX MORE SITES IMPLEMENTED RAINWATER HARVESTING TAKING THE TOTAL TO 28 SITES.



The Plan is helping to drive profitable growth for our brands, save costs and fuel innovation. Our Plan sets out three big goals. Underpinning these goals are nine commitments supported by targets spanning our social, environmental and economic performance.

EVOLUTION OF OUR PLAN

We have learnt a great deal since we launched the Plan three years ago. In 2013 we undertook an in-depth review with every product category and business function. We identified actions that will help us drive sustainable growth faster and remove barriers to progress.

As a result we have broadened our Plan with a more substantive and far-reaching Enhancing Livelihoods programme. Alongside our new Livelihoods commitments, we have also revised some targets to ensure we can achieve our long-term ambitions, which remain undiminished.

ENHANCING LIVELIHOODS

By 2020, we will enhance the livelihoods of millions of people as we grow our business. We have provided help and training to 570,000 smallholder farmers globally.



5 WASTE



OUR PRODUCTS

Halve the waste associated with the disposal of Unilever products globally by 2020.*

OUR MANUFACTURING

By 2020 total waste sent for disposal globally, will be at or below 2008 levels despite significantly higher volumes.

- IN INDIA, WE ACHIEVED A REDUCTION OF MORE THAN 84% IN TOTAL WASTE PER TONNE FROM OUR MANUFACTURING, OVER 2008 BASELINE.
- A TOTAL OF 35 OUT OF 38 SITES BECAME ZERO NON-HAZARDOUS WASTE TO LANDFILLS.

6 SUSTAINABLE SOURCING



By 2020 Unilever will source 100% of agricultural raw materials sustainably.

- IN INDIA, ALL OF OUR PALM OIL IS FROM SUSTAINABLE SOURCES AND 100% OF PALM OIL VOLUMES OF INDIA ARE COVERED BY 'GREEN PALM' CERTIFICATES.
- A TOTAL OF 86 TEA ESTATES IN ASSAM, DARJEELING AND TAMIL NADU HAVE BEEN CERTIFIED 'SUSTAINABLE ESTATES' BY THE RAINFOREST ALLIANCE™ IN 2013.
- NEARLY 80% OF TOMATOES USED IN KISSAN KETCHUP ARE FROM SUSTAINABLE SOURCES IN INDIA.

7 FAIRNESS IN THE WORKPLACE



By 2020, Unilever will advance human rights across all operations and extended supply chain.

- IMPLEMENT UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS.
- SOURCE 100% OF PROCUREMENT SPEND IN LINE WITH OUR RESPONSIBLE SOURCING POLICY.
- CREATE FRAMEWORK FOR FAIR COMPENSATION.
- IMPROVE EMPLOYEE HEALTH, NUTRITION AND WELL-BEING.
- REDUCE WORKPLACE INJURIES AND ACCIDENTS.

8 OPPORTUNITIES FOR WOMEN



By 2020, Unilever will empower 5 million women globally.

- BUILD A GENDER-BALANCED ORGANISATION WITH A FOCUS ON MANAGEMENT.
- PROMOTE SAFETY FOR WOMEN IN COMMUNITIES WHERE WE OPERATE.
- ENHANCE ACCESS TO TRAINING AND SKILLS.
- EXPAND OPPORTUNITIES IN OUR VALUE CHAIN.

9 INCLUSIVE BUSINESS



By 2020, Unilever will have a positive impact on the lives of 5.5 million people globally.

- IMPROVE LIVELIHOODS OF SMALLHOLDER FARMERS.
- IMPROVE INCOMES OF SMALL-SCALE RETAILERS.
- INCREASE PARTICIPATION OF YOUNG ENTREPRENEURS IN OUR VALUE CHAIN.

* Our environmental targets are expressed on a 'per consumer use' basis. This means a single use, portion or serving of a product. We have taken a lifecycle approach with a baseline of 2010.

+ In seven water-scarce countries representing around half the world's population.

AWARDS AND FELICITATIONS

Hindustan Unilever Limited received more than 150 awards and recognitions this year. Some of the key achievements across our brands, operations and people were:

OUR BRANDS

- HUL was declared 'Client of The Year' at Effies 2013 after being conferred a total of 8 awards including the coveted 'Grand Effie' for the Lifebuoy Roti Reminder, which was launched during the Mahakumbh mela. Our other brands, Kissan, Bru and Lifebuoy's 'Help A Child Reach Five' campaign, won 3 Golds, 2 Silvers and 2 Bronzes.
- At the Global Mobile Awards, we won an award for the innovative 'free mobile radio' service 'Kan Khajura Teshan' that has become the biggest radio station in Bihar. This initiative enabled us to reach out to 5 million rural consumers in an otherwise 'media dark' region.
- We were named the 'Best Media Client of the Year' at India's prestigious media awards – The Emvies.
- HUL won 5 Creative and 12 Media Abby Awards at GoaFest 2013.
- HUL won the Bronze Lion in the 'Charity and Not for Profit' category at Cannes 2013 for the Lifebuoy Roti Reminder campaign.
- We received 'Innovating for a Better Future' award from CNN-IBN for Pureit.
- HUL's water purifier brand Pureit emerged as the most trusted brand in water purifiers in Brand Equity's 2013 Most Trusted Brands survey.

OUR PEOPLE

- HUL emerged as the No. 1 Employer of Choice across all sectors, for the third year in a row, in the Nielsen Campus Track-B School Survey for the 2014 graduating batch of B-School students. We retained the 'Dream Employer' status for the 5th year running and continued to be the top company considered for application by B-School students.
- Aon Hewitt recognised us in their 2013 survey as the Best Employers in India.
- Harish Manwani was honoured with the Singapore Public Service Medal.
- Business Today named Nitin Paranjpe as both the best CEO for an FMCG company as well as the best CEO of an MNC.
- CNBC-TV18's 9th India Business Leader Awards honoured Nitin Paranjpe with the Business Leader of the year Award.
- CNBC-TV18 conferred the Best Performing CFO award to Sridhar Ramamurthy in the Fast Moving Consumer Goods & Retail at the CFO Awards 2012-13. He was also recognised at Business Today Best CFO Awards.
- Under the Consumer Sector in the 2013 Institutional investor All-Asia Executive Team rankings, Nitin Paranjpe and Sridhar Ramamurthy secured the second spots on the Best CEO and Best CFO lists respectively.



1 Client of the Year at Effies 2013

2 Project Sunlight awarded at IAA Olive Crown Awards 2014



18 Awards and Felicitations



3 Pradeep Banerjee receives the Business Standard Award for Corporate Excellence



4 Sumerpur Unit receives the National Energy Conservation Award

OUR OPERATIONS

- HUL was recognised by The Institute of Chartered Accountants of India for excellence in financial reporting and awarded the Silver Shield for best annual report in the Manufacturing sector.
- Barotiwala, Khamgaon and Sumerpur units bagged awards at the prestigious Green Manufacturing Excellence Awards 2013. Khamgaon won the Overall Leader Award.
- Chhindwara unit won Good Green Governance award from Srishti publications; Orai unit was declared the Runners-up in the 'Process Non-metallic' category.
- Doom Dooma unit won Gold for Training Excellence at Greentech HR Award 2013.
- The HUL website was recognised as the No. 1 Popular Investor Relations Website globally at the Investor Relations Global Rankings 2013.
- Mysore unit received a Silver rating in GreenCo audit conducted by CII.
- Sumerpur unit won Second prize at the National Energy Conservation Award 2013 in the Soap & Detergent Sector.

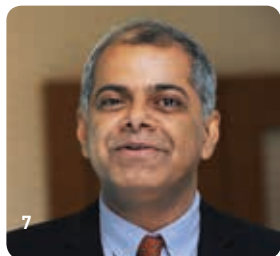
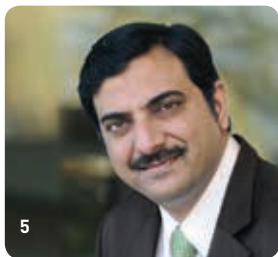
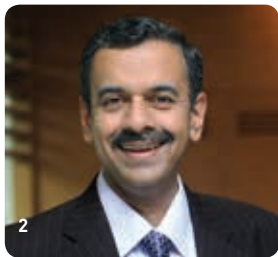
CORPORATE

- HUL was recognised as Star MNC of the Year 2013 in the Business Standard Awards for Corporate Excellence.
- HUL was named the 'Multinational in India of the Year' at AIMA Managing Award 2013.
- Your Company was ranked 2nd in Fortune's list of most admired companies in India.
- We emerged as the No. 4 Most Respected Company in India, in a survey conducted by Business World.

SUSTAINABILITY

- HUL was recognised as the Conscious Capitalist of the Year 2013 at the Forbes India Leadership Awards.
- We won two Gold awards at the 2014 IAA Olive Crown awards for Project Sunlight - Green Brand of the Year and Corporate Crusader of the Year.
- HUL won the 2013 Corporate Sustainability Stewardship Award.
- We won Golden Peacock Environment Management Award.

MANAGEMENT COMMITTEE



- 1 Mr. Sanjiv Mehta**
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 Mr. Pradeep Banerjee**
Executive Director,
Supply Chain
- 5 Mr. Dev Bajpai**
Executive Director, Legal &
Corporate Affairs and
Company Secretary
- 6 Ms. Geetu Verma**
Executive Director,
Foods
- 7 Mr. Manish Tiwary**
Executive Director, Sales and
Customer Development
- 8 Mr. B. P. Biddappa**
Executive Director,
Human Resources





Hindustan Unilever Limited

Registered office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099

CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

NOTICE

of the Annual General Meeting

Notice is hereby given that the 81st Annual General Meeting of Hindustan Unilever Limited will be held on Monday, 30th June, 2014 at 2.00 p.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 Statement of Profit and Loss for the financial year ended 31st March, 2014, 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, 2014.
3. To elect and appoint Directors in place of those retiring by rotation.
4. To appoint M/s. BSR & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company in place of M/s. Lovelock & Lewes, the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting, until the conclusion of sixth Annual General Meeting to be held after this meeting, subject to ratification at every Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2015.

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 Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Aditya Narayan (DIN : 00012084), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th June, 2014."

6. 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 Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. S. Ramadorai (DIN : 00000002), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th June, 2014."

7. 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 Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. O. P. Bhatt (DIN : 00548091), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th June, 2014."

8. 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 Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Dr. Sanjiv Misra (DIN : 03075797), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 30th June, 2014."

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) 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. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. 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, 13th June, 2014 to Monday, 30th June, 2014 (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, 2014, as recommended by the Board, if approved by the Members, will be paid on or after Friday, 4th July, 2014 to those Members whose names appear in the Register of Members of the Company as on the book closure dates.
5. In accordance with the Articles of Association of the Company, all Directors (except Mr. Sanjiv Mehta, who has been appointed as the Managing Director for a term of five years effective 10th October, 2013) retire every year and, if eligible, offer themselves for re-appointment at the AGM. Consequent to the elevation of Mr. Sridhar Ramamurthy as the Senior Vice President, Finance for Global Markets, Unilever, he will cease to be a Director of the Company with effect from 30th June, 2014 and will not offer himself for re-appointment. The Company had issued a Postal Ballot Notice dated 24th March, 2014 proposing appointment of Mr. P. B. Balaji as Executive Director, Finance & IT and Chief Financial Officer with effect from 1st July, 2014 to succeed Mr. Sridhar Ramamurthy. The results of the Postal Ballot were declared on 5th May, 2014 and the Special Resolution as set out in the said Postal Ballot Notice has been passed by the Members with an overwhelming majority of 99.76% of votes in favour of the Resolution. The appointment of

Mr. P. B. Balaji as Executive Director, Finance & IT and Chief Financial Officer is subject to requisite approval from the Central Government.

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 5 to 8. The relevant details of Directors seeking appointment / re-appointment under item no. 3, 5, 6, 7 and 8 of this Notice are provided at page nos. 26 - 29 of the Annual Report.

6. The Company had received Special Notice dated 22nd April, 2014 under Section 140(4) read with Section 115 of the Companies Act, 2013 from Unilever PLC, in its capacity as a Member of the Company recommending appointment of M/s. BSR & Co. LLP, Chartered Accountants, as Statutory Auditors in place of M/s. Lovelock & Lewes, Chartered Accountants, the retiring Statutory Auditors. The change in the Statutory Auditor is proposed in order to remain at the forefront of good governance and in recognition of regulatory changes under the Companies Act, 2013. The Company has sent a copy of the said Special Notice to the retiring Statutory Auditors.
7. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Company www.hul.co.in, to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
8. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly

filled in Attendance Slip at the registration counter to attend the AGM.

9. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, 12th June, 2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on Tuesday, 24th June, 2014 and will end at 5.00 p.m. on Thursday, 26th June, 2014. The Company has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING

- I. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating e-voting for AGM. The instructions for e-voting are as under:

(a) In case of Members receiving an e-mail from NSDL:

- (i) Open the PDF file 'HUL e-Voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
- (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login.
- (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.
- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-Voting - Active Voting Cycles.
- (vii) Select 'EVEN' of Hindustan Unilever Limited.

- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at scrutinizer@snaco.net with a copy marked to evoting@nsdl.co.in.

(b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip

- (i) Initial Password is provided, as follows, at the bottom of the Attendance Slip.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

- II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- III. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- IV. The voting rights shall be as per the number of equity share held by the Member(s) as on Thursday, 12th June, 2014. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- V. The Companies (Management and Administration) Rules, 2014 provides that the electronic voting period shall be completed three days prior to the date of AGM. Accordingly, the voting period shall commence at 9.00 a.m. on Tuesday, 24th June, 2014 and will end at 5.00 p.m. on Thursday, 26th June, 2014. The e-voting module shall be disabled by NSDL at 5.00 p.m. on the same day.

- VI. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
10. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and the Certificate from the Auditors of the Company certifying that the '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL 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 AGM.
 11. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, 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 form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
 12. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company immediately.
 13. Members are requested to share their valuable feedback by filling 'Shareholders' Satisfaction Survey' given at the end of this Report. Members can also provide their feedback online, using the 'Shareholders' Satisfaction Survey' form available on the 'Investor Centre' page on the website of the Company www.hul.co.in. This feedback will help the Company improve Shareholder Service Standards.
 14. Members are requested to note that as per Section 205A of the Companies Act, 1956, dividends not encashed / claimed within seven years from the date of declaration will 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.
 15. The status of dividends remaining unclaimed / unpaid with the respective due dates of transfer to IEPF is provided at page no. 66 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 dividends standing to the credit of their account.
 16. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have 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.
 17. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
 18. Members desiring any information relating to the accounts are requested to write to the Company well in advance 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 &
Corporate Affairs) and Company
Secretary

Mumbai : 16th May, 2014

EXPLANATORY STATEMENT

Item No. 5 to 8

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra, Independent Directors were appointed / re-appointed by the Members of the Company in the 80th AGM held on 26th July, 2013. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra, will retire by rotation at the ensuing AGM as per the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra, being eligible, offer themselves for appointment as Independent Directors on


the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra, as Independent Directors on the Board of the Company for a term upto five consecutive years, commencing from 30th June, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided at page no. 26 to 29 of this Annual Report.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Aditya Narayan, Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.hul.co.in.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolutions as set out at item no. 5 to 8 for approval of the Members.

Registered Office:
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By Order of the Board



Dev Bajpai

Executive Director (Legal &
Corporate Affairs) and Company
Secretary

Mumbai : 16th May, 2014

PROFILE OF DIRECTORS

and other Directorships

HARISH MANWANI (DIN : 00045160)

Mr. Harish Manwani (60) 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 and as a part of the Singapore National Day Awards 2012, Mr. Manwani was conferred the Public Service Medal (Friends of Singapore) by the Singapore Government.

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 Nomination and Remuneration Committee of the Company.

Directorship in other Companies

Indian School of Business

Whirlpool Corporation

Pearson PLC

Qualcomm Inc.

Membership / Chairmanship of Board Committees in other Companies

Whirlpool Corporation
Corporate Governance and Nominating Committee – Member
Finance Committee – Member

Pearson PLC
Nomination Committee – Member

SANJIV MEHTA (DIN : 06699923)

Mr. Sanjiv Mehta (53) joined the Board of the Company in October 2013. He is also the Executive Vice President for Unilever in South Asia and a member of Unilever's Global Market Executive.

Mr. Mehta joined Unilever in October 1992. He has led several Unilever businesses across South Asia, South East Asia and Middle East. He was appointed Chairman and Managing Director of Unilever Bangladesh in 2002. In 2007, he was appointed as Chairman and CEO of Unilever Philippines. In 2008, he took up responsibility as the Chairman of Unilever North Africa and Middle East (NAME), leading a multi country organisation spanning 20 countries in the region.

During his tenure as the head of various Unilever Companies, the business achieved significant success accelerating both growth and profitability. Importantly, he has been instrumental in building leadership talent and substantially strengthening organisational capabilities.

Before joining Unilever, Mr. Mehta worked for Union Carbide India. He is a Commerce graduate and a Chartered Accountant. He has also completed Advanced Management Program from Harvard Business School.

He is a Member of the Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies

Kimberly Clark Lever Private Limited

Hindustan Unilever Foundation

Bombay Chamber of Commerce and Industry

Breach Candy Hospital Trust

Federation of Indian Chamber of Commerce and Industry

Membership / Chairmanship of Board Committees in other Companies

Nil

ADITYA NARAYAN (DIN : 00012084)

Mr. Aditya Narayan (62) began his career as a Management Trainee with ICI India Limited (now Akzo Nobel 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 Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies

Linde India Limited

Membership / Chairmanship of Board Committees in other Companies

Linde India Limited

Audit Committee – Member

Shareholders' / Investors' Grievance Committee – Chairman

S. RAMADORAI (DIN : 00000002)

Mr. S. Ramadorai (69) has been in public service since February 2011, currently acting as Chairman of National Skill Development Agency (NSDA) in the rank of a Cabinet Minister. The NSDA is a newly formed autonomous body which will coordinate and harmonise the skill development efforts of the Government and the private sector to achieve the skilling targets of the nation. He is also Chairman of the National Skill Development Corporation (NSDC), a Public Private Partnership arm of the Government of India for creating large, for-profit vocational institutions. Mr. Ramadorai continues as the Vice Chairman of Tata Consultancy Services Limited.

In recognition of Mr. Ramadorai's commitment and dedication to the IT industry he was awarded the Padma Bhushan, India's third highest civilian honour, in January 2006. In April 2009, he 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.

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, Bengaluru 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 Nomination and Remuneration Committee of the Company.

Directorship in other Companies

Tata Consultancy Services Limited

Tata Industries Limited

Tata Technologies Limited

CMC Limited

Piramal Enterprises Limited

Tata Elxsi Limited

Tata Teleservices (Maharashtra) Limited

Tata Communications Limited

Tata Advanced Systems Limited

Asian Paints Limited

BSE Limited

Tata Lockheed Martin Aerostructures Limited

Tara Aerospace Systems Limited

Air Asia (India) Private Limited

Tata Communication International Pte. Limited

Tata America International Corporation

Computational Research Laboratories Inc.

Membership / Chairmanship of Board Committees in other Companies

Tata Consultancy Services Limited

Shareholders' / Investors' Grievance Committee – Member

Remuneration Committee – Member

Executive Committee – Member

Ethics and Compliance Committee – Member

Risk Management Committee – Member

Tata Industries Limited

Remuneration Committee – Member

Tata Technologies Limited

Audit Committee – Member

Compensation and Remuneration Committee – Chairman

CMC Limited

Governance Committee – Member

Executive Committee – Chairman

Piramal Enterprises Limited

Nomination and Remuneration Committee – Member

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

Tata Elxsi Limited

Executive Committee – Chairman

Audit Committee – Member

Remuneration Committee – Member

Nomination Committee – Member

Tata Teleservices (Maharashtra) Limited

Audit Committee – Member

Ethics and Compliance Committee – Member

Executive Committee – Member

Tata Communications International Pte. Limited

Remuneration Committee – Chairman

Tata Advanced Systems Limited

Audit Committee – Chairman

Remuneration Committee – Chairman

BSE Limited

Advisory Committee – Chairman

Audit Committee – Member

Share Allotment and Shareholders' / Investors' Grievance Committee – Chairman

Trading and Surveillance Function Committee – Chairman

Compensation Committee – Chairman

Public Interest Director Committee – Chairman

Defaulters' Committee – Member

Listing Function Committee – Member

Ethics Committee – Chairman

Membership Selection Committee – Chairman

Standing Committee Technology – Chairman

Sub-Committee for Monitoring Compliance of suggestion

given in SEBI inspection report – Chairman

Arbitration Committee – Member

O. P. BHATT (DIN : 00548091)

Mr. O. P. Bhatt (63) 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. As Chairman of SBI, he was heading the largest financial group in India, comprising, in addition to SBI, seven associate banks, five international banking subsidiaries and nine financial services companies in India. 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 was Chairman of the Indian Banks' Association. He has also been a part of India's eco-diplomacy as member of the Indo-US, Indo- Russia and Indo-French CEOs Forum. Presently, he is the Governor on the Board of Centre for Creative Leadership, USA.

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 a Member of the Audit Committee and Nomination and Remuneration Committee of the Company. He is the Chairman of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies

Oil and Natural Gas Corporation Limited

Tata Consultancy Services Limited

Tata Steel Limited

Standard Chartered PLC, London

Membership / Chairmanship of Board Committees in other Companies

Oil and Natural Gas Corporation Limited

Audit and Ethics Committee – Member

Shareholders' / Investors' Grievances Committee – Member

Project Appraisal Committee – Chairman

Health, Safety and Environment Committee – Member

Financial Management Committee – Member

Tata Consultancy Services Limited

Audit Committee – Member

Risk Management Committee – Member

Shareholders' / Investors' Grievances Committee – Member

Tata Steel Limited

Audit Committee – Member

Remuneration Committee – Member

DR. SANJIV MISRA (DIN : 03075797)

Dr. Sanjiv Misra (66) is a retired Indian Administrative Services (IAS) officer and a former member of the 13th Finance Commission, a constitutional position with the rank of a Minister of State. Prior to joining the Finance Commission, Dr. Misra has served in a wide range of key positions in the Federal and State Governments, including as Managing Director of the Gujarat Industrial Development Corporation and stints at senior levels in the Government of India in the Cabinet Office, the Ministry of Petroleum, the Ministry of Health & Family Welfare and the Ministry of Finance. He served as a Secretary in the Ministry of Finance till his superannuation.

Dr. Misra has represented India in various international conferences, seminars and negotiations. Till recently, Dr. Misra was a Member of the Advisory Council of the Asian Development

Bank Institute, Tokyo. He was also a member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August 2012 to chart out a road map for fiscal consolidation for the Indian economy.

Dr. Misra graduated in Economics from St. Stephen's College, Delhi. He has a Master's degree in Economics from the Delhi School of Economics, a Master's degree in Public Administration from John F Kennedy School of Government, Harvard University, USA and a Ph. D. from the Jawaharlal Nehru University, New Delhi. In recognition of exceptional academic strengths and leadership qualities, Dr. Misra was designated as Lucius N Littauer Fellow of 1987 at Harvard University.

Dr. Misra was appointed as an Independent Director on the Board of the Company in April 2013. He is a Member of the Audit Committee and Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies

Akzo Nobel India Limited

BSE Limited

Axis Bank Limited

Membership / Chairmanship of Board Committees in other Companies

BSE Limited

Audit Committee - Chairman

Public Interest Director Committee - Member

Defaulters' Committee - Member

Ethics Committee - Member

Disciplinary Action Committee - Member

Compensation Committee - Member

Oversight Committee (Member Regulation) - Member

Oversight Committee (Listing Function) - Member

Inspection and Compliance Committee - Member

IPO Committee - Member

Akzo Nobel India Limited

Audit Committee - Member

Shareholders' / Investors' Grievances Committee - Chairman

Remuneration and Nomination Committee - Member

Axis Bank Limited

Risk Management Committee - Member

Customer Service Committee - Member

PRADEEP BANERJEE (DIN : 02985965)

Mr. Pradeep Banerjee (55) 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
Sanjiv Mehta	Nil	NA
Aditya Narayan	Nil	NA
S. Ramadorai	35	0.0000
O. P. Bhatt	Nil	NA
Sanjiv Misra	Nil	NA
Pradeep Banerjee	26,024	0.0012

DIRECTORS' REPORT

and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 81st Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2014.

1. FINANCIAL PERFORMANCE (STANDALONE)

1.1. Results

	(Rs. crores)	
	For the year ended 31st March, 2014	
	For the year ended 31st March, 2013	
Revenue from operations, net of excise	28,019.13	25,810.21
Profit before exceptional items and tax	4,799.71	4,349.48
Profit for the year	3,867.49	3,796.67
Dividend (including tax on distributed profits)*	(3,272.97)	(4,655.68)
Transfer to General Reserve	(386.75)	(379.67)
Profit & Loss Account balance carried forward	743.05	535.28

* In the year 2012-13, the Board of Directors declared a Special Dividend of Rs. 8.00 per Equity Share.

1.2. Category Wise Turnover

	(Rs. crores)			
	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Sales	Others*	Sales	Others*
Soaps and Detergents	13,460.98	222.43	12,460.96	240.86
Personal Products	7,979.81	141.10	7,309.10	162.56
Beverages	3,275.12	36.74	2,913.67	60.99
Packaged Foods	1,620.75	27.55	1,473.86	31.88
Others (including Exports, Chemicals, Infant Care Products, Water, etc.)	1,071.63	84.67	1,048.79	43.99
TOTAL	27,408.29	512.49	25,206.38	540.28

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

1.3. Summarised Profit and Loss Account

	(Rs. crores)	(Rs. crores)
	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Sale of products less excise duty	27,408.29	25,206.38
Other operational income	610.84	603.83
Total Revenue	28,019.13	25,810.21
Operating Costs	(23,543.87)	(21,806.46)
Profit Before Depreciation, Interest, Tax (PBDIT)	4,475.26	4,003.75
Depreciation	(260.55)	(236.02)
Profit Before Interest & Tax (PBIT)	4,214.71	3,767.73
Other Income (net)	585.00	581.75
Profit before exceptional items	4,799.71	4,349.48
Exceptional items	228.68	608.40
Profit Before Tax (PBT)	5,028.39	4,957.88
Taxation	(1,160.90)	(1,161.21)
Profit for the year	3,867.49	3,796.67
Basic EPS (Rs.)	17.88	17.56

2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs. 7.50 per equity share of face value of Re. 1/- each for the year ended 31st March, 2014. The Interim Dividend of Rs. 5.50 per equity share was paid on 15th November, 2013.

The Final Dividend, subject to approval of Members at the Annual General Meeting on 30th June, 2014, will be paid on or after 4th July, 2014 to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Friday, 13th June, 2014 to Monday, 30th June, 2014 (inclusive of both dates). The total dividend for the financial year, including the proposed Final Dividend, amounts to Rs. 13.00 per equity share and will absorb Rs. 3,272.97 crores, including Dividend Distribution Tax of Rs. 461.54 crores.

3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair

view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

4. ECONOMY AND MARKETS

The year witnessed divergent growth globally, led by strengthening of the US economy, uneven and subdued growth in the Euro area and Japan coupled with a slowdown in Developing & Emerging markets.

In the domestic market, growth continued to be muted with the second successive year of sub 5% GDP growth. The year saw steep currency depreciation in an environment where industrial activity remained in contraction mode, consumption demand continued to weaken, while lacklustre capital goods production pointed to stalled investment demand.

With sluggish growth across the larger economy, further compounded by high consumer inflation and weak sentiment, market growth across FMCG categories moderated throughout the year in both volume and value terms. The discretionary categories and premium segments were particularly under pressure. The operating context for the year was challenging, given the backdrop of a market slowdown, a volatile input cost environment and heightened competitive intensity.

Your Company's performance for the year 2013-14 has to be viewed in the context of aforesaid economic and market environment.

5. PERFORMANCE OF BUSINESSES AND CATEGORIES

5.1. Home & Personal Care (HPC)

The Home & Personal Care (HPC) business consists of Soaps, Detergents, Household Care and Personal Products, which includes categories like Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. During the year, the HPC business registered robust growth ahead of market.

The opportunity for growth in India continues to be immense across all HPC categories. This fact is also reflected in high levels of competitive intensity in the marketplace. Your Company believes that both unwavering focus on competitive growth in core categories as well as market development to build segments of future are critical for sustained growth and long term value creation. While focusing on the core categories, your Company has also invested significantly in the segments of future, i.e. the segments which are expected to drive future growth.

Rural continues to be a key area of focus for your Company. During the year, your Company reached out to 8,500 villages across India with an ambition to improve the health and hygiene of children, through school contact and *Mohalla* programmes. At the School Contact Programme, your Company's brands, Lifebuoy and Pepsodent, encouraged and educated children on the importance and correct method of handwashing and brushing their teeth. In the *Mohalla* programme, your Company demonstrated to consumers the benefits and usage of new and emerging categories, such as facewash, hair conditioners and fabric conditioners.

In a highly competitive scenario, where new brands and offerings are entering the market almost every quarter, your Company delivered competitive growth, driven by innovation, sharper in-market execution, competitive marketing and trade investments behind the brands. Your Company sustained strong focus on innovation across the portfolio and continued to delight consumers with a range of exciting offerings launched during the year. Your Company has also significantly stepped up investment in Digital Media, which is expected to be the media channel of the future. Your Company continued to leverage and benefit from the inputs received from Unilever across various aspects of the business, including technology, innovation and communication.

Volatile and rapidly changing commodity markets, including vegetable oil and crude oil, coupled with depreciating currency markets continued posing a major challenge during the year. There were also regulatory changes in the space of media availability, leading to more efficient media buying and better deployment of non-TV led media. Even in this challenging environment, your Company delivered profitable growth through robust cost-saving programmes and judicious pricing, without compromising on the competitiveness of brand investments, both in terms of technology as well as advertising and promotion.

5.1.1. Soaps and Detergents

The Soaps and Detergents segment delivered healthy volume led turnover growth of 8.0% during the year. Further, growth during the year was profitable as segmental profit increased by 10.5%, through a mix of cost savings, supply chain efficiencies and judicious pricing.

Soaps category recorded a very successful year with strong volume growth in a market which saw an overall decline in volumes. The growth was driven by prompt and decisive pricing actions on Lifebuoy, Lux, Breeze and Dove, which gained consumer franchise. These actions were supported by consumer centric activations, effective advertising and sustained high levels of distribution. The growth was witnessed not only in the core bars business, but also in the liquids portfolio, led by Lifebuoy Handwash, where your Company continues to invest behind developing the market through a mix of building penetration and increasing consumption.

Detergents category recorded another year of steady growth with a good balance of price and volume growth. Notwithstanding a challenging economic environment, where category growth slowed and the rate of premiumisation came off, for your Company the performance in the category continued to be led by the premium end. Surf continued to lead category premiumisation with double digit growth, buoyed by the continuing momentum on Surf Excel Easy Wash, since its relaunch in the previous year. The performance in Rin was led by the bars portfolio while powders were re-launched towards the end of the year, with an improved product and new thematic

communication. Wheel's performance progressively stepped up over the year, with the second half benefiting from the re-launch of the powders portfolio as significant investments were made to deliver a superior formulation resulting in quality enhancement for the segment. The brand was further supported by a range of impactful activation including the Gold Coin programme, which was well received. The emerging market development categories of Machine Wash (with Surf Excel Matic) and Fabric Conditioners (with Comfort) continued to perform well. Besides, your Company also initiated the creation of Detergent Liquid market in India with the launch of Surf Excel Detergent Liquid. Your Company will continue to focus on driving innovations, exercising cost control across the value chain and delivering effective communication to win in the Detergents category.

Household Care category delivered double digit growth during the year on the back of robust volumes. Vim, which continues to delight consumers through superior product quality and strong advertising, is now a Rs. 1000+ crore brand. Innovations, such as the Anti-Germ mix (bar and liquids) and the monthly tub pack, continue to drive consumption and premiumisation in urban India. At the same time, strengthening the presence across key price points in dishwash bars helped reach new consumers in rural India. Domex strengthened the toilet cleaning business through the launch of an innovative product, Domex Zero Stain. The innovation, aimed at hygiene conscious users who have high incidence of stain problem in toilets, has helped fuel brand growth. Domex Toilet Academy (DTA) programme was launched during the year with an aim to eradicate open defecation by building toilets and improving sanitation facilities. Through the right partnerships, DTA is helping promote the importance of safe and hygienic sanitation practices in local communities.

5.1.2. Personal Products

Personal Products categories comprise Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. In a challenging market environment, where the growth of discretionary categories has been particularly under pressure, the Personal Products segment delivered a healthy turnover growth of 9.2%. Segmental profit was up by 6.1%, as your Company continued to invest for competitive growth in its core categories, whilst building the segments of the future.

Skin Care category registered good growth in a slowing market. Fair & Lovely was re-launched with a new mix - the 'Best Ever' Fair & Lovely - a product that was tailor-made to deliver superior skin lightening results in India. Fair & Lovely registered a step up in its growth trajectory post the re-launch. Vaseline Healthy White, with a proposition of not just giving moisturisation but also instant and lasting skin whitening, was very successful, resulting in double-digit growth for the brand. Dove and Lakmé also grew very well during the year, powered by strong marketing inputs. Lakmé delivered a strong performance during the year on the back of a range of exciting innovations that were launched. Lakmé

skin forayed into the anti-aging segment with the launch of Youth Infinity skin cream. In addition, under Lakmé, a new Complexion Care (CC) cream was introduced, the Perfect Radiance range was relaunched and the facial cleansing portfolio was revamped with the addition of new Clean Up range. Pond's launched BB+ cream in India to leverage on the global beauty trend catering to consumers looking for instant optical radiance.

Hair Care delivered a strong year of volume led broad based double digit growth. Dove, Sunsilk and Clinic Plus grew in double digits during the year. The TRESemmé proposition of 'Salon like hair, at home everyday' has been well received by consumers. The brand which was introduced in September 2012 has made very good progress and been instrumental in accelerating the premiumisation agenda. The fact that the brand neared the significant milestone of Rs. 100 crores of annual turnover in its very first full year post launch is an example of efficiently leveraging the global Unilever portfolio to win locally with consumers. In addition, your Company launched Toni&Guy, another premium brand from the global Unilever hair portfolio. It is the first time that your Company launched the brand through e-commerce. Going forward, Toni&Guy will be rolled out in select stores across India. Your Company continued to focus on market development by investing strongly behind the emerging high potential hair conditioners segment, thereby growing ahead of the market.

In Oral Care, significant investments were made to sustain competitive position in the category, as competitive intensity stepped up dramatically in the course of the year. Your Company continued to focus on strengthening the Oral Care brands and the portfolio, despite the intense competitive pressure. Pepsodent Germicheck was re-launched during the year with an improved formulation with better germ attack power. Pepsodent also continued to strengthen its expertise and authority credentials through the Expert Protection range and with a strong dental community programme. The growth in Closeup continued to be led by a range of exciting activations. Your Company has also significantly revamped its toothbrushes business model by pruning and sharpening the portfolio during the year.

In the Deodorant portfolio, through Axe, your Company continued to deploy exciting innovations and impactful campaigns. The 'AXE Blast' campaign, endorsed by a popular Bollywood youth icon, was well received by consumers. Your Company has strong innovation plans for the forthcoming year in this category. 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. This facility will provide a regular supply of high quality deodorant products to cater to markets across the world, including India.

Lakmé Colours has had an exceptional year with high double digit growth. The reinvention of the brand as 'Pro-stylist' across makeup, skin and salon has brought its expert credentials to the forefront through premium innovations in skin care and makeup. In makeup, your Company has launched the 9 to 5 platform - to address working women, many first to market innovations under Absolute like Gel nails and Face Stylist and limited editions like Pop Tints. The premium segment contribution for makeup has grown particularly well in the last two years. The Lakmé brand has seen a step up in investments and all key innovations have been executed through the beauty advisory channel, where expansion of footprint and activation through bringing the brand proposition alive at retail has contributed to the market development. Lakmé has also leveraged the digital communication channel, through 'how to' videos, to educate consumers on using makeup and adopting new regimes in skin care.

5.2. Foods & Beverages (F&B)

The Foods & Beverages (F&B) portfolio of your Company comprises Tea, Coffee, Processed Foods, Frozen Desserts, Ice Creams, Bakery products and Out of Home operations, including BRU World Café.

During the year, F&B business delivered strong double digit growth in a challenging market context. This was driven by a single minded focus on the core brands and driving market development across key categories. The 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 the need for taste with convenience. Your Company is consistently focused on developing newer offerings that can best fulfil existing and emerging consumer needs. Your Company continues to focus on driving availability and distribution, alongside building salience for its brands and relevance. In addition, your Company is driving upgradation across categories with strong research and development support from Unilever and a deep insight into Indian consumer and customer needs.

5.2.1. Beverages

The Beverages segment delivered 12.4% turnover growth in the year, well ahead of the market, on the back of a strong double digit performance in Tea. This was accompanied by a significant step up in segmental profits which increased by 22.4%.

At the onset of the year, the Packet Tea market witnessed steep commodity inflation which drove market to volume decline. Despite this environment, your Company delivered competitive and profitable growth. The double digit growth across all brands was driven by a strengthened mix and focused in-market activities.

Your Company drove its five leading brand positions across India, with all brands recording healthy volume growth and growing across major geographies. Across both the premium and

popular price segments, brands grew competitively. Taj Mahal and 3 Roses continued to drive premiumisation and Red Label and Taaza offered unbranded tea users a good mix of superior, great tasting tea and value. Taj Mahal and Lipton continued to grow the tea bags market through market development. Your Company strengthened its position in every segment of tea bags market, particularly flavoured and green tea.

The Instant Coffee market was challenged for growth in the context of steep commodity inflation in the previous year with the accompanying drop in consumption, particularly in the core South markets. In this context, your Company's focus was to drive back lapsers to the category, through enhanced product experience and market development efforts. Your Company also continued to drive BRU Gold - a premium offering, targeted at new age consumers of coffee in the non-traditional markets. BRU Gold met with good success as the franchise grew competitively ahead of markets.

5.2.2. Packaged Foods

The Packaged Foods segment of your Company comprises culinary products such as jams, ketchups and squashes under Kissan; soups, soupy noodles and meal makers under Knorr; branded staples (atta and salt) under Annapurna; bakery products under Modern; and frozen desserts / ice creams under Kwality Wall's and Magnum. The segment delivered 10.0% turnover growth with a segmental profit growing by 65.5% during the year, as your Company continued to drive efficiencies and mix, while continuing to invest in building this business.

Kissan sustained its strong, consistent performance, delivering another year of double digit growth, driven by impactful activation around unlocking everyday relevance. A strong insight of the 'Tiffin-moment' being a stress point in the mother's life resulted in a solution in the form of 'Kissan Rolls', where mothers could give their kids healthy vegetables made tastier with Kissan in the form of a roll. This singular message, along with our reiteration of the fact that Kissan is made from 100% tomatoes through 'Kissanpur', made Kissan the brand of choice. During the year, Kissan moved up 70 places in India's Most Trusted Brands. The consumer preference, along with a strong distribution increase across both Ketchup and Jam, resulted in the business growing significantly faster than the market.

The performance of Knorr in the year was led by Soups, with the convenient Instant Soups single serve format doing particularly well. Your Company has increased the focus on core soup markets and ensured that the brand salience is at its highest in these markets. Your Company also invested behind the instant 'cup-a-soup' range, as this portfolio is driving growth for the soups category, given its consumer offering of tasty and healthier products, at a very affordable price. Knorr Soupy Noodles was restaged at the start of the year. The Knorr Meal Maker

portfolio was also re-launched and has met with an encouraging initial response.

During the year, your Company focused on growing the Annapurna business profitably. Towards achieving this objective, your Company made sharp choices on the brand's footprint and improved its cost structure. As a result, there is a significant progress in brand profitability, which now allows your Company to be competitive and invest back in the brand.

Your Company also significantly focused on young nascent experiential marketing. Given that most of the play is in market development categories, it is critical that consumers sample your Company's products and discover the great taste and convenience that the products offer.

Modern Foods, a portfolio of Bakery Foods, continued its momentum delivering strong double digit growth with improved profitability. Your Company stepped up distribution network in new geographies and this initiative has yielded encouraging results. Key innovations like Oats and Ragi Wheat Bread, festive Cakes and Cookies, coupled with improved operational efficiencies contributed well to the growth and profitability of the Modern Foods business.

During the year, the Frozen Desserts business faced a challenging external environment with slowing discretionary spends and a shorter season. But with long term positive outlook, your Company continued investing behind the distribution expansion and building big brands. Cornetto grew ahead of market on the back of distribution and strong communication. Cornetto also remained at the forefront of your Company's digital strategy. Cornetto's Facebook page was adjudged as No.1 in India by an advertising magazine. Magnum, Unilever's most premium ice cream brand, was test piloted in Chennai during 2013 and met with a very good response. Magnum was rolled out to four more cities in the beginning of 2014. Modern Trade performance has been very good in Ice Creams as your Company strengthened its position in this key channel. During the year, your Company also rolled out Perfect Stores programme, a first for the category and the performance across these stores has been leading overall category growth. Availability and visibility are still the core drivers of the business and your Company continued investing behind them. Your Company is driving efficiencies in the business, particularly in asset management and infrastructure, while stepping up investments behind big impulse brands, viz. Magnum, Cornetto and Paddle Pop.

5.3. Water

Pureit is the world's largest selling range of water purifiers in non-pitcher and non-faucet mount segment. Pureit was ranked as the most trusted brand in water purifiers in Brand Equity's 2013 Most Trusted Brands Survey. The brand continues to strengthen its position in a slowing and weak consumer durables market.

During the year, Pureit's new product innovations focused on driving superior functionality and aesthetics at a lower cost, with the launch of Pureit Marvella Slim RO, a premium water purifier at an affordable price. Pureit Marvella Slim RO has helped Pureit strengthen its position in the electric water purifier segment. The launch of 'Save 3 Gas Cylinders' communication for storage purifiers was another testimony to Pureit's pioneering innovativeness in terms of driving market development of water purifiers by establishing cost and convenience advantage over conventional methods of purification. Pureit associated with Miss India World 2013 winners, to spread awareness about the importance of safe drinking water under its 'Unilever Pureit Protecting Lives Programme'. During the year, your Company focused on widening its distribution reach for its range of purifiers in different retail formats across the country. Substantial progress was made in evolving the Germkill kits business for storage purifiers and also improving in-store execution for the premium range of purifiers. The focus on driving category premiumisation continues with the launch of Pureit Ultima UV + RO towards the end of the year. The product, which by far is the most premium offering from Pureit, offers advanced technology and superior aesthetics met with a very encouraging response from consumers in the early days since its launch.

5.4. Exports Business

FMCG Exports (Unilever India Exports Limited)

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

The Home and Personal Care segment in the exports business has witnessed a stable year, driven primarily by Soaps and Hair Care. Brands like Pears have registered healthy growth in the focused markets through strong advertising and activation support and have received strong accolades from the consumers in the UK market. For Unilever sourcing countries, Lifebuoy has delivered double digit growth post its launch across Asian markets. Fair & Lovely and Vaseline Jelly continue to show stable growth in the key geographies of the Middle East. The Foods & Beverages segment of the business witnessed a modest growth. Instant Tea / Packet Tea and premix witnessed strong double digit growth, whereas coffee sales remained steady. The profitability of the overall segment improved significantly with focused cost reduction programmes.

Non-FMCG Exports

In the specialty business, which continued to be a part of your Company post the demerger of FMCG Exports business to

UIEL, Rice maintained a flat performance, while continuing to focus on expanding geographies, seeding opportunities and marketing/ brand building initiatives to accelerate growth in the coming years.

Leather (Pond's Exports Limited)

The Leather business performed well with improved operating profitability and robust double digit sales growth. This performance was achieved through new product designs, excellent customer service, world class quality and cost innovations.

5.5. Beauty & Wellness (Lakme Lever Private Limited)

Lakme Lever Private Limited (LLPL), a wholly owned subsidiary of the Company, has 225 salons, of which 57 are Company owned / managed and 168 are franchisee salons. LLPL delivered double digit salon growth for the fourth consecutive year, although the market slowed down by consumers pulling back on discretionary spends. Net expansion improved from 8 salons in the previous year to 36 salons in this financial year. Innovations like the Perfect Radiance and Youth Infinity facial rituals have delighted consumers and driven growth. The flagship Lakmé Absolute Salon, which magnifies the backstage experience with professional styling expertise and bespoke beauty rituals, was launched in Mumbai. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

5.6. Hindustan Unilever Network

Hindustan Unilever Network business consists of three major brands, Aviance (Personal Care), Lever Ayush (Health Care) and Lever Home (Detergents, Household Care and Toothpaste).

The year has been extremely challenging for the entire direct selling industry, including for your Company, due to ambiguity on acceptable norms for direct selling in India. As responsible corporate citizens, your Company has always conducted its business within the framework of Indian law and has recently re-launched its compensation plan to be more competitive. Your Company is reviewing the strategy for this business.

5.7. Kimberly Clark Lever Private Limited (KCL)

KCL is a Joint Venture between your Company and Kimberly-Clark Corporation, USA, with infant care diapers as its primary product category. The year witnessed a strong growth delivery by Huggies brand led by Huggies Wonder Pants. The re-launched Huggies Wonder Pants with improved product features and performance had a good growth momentum throughout the year. The low penetration levels in India's infant care diapers markets offer significant growth potential for this category. This growth opportunity has attracted increased levels of competitive intensity in the recent past with multinationals making significant investments in India.

To participate effectively in this growth opportunity, KCL aims to bring in regular innovations to the market through sustained and appropriate investments in the short to medium term. As a Joint Venture partner, your Company remains committed to this business.

6. CUSTOMER DEVELOPMENT

During the year, your Company has undertaken and delivered several ambitious initiatives to reaffirm its position as a preferred channel partner for over 2,500 redistribution stockists and millions of retailers across the country.

Your Company has always strived to expand distribution to connect the shoppers and brands as widely as possible. During the year, your Company took an ambitious challenge of adding more outlets under its coverage expansion programmes and deployed innovative means, such as tele-calling to ensure sustainability of coverage and profitability of redistribution stockists. This resulted in improving the reach and distribution of the products, making brands more accessible to the shoppers. These initiatives would contribute significantly to the aim of winning in the marketplace in the years to come.

Your Company also undertook the initiative of expanding the number of stores compliant to the Perfect Stores programme, thereby significantly enhancing the quality of execution in the marketplace. The Perfect Stores programme has delivered business benefits in terms of faster growth, and your Company continues to expand the reach of the programme and strengthen the benefits delivered.

Your Company believes that winning with customers is a key enabler for winning in the marketplace and has a strong customer agenda in place to deliver high engagement levels with the customers. To invoke and scale the entrepreneurial spirit of customers and embed it into the ways of working, your Company launched a dedicated programme to identify, fund and rollout innovative business practices of customers. To take this programme further, there are events to provide a common forum for all customers to interact with the senior leadership of the Company, leading to a powerful exchange of ideas and a deep understanding of the customer at all levels in the organisation.

Your Company runs dedicated call centres for distributors as well as retailers, which enable them to connect directly with the Company anytime, thereby achieving world class customer service with a tremendous opportunity for getting customer insights. A mandatory customer immersion for Customer Development team gives them the opportunity to spend more than 50 hours with a variety of distributors and retailers, observing and interacting with them in their milieu to understand their needs better. These various initiatives have helped to keep the

needs of the customer the guiding force for all your Company's activities.

Modern Trade, the growth channel for future, continues to be a focus area for your Company. Continuous focus on Joint Business Planning, ensuring best in class On Shelf Availability and delivering clutter breaking product launches, was appreciated by Modern Trade customers. Your Company was once again awarded the 'Best Supplier' by leading Modern Trade customers.

The year marked the first full year of operation for your Company's rural distribution alliance with Tata Teleservices for distributing their telecom products through the extensive distribution network of your Company. This alliance has helped in driving your Company's rural coverage expansion by enhancing the earning potential of our channel partners, including Shaktiammas. Your Company is now nationally distributing telecom products to 75,000 telecom outlets through 550 rural distributors.

Your Company had set up a state of the art Customer Insight and Innovation Centre (CiiC) last year to use insights and technology to gain a deeper understanding of shopper and customer needs. The CiiC was set up leveraging the knowledge and learnings from Unilever CiiC operations, set up previously in other parts of the world. Using technologies like interactive meeting rooms, smartboard, virtual reality, retail lab, eye tracking technology and mobile virtual reality solutions, your Company developed and executed differentiated channel and format strategies for both traditional channels and Modern Trade. CiiC set up by your Company is a unique centre for gathering insights, catering to both General and Modern Trade.

Your Company continues to focus and drive Project Shakti, the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for small scale entrepreneurs.

7. SUPPLY CHAIN

Your Company's supply chain agenda remained focused on improving performance on service, quality and cost. This was delivered with speed and agility in a Supply Chain set-up, with the highest standards of safety and positive environmental impact.

Your Company made significant progress in its vision to deliver customer service excellence and enable sustainable growth. The service delivery standards improved steadily with CCFOT (Customer Case Fill-On-Time) increasing to 94% and Modern Trade OSA (On-Shelf Availability) touching an all time high of 96%. The customers have acknowledged this performance and have rewarded your Company with the best supplier recognitions. Your Company continued to strengthen the Sales and Operation Planning process (S&OP) and Innovation Process Management

(IPM) to respond with speed and agility to the volatile market demands.

Your Company delivered quality improvement across the supply chain by focusing on better product design and implementing various quality improvement programmes. This resulted in 50% reduction in consumer complaints. Levercare helpline capabilities were improved to engage better with consumers.

Your Company has a strong supply chain savings programme, which is driven by various cross functional teams, such as R&D, Procurement, Manufacturing and Logistics. The robust savings programmes were driven through workshops, rigorous monthly reviews, project trackers and a strong ideas' funnel.

Your Company has started using renewable biomass as a fuel. Your Company is using locally available agri-waste like paddy straw, cotton stalks, sawdust and rice husk as fuel. These are helping local farming community to realise value out of material, which was otherwise wasted and burnt in fields, causing pollution. Besides, small local industries have come up to convert the biomass into briquettes.

Your Company continues to focus on water conservation by reducing ground water abstraction. This is done by lowering process related consumption and reuse of treated effluent through Reverse Osmosis and secondly recharging of ground water table through Rain Water Harvesting, installed at all units. These initiatives, collectively, are helping to improve availability of water for the communities around your Company's sites.

Your Company progressed well in implementing its long term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. To achieve manufacturing excellence, your Company has embarked on the journey of World Class Manufacturing. This is an initiative launched across Unilever and your Company is drawing and executing learnings from the global programme, which focuses on identification, root cause analysis and elimination of non-value adding activities. This will lead to further improvement in efficiencies and cost performance. In the sites where the Company has already introduced World Class Manufacturing Programme, it has identified significant cost reduction opportunity in production costs, which are converted into projects and monitored closely.

There has been a 20% improvement in innovation OTIF (On Time in Full) with more than 100 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company launch innovations first time right.

The Partner to Win programme, developed by Unilever globally, aims at developing Joint Business Plans with suppliers and business partners. It has resulted in reduced lead time and costs and improved reliability and new innovation delivery.

8. RESEARCH & DEVELOPMENT

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D), which differentiates it from many others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, as well as in the Research Centres in India. The R&D labs in Mumbai and Bengaluru are aligned to Unilever's global R&D. Many of the projects executed out of these centres are of global relevance, and have a strong focus on regional needs and the overall Developing & Emerging (D&E) world. With world class facilities and a superior science and technology culture, your Company is able to attract the best talent to provide a significant technology differentiation to its products and processes.

Your Company's R&D programmes are focused on the 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 areas of Home & Personal Care, Foods & Beverages and Water Purification. The R&D group also comprises critical functional capability teams in the areas of Regulatory, Clinicals, Digital R&D, Product & Environment Safety and Open Innovation.

During the year, your Company introduced several innovations in Soaps and Detergents category. In Detergents category, Wheel and Rin were re-launched with enhanced and superior performing product in mass and mid-tier segment, respectively. Surf Excel launched the liquid detergent for fabric cleaning, thus initiating the creation of another sub-category of future. Comfort, the liquid fabric conditioner, continues to do well. In Household Care, Vim liquid launched a new premium anti-bacterial technology offering consumers with dual benefit of superior cleaning and assurance of hygiene in dishwashing. Domex launched its acid based variant under the name of Domex Zero Stain with superior claims like '7x Thicker formula'. The category also continues striving efforts to improve health and hygiene through various market development activities across product platforms.

In Skin category, Fair & Lovely successfully defended its 5-crore challenge campaign, demonstrating its product superiority and was re-launched with a 'Best Ever' formula, leveraging its advanced multivitamin technology. In addition, a new SPF15 vanishing cream variant, based on breakthrough sunscreen dispersion technology developed in-house, was launched for the first time under Fair & Lovely brand in a revolutionary pump tube – a first at this price point in the market. Vaseline Healthy White was re-launched with a new breakthrough multivitamin plus optics formula giving 4X instant whitening. Rexona was also re-launched with a new winning formula, based on superior skin feel and lathering.

Oral Care witnessed the launch of Pepsodent Germicheck, superior power toothpaste with breakthrough technology that maximises the bioavailability of Triclosan in plaque, thus providing 130% germ attack power compared to benchmark. This product delivers a benefit similar to a premium product, but at an affordable price. Clinical study supporting this technology has been published in the 'Journal of Clinical Dentistry' and an application for grant of a patent has also been filed. In the toothbrush segment, Pepsodent Flexi Action was re-launched with level filaments in different colours and a new variant, Pepsodent Sensitive was introduced with tapered filaments.

In Hair Care category, the Dove hair care range was re-launched; in particular, the Intense Repair variant was re-launched with keratin actives to provide superior damage repair and significantly smoother hair. A new split ends rescue variant of Dove shampoo and conditioner was launched that helped reduce split ends formation by four times. New variants of TRESemmé and Sunsilk shampoo and conditioner were launched with novel technology to specifically address problems of frizz and shape retention. TRESemmé range was made more accessible to consumers through the launch of a lower price sachet format. A premium variant of Clinic Plus oil was launched in the market, the product was designed with the right combination of oils, including almond oil, to be light and non-sticky and at the same time provides intense nourishment through rapid penetration into the scalp and hair fibre.

In Deo category, two new variants of Axe deodorant and one new variant of Lux deodorant were launched to widen the fragrance choice for consumers.

In Water business, your Company launched a reverse osmosis based purifier for the mass market 'Marvella Slim RO'. Your Company also launched Pureit Ultima RO+UV, a highly premium RO and UV based water purifier with a graphic (electronic) display of total dissolved solids level in input and output water and superior aesthetics.

The Foods R&D team focused on achieving a significant increase of the profitability of the Foods product portfolio in combination with a quality increase of product performance as experienced by consumers. This was achieved by applying new technologies and selection of superior raw materials, while maintaining cost levels as same or lower. Two key highlights were: first, the implementation of new tomato ketchup technology under Kissan (India being the first country within Unilever to implement this); second, the top two most selling Knorr soups were reformulated, resulting in an increased margin and scoring significantly superior in consumers' preference.

The year saw key strategic launches under tea brands contributing to good business growth. Improved product and new packaging were developed for Taaza tea re-launch. A

new masala variant 'Taaza Masala Chaska' was launched with a product containing a unique spice mix that received very positive consumer feedback in testing. Taj Mahal tea blend was developed to meet the consumer expectations of 'perfect balance of strength and flavour'. A specially designed fresh green tea product was introduced under Lipton 'feel light and active' proposition. Lipton ice tea powders were restaged in the market with new claims on being more natural, made with real tea and real fruits. In coffee, premium single origin, freeze dried coffee range under BRU was expanded with the launch of a new unique variant, Guatemala. Product improvement for BRU Instant was implemented. Through R&D initiatives, cost savings were also delivered to manage commodity inflation.

In Ice Cream category, global iconic brand Magnum was launched in a test market in Chennai with three flavour variants – Classic, Almond, and Chocolate Truffle. In the Frozen Desserts category, several new variants were launched. These included Fruttare – Apple and Mixed Berry, Carte D'or – Rajbhog and Gajar Halwa, Creamy Delights – Pineapple and Litchi and Paddle Pop Jiggly Jelly.

R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives. Packaging material usage was reduced by around 115 tonnes across Beverages and Ice Creams. Your Company's R&D is also working on novel technologies to help save substantial amount of water.

With strong scientific expertise and the potential to deliver high value technologies, India continues to occupy a premier position in Unilever R&D. Your Company is well placed to meet the challenges emanating from the increased competition intensity and the opportunities to drive faster growth on the back of a strong support from R&D as well as brand development capabilities.

Your Company had entered into a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever. The TCA provided for payment of royalty on net sales of specific products, manufactured with technical inputs developed by Unilever. The TMLA provided for the payment of trademark royalty, as a percentage of net sales on specific brands, where Unilever owns the trade mark in India. Given that the pace of innovations and the scope of services have expanded over the years and that Unilever's global resources are providing greater expertise, superior innovations and scale advantage for all Unilever entities, your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever.

Your Company is also receiving support and guidance to drive functional excellence in marketing, supply management, media

buying and IT, among others, which helps your Company to remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

The details of expenditure on scientific research and development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2014, are as follows:

- Capital Expenditure : Rs. 5.64 crores
- Revenue Expenditure : Rs. 31.22 crores

9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company has a vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. The Compass, your Company's strategic framework, integrates Safety as a non-negotiable value. Over the past many years, your Company has been progressing well in terms of reducing injury frequency rates and has improved the safety record in factories and facilities.

The Company has developed safer systems and procedures for work by implementing Core Design principles (e.g. in projects, in facilities design, in process safety, etc.) rolling out up-to-date engineering standards and investing in hardware and safety infrastructure across sites.

Your Company also recognises that design and procedures are effective only when people choose to maintain and follow them. To achieve this objective, a behavioural safety programme BeSafe is being rigorously deployed across the Company. This programme is at the core of your Company's safety journey and has been created as a customised behavioural safety framework for Unilever, building upon the earlier DuPont model, which your Company had pioneered a decade ago in India. The safety incident rate measured as total recordable frequency rate (TRFR) was 66% of 2008 baseline.

Your Company actively promotes safety beyond the workplace through extensive 'Safe Travel' and 'Beyond Work Safety' initiatives, involving the employees' families across all sites. Several prestigious awards have been conferred upon your Company by national and international organisations of repute, both from government and non-government sectors in recognition of your Company's efforts in the sphere of Safety.

From sourcing to manufacturing or logistics, sustainability is embedded across all operations of your Company. The Company's environmental footprint is being monitored closely for all aspects of the manufacturing process. Benchmarking is done

for resources consumed (like water, energy) and gaseous, liquid and solid emissions (like carbon dioxide, sulfur oxides, COD, solid waste). Your Company has worked on the following key areas:

- Fossil fuels are being replaced by biogenic fuels, wherever available, through investment in biomass fired boilers, hot air generators and thermic fluid heaters. This has reduced furnace oil, diesel and coal usage in units.
- The biogenic fuels also includes the use of plant waste / by-products like spent tea leaves and coffee beans as fuel. This enables disposal cost savings besides reducing fossil fuel usage.
- Tie-ups with potential suppliers of renewable sources of energy are being explored.
- Latest generation, energy efficient technology, like auto sensors, solar powered systems, LED lamps, high efficiency motors, inverter drives, screw compressors are being used.
- Rain Water Harvesting is in place at all manufacturing sites and the Company is now installing Rain Water Reuse facilities in several sites to further reduce water usage.

Your Company has reduced CO₂ emissions (per tonne of production) in India by 27% approximately, when compared to 2008 baseline. The use of renewable energy has increased to over 20% of the total consumption. Water consumption in manufacturing operations is reduced by over 37%, when compared to 2008 baseline.

Waste generation is minimised through the application of reduce, reuse and recycle principles across units. Recyclable waste, such as packaging material, empty raw material containers, spent lubricants, batteries, e-waste, project scrap, etc. are systematically segregated and recycled/ reused. Simple but effective facilities like installation of high pressure water jet setup for washing of empty chemicals drums ensure full recovery of material besides safe recycle. Over 99% of total waste is recycled in environment friendly ways. Total waste per tonne from manufacturing sites has reduced by 84% vis-a-vis 2008 baseline.

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 a 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 shopfloor.

Your Company is widely acclaimed for its people development practices and has reinforced its position in this area. This, coupled with the ability to attract best talent, provides a competitive edge to the organisation. According to the Campus Track Business School Survey 2013, conducted by Nielsen, your Company has been chosen as the preferred employer across all sectors for the 2014 graduating batch of B-School students. Your Company has also retained its position as the Dream Employer with students of top business schools for the fifth consecutive year.

Diversity and Inclusion is an important aspect of sustainable business growth and is referred to as Winning Balance. Over the last three years, there has been considerable momentum on this aspect through better appreciation of the business case and greater leadership involvement and engagement. Tools and capabilities like day care, technology that supports agile working, flexible work arrangements through part time working and career by choice programme and inclusiveness workshops have been embedded to enable and drive the Winning Balance. During the year, a Winning Balance Council was also established in the Company, comprising male and female leaders across functions, who champion and lead the plans. Your Company recognises men and women role models, who create a simple, respectful and flexible work environment for their teams, which inspires others to emulate them. With these enablers and focused plans, your Company has witnessed a 10% shift in the gender balance ratio over the last three years.

The Talent and Organisation Assessment was undertaken successfully in 2013 and key business charters based on findings have been institutionalised. These charters are owned by your Company's leadership team and will take off during 2014. These interventions will allow your Company to have a robust people plan to guide your Company not just for immediate performance, but to also ensure that the Company is future ready.

In addition to building core capabilities in marketing, sales and distribution, your Company is investing in the areas of beauty, foods, rural, digital, e-commerce, customer/ shopper marketing and market development, to win in the future. Your Company has developed comprehensive plans in each of these key areas that are customised to suit the present and future business needs. Besides, your Company has also identified three key behaviours, Growth Mindset, Bias for Action and Consumer and Customer Centricity that will supplement the capabilities to achieve business goals. To drive Bias for Action, your Company has been driving a change in the way it makes decisions by (i) Generating insights, where attention is required (ii) Getting the right leadership attention to road blocks and (iii) Facilitating faster decision making. Project Sunset is an online platform for speedy resolutions of road blocks within the

Company. Your Company also launched 'Sunset Talks', a two weeks intensive idea generation campaign on simplification that received overwhelming employee participation and response. To drive Consumer and Customer Centricity, your Company has undertaken multiple initiatives to regularly communicate with and reach out to its consumers and has a well defined programme to capture consumer insights.

Your Company undertook intensive training programmes through a combination of face-to-face and virtual learning approaches. Over 28,000 man-days invested in classroom training and about 38,000 e-learning registrations, indicate that the spirit of 'learn where you are' is imbibed in employees of the Company. Your Company is also investing in building capabilities in digital and social media to find new platforms for brands to engage more effectively with Indian consumers.

The Global People Survey is a part of the Unilever employee insight programme, which aims to give voice to the Company's people and provides a vehicle to make their views heard. The Survey also provides regular, meaningful and actionable feedback to the leaders in the organisation. It has questions spread across several dimensions in the areas, such as Strategic Leadership, Immediate Boss Effectiveness and Engagement. Feedback from this survey forms the basis of holistic engagement plans, which are reviewed regularly. As per the Global People Pulse Survey 2013, engagement in your Company has witnessed a 3% improvement over the last year. There has been recognition of your Company's People Management and Reward and Recognition practices, which are geared towards building a performance focused culture.

Your Company has been investing in progressive employee relations practices to build capability at the grassroot 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 according to the priority areas of each workman. Sparkle has been a pioneering tool in the area of workmen capability development that promotes higher transparency and focused training intervention linked to individual and business needs. The tool has delivered results for over three years, and your Company has successfully completed appraisals, thereby identifying top performers and completing skill gap analysis of over 10,000 workmen online. Sparkle has been recognised as a best practice and adopted for a global roll-out. 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 Company's Registered Office or write to the Company Secretary for a copy thereof.

11. INFORMATION TECHNOLOGY (IT)

Your Company continues to invest in IT, leveraging it as a source of competitive advantage. The enterprise wide SAP platform, the backbone of IT, encompasses all core business processes in your Company. It also provides a comprehensive data warehouse with analytical capability that facilitates better and faster decisions. Your Company has leveraged the SAP platform to aid business priorities and improve efficiencies both within the Company as well as by collaborating with suppliers and customers. Your Company is also using latest technology offerings like in-memory computing to significantly improve process efficiencies and unlock time of employees.

Your Company has institutionalised an extensive IT capability for Customer Development function to support front-end execution. All distributors run a standard distributor management system. The sales representatives and field based sales personnel have been equipped with mobility devices for effective and efficient on-ground execution. The available data is mined using analytical tools to fine tune the selling process at each and every outlet. This capability, which has been used for the urban markets has also been extended to rural markets. The existing technology backbone was leveraged to provide for a low cost mobile phone based solution that significantly saved distribution costs.

Your Company is investing in capabilities that will help reach out and engage with end consumers, using low cost mobile technology. These capabilities will not only increase the number of consumers that can be reached, especially in rural areas, but also dramatically change the way in which your Company engages with them in a personalised manner using mobile telephony as a medium. Capabilities that have been built in this area will help your Company learn more about the end users across multiple brands as well as communicate with them directly about customised offers.

IT tools and solutions are being used across the organisation to make employees more productive and efficient. Employees have been equipped with personal computing tools and technologies that allow them to communicate and collaborate more efficiently and in a more agile manner.

Your Company continues to invest in IT infrastructure to support business applications and has leveraged India's expanded telecom footprint to provide high bandwidth terrestrial links to all

operating units. Your Company also uses software as a service to provide agile and cost effective IT capabilities in select areas.

As the IT systems and related processes get embedded in 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, upgraded and tested for efficacy, adequacy, security and reliability.

12. FINANCE AND ACCOUNTS

Your Company continued to focus on cash generation. The focus on managing optimal levels of inventory, sound business performance, operating efficiencies and cost savings across the organisation helped generate healthy cash flows. Your Company managed investments prudently by deploying cash surplus in a balanced portfolio defined to offer primacy to safety and liquidity of the investments.

The finance function of the Company took a significant step forward by consolidating the work done on Finance Transformation last year to further build capabilities and to get the business future ready. Your Company's success depends upon being able to decouple transaction volume growth from business growth and thereby reduce the cost, complexity and time of transaction processing. The key building blocks to the transformation programme were Procure to Pay, Zero Based Controls, Record to Report Transformation and My Business Information Projects.

Procure to Pay project aimed to move the needle on services to suppliers from vendor satisfaction to vendor delight. This year, your Company standardised and centralised invoice processing, query management and payments processing from more than 40 locations to one payment excellence centre, thereby delighting business partners. The programme also delivers a capability to steer continuous improvement programmes from the global centre of excellence in Bengaluru, thereby landing a six sigma level efficiency in transactional processes.

Zero Based Controls project completely revamped the traditional control monitoring methods to a cutting edge automated cockpit flagging exceptions to the control environment. This enables exception based monitoring, while tightening the cost of control. This year, your Company standardised the financial controls across geographies, leveraged technology to automate more than half of the key controls and set up a leading edge monitoring and reporting capability in Bengaluru. This now enables a focused review of the risk areas and a constructive effort to remediate the exceptions, if any.

Record to Report Transformation project aims at creating one financial reporting excellence centre at Bengaluru. Your Company has already taken the first step in this journey. Your Company is confident of making significant progress in the times to come, thereby future proofing the organisation. This project will enable faster reporting and accelerate results release to the market.

My Business Information initiative is a stepping stone to the next generation information analytics. This goes with the principle of converting data into information and information into insights seamlessly, at a click, to expedite business decision making. This year, your Company took a giant leap of moving from a multitude of ad hoc reports at multiple places to one centralised information repository, thereby ensuring one version of a report. In parallel, your Company achieved standardisation of reports and over 90% reduction in the number of reports. This means fewer and better quality reports and more time released for investment on value added analysis. Such information on-the-go makes business partnering more effective, simpler and a richer role for finance, while providing relevant information for speedy business decision making.

Your Company continued with various simplification initiatives commenced last year by disproportionately investing in IT. This has resulted in release of time occupied by non-value adding tasks while giving significant savings in audit efforts.

While driving the transformation agenda, your Company's finance team also continued to focus on delivering excellence on Financial Accounting and Reporting. This year, your Company won the esteemed 'Silver Shield' from the Institute of Chartered Accountants of India for excellence in financial reporting for the Annual Report 2012-13. Your Company is committed to increase the efficiency and effectiveness of the finance function in general and core areas of accounting, reporting and controls in particular. This appreciation further strengthens the resolve to raise the bar and set higher standards of excellence, transparency and ease in reporting.

Capital Expenditure during the year was at Rs. 526.50 crores (Rs. 409.34 crores in the previous year).

During the year, your Company has not accepted any fixed deposits and there was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2014. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 3.57 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2014, are given below:

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Net Worth (%)	88.2	74.0	77.7	94.7	104.1
Return on Capital Employed (%)	103.8	87.5	96.8	109.1	130.2
Basic EPS (after exceptional items) (Rs.)	10.10	10.58	12.46	17.56	17.88

Segment-wise Results

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

12.1. Risk and Internal Adequacy

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Some of the risks relate to competitive intensity and cost volatility. 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.

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

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of Rs. 2,220.97 crores, as on 31st March, 2014. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, in line with the requirements of Accounting Standard 11.

13. LEGAL, COMPLIANCE AND BRAND PROTECTION

Your Company continued to focus on the key areas and projects within the legal and compliance functions, which include transiting to a workflow based compliance software tool 'Self-Compli'. This tool enables compliances to be made and tracked by factories and offices of your Company across the country. In the area of Brand Protection, during the year, your Company has taken significant actions against counterfeits, fakes and other forms of unfair competition, under the Company's programme of Combating Unfair Competition. The focus on litigation management continued this year with significant number of disposal of litigation recorded, as in past years, and fewer litigations added during the year.

14. MERGERS, ACQUISITIONS, JOINT VENTURES AND DISPOSALS

Consequent to the approval of shareholders in the year 2007, the Company has transferred Marine Exports business to M/s. Gadre Marine Exports Private Limited, as a going concern, pursuant to a Business Purchase Agreement entered between the parties in July 2013.

15. OPEN OFFER

On 30th April, 2013, Unilever PLC as Acquirer along with Unilever NV as person acting in concert made an announcement for Open Offer for acquiring 48.70 crore shares, aggregating to 22.52% of the total Share Capital of the Company, from the public shareholders at the offer price of Rs. 600 per share.

In accordance with the requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, a Committee of Independent Directors was constituted by the Board, comprising all Independent Directors of the Company, for providing reasoned recommendation on the Open Offer to the shareholders of the Company. The Independent Directors

Committee made its recommendation to the shareholders on 18th June, 2013 and the same was published in the newspapers in accordance with requirements of the regulations.

The tendering period of the Open Offer was from 21st June, 2013 to 4th July, 2013. At the end of the tendering period, Unilever acquired additional 31,95,63,398 shares in the Open Offer, thereby increasing the shareholding in the Company from 52.48% to 67.25% of the total Share Capital of the Company.

16. SUSTAINABLE LIVING

Sustainability is at the core of your Company's way of doing business. It guides your Company on the path to achieve long term success in a world where the battle for resources is escalating. In this direction, Unilever globally has set out the 'Unilever Sustainable Living Plan' (USLP), which embeds sustainability in its business model. The USLP sets out to decouple growth from environmental impact, while enhancing positive social impact.

USLP has three big global goals to achieve:

- Improving Health and Well-being - By 2020 we will help more than a billion people take action to improve their health and well-being.
- Reducing Environmental Impact - By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.
- Enhancing Livelihoods - By 2020 we will enhance the livelihoods of millions of people as we grow our business.

The Plan is distinctive:

- It spans the entire portfolio of brands and all countries in which Unilever sells its products.
- It has a social and economic dimension – your Company's products make a difference to health and well-being and its business supports the livelihoods of many people.
- When it comes to the environment, your Company works across the entire value chain – from the sourcing of raw materials to the delivery of products to the consumers.

In the third year of the Plan, your Company made steady progress to achieve the big goals. Your Company also involved consumers this year to become a part of the USLP community through Project Sunlight www.projectsunlight.co.in launched globally.

In the area of health and hygiene, your Company reached 58 million people through Lifebuoy Handwashing Programme since 2010. In area of sanitation, your Company launched Domex Toilet Academy programme with an aim to eradicate open defecation by building toilets and improving sanitation facilities. The academy made Junapani, a village in Wardha district in Maharashtra, free of open defecation by setting up 80 toilets by the end of 2013. Your

Company made a good progress in its journey to provide safe drinking water through Pureit water purifier. Nearly, 57.5 million lives were protected by Pureit globally by the end of 2013.

In the area of nutrition and health, your Company made a good progress on lowering the levels of salt, trans fat and calories in its portfolio. In 2013, 70% of your Company's Foods portfolio (by volume) was compliant to 5 gm salt per day target. Currently, all the Kissan ketchup variants and Knorr soups meet the interim target of 6 gm salt per day.

In the area of environmental impact, CO₂ emissions per tonne of production reduced by 27% in 2013 compared to the 2008 baseline. Water usage per tonne in your Company's manufacturing operations reduced by 37% compared to the 2008 baseline. In 2013, of the total 38 sites, 33 sites became zero-discharge sites, an addition of three sites compared to that of last year. Reduction in total waste per tonne from our manufacturing sites was more than 84% over 2008 baseline. More than 99% of total waste was recycled in environment friendly ways.

Under sustainable sourcing, your Company continued to work with suppliers, local government and farmers to sustainably source agricultural raw materials. A total of 86 tea estates in Assam, Darjeeling and Tamil Nadu were certified 'Sustainable Estates' by the Rainforest Alliance™ by the end of 2013. Your Company made good progress on sustainable sourcing of fruits and vegetables and sourced 80% of tomatoes used in Kissan Ketchup from sustainable sources in India. 100% of palm oil volumes procured for India was covered by 'Green Palm' certificates.

The water conservation initiatives of Hindustan Unilever Foundation (HUF) resulted in the creation of collective and cumulative water potential of more than 24 billion litres. More than 95,000 man-days of labour was created directly due to HUF projects and agriculture production enhanced by more than 3,500 tonnes.

Project Shakti, your Company's initiative which aims to empower underprivileged women in rural areas has further increased livelihood opportunities for over 17,000 new Shakti Entrepreneurs (Shaktiammas) appointed during the year. Your Company now has 65,000 Shakti Entrepreneurs complemented by over 50,000 Shaktimaans, the male members of Shaktiamma's family. Your Company continues to empower Shaktiammas, while increasing their family household income. Your Company provided training on basic accounting, selling skills, health & hygiene and relevant IT skills to Shakti Entrepreneurs and equipped them with smartphones which have been enabled with a mini Enterprise Resource Package (ERP). The application provides updates on promotions, offers and facilitates selling to the small retailers, using relevant business insights. These insights help retailers to stock in their outlets suitable products. The initiative has helped Shaktiammas to take and bill orders, manage inventory and drive

better distribution efficiencies in driving their business. These Shakti Entrepreneurs cover over 160,000 villages in 16 states and serve over 4 million households.

In 2013, your Company launched 'Prabhat' (Dawn) - a USLP linked programme, which is a part of its long term effort to engage with and contribute to the development of local communities around its manufacturing sites. Prabhat focuses on health and hygiene, livelihoods and water conservation initiatives, which are fully aligned to the USLP priorities. Prabhat was launched in nine manufacturing locations across India - Haridwar, Pondicherry, Silvassa, Khamgaon, Goa, Nasik, Orai, Chhindwara and Etah.

As evident from the above initiatives, your Company's progress to deliver on USLP has been consistent. In 2013, Unilever undertook an in-depth review with every product category and business function and identified actions that will help drive sustainable growth. This year, your Company has expanded Enhancing Livelihoods to cover three big themes under the pillar - Fairness in the Workplace, Enhancing Women's Lives and Inclusive Business.

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

17. EMPLOYEE STOCK OPTION PLAN (ESOP)

Details of the shares issued under Employee Stock Option Plan (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 (SEBI (ESOP) Guidelines), are set out in the Annexure to this Report. No employee has been issued share options, during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme' in place of '2006 HLL Performance Share Scheme'. The Scheme has been registered with the Income Tax authorities, in compliance with the relevant provisions of SEBI (ESOP) Guidelines. In accordance with the terms of the Performance Share Plan, employees are eligible for

award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years.

Under the said Plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 52:48, to mirror the shareholding of the Company, where Unilever held 52% shareholding. During the year, the Nomination and Remuneration Committee and the Board of Directors approved the consequential change in ratio of share grant to reflect the new shareholding pattern post open offer by Unilever. The ratio of reward based on performance was accordingly revised to 67:33 instead of 52:48.

During the year, 209 employees, including Whole time Directors, were awarded conditional rights to receive 2,87,573 Equity Shares at the face value of Re. 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2013 to 2015 and from 2014 to 2016.

18. 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 2011, your Company received the National Award for Excellence in Corporate Governance instituted by the Institute of Company Secretaries of India, in recognition of its Corporate Governance practices. In 2012, Investor Relations Global Rankings (IRGR) ranked your Company amongst the top five companies across the globe for Best Corporate Governance. In 2013, at the Asian Centre for Corporate Governance and Sustainability Awards, your Company won the award for Best Audit Committee.

A separate report on Corporate Governance is provided at page no. 54 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 has made majority of the provisions of the Companies Act, 2013 effective from 1st April, 2014. The new act is a positive step towards strengthening corporate governance regime in the country. Your Company is already in substantial compliance of most of the governance requirements provided under the new law. Your Company has proactively adopted provisions related to formation of Nomination and Remuneration

Committee and Corporate Social Responsibility Committee, ahead of implementation of the new law. Your Company is committed to embrace the new law in letter and spirit.

During the year, Secretarial Audit and Secretarial Standards Audit were carried out. The detailed reports on the same are given at page nos. 74 and 75 of this Annual Report.

19. OUTLOOK

Global economic indicators are expected to improve, led by positive prospects in advanced economies. Despite a strengthening external demand, uncertainty continues to loom large on the economic horizon of some emerging economies owing to domestic fragilities. The global economic climate continues to be volatile, uncertain and prone to geo-political risks.

For India, economic activity is expected to improve modestly, driven by global economic revival and moderation in inflation. Upside pressures on inflation and consumption, hinge on the vagaries of the monsoon and the pace of revival of the investment climate will determine to a very large extent India's economic performance, going forward.

FMCG markets are expected to grow; however, uncertain global economic environment, inflation and competitive intensity continue to pose challenges. While the near term conditions pose a challenge for the economy, the medium to longer term secular trends based on rising incomes, aspirations, low consumption levels, etc. are positive and an opportunity for the FMCG sector, in general and for your Company, in particular.

19.1. 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

20. 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, 2014, 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 this Annual Report (refer page no. 164). 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 include the financial information of its subsidiaries.

21. BOARD OF DIRECTORS

Consequent to his elevation as President, Home Care, Unilever, Mr. Nitin Paranjpe stepped down as Managing Director and Chief Executive Office of your Company. Mr. Sanjiv Mehta was appointed as the Managing Director and Chief Executive Office of your Company to succeed Mr. Nitin Paranjpe with effect from 10th October 2013. Mr. Sanjiv Mehta was appointed as an Additional Director on the Company's Board with effect from 1st October, 2013 and the Managing Director and Chief Executive Officer with effect from 10th October, 2013, after obtaining requisite approvals of the Members and the Central Government.

The Board places on record its deep sense of appreciation for the outstanding contribution made by Mr. Nitin Paranjpe as the Managing Director and Chief Executive Office of the Company.

Mr. Sridhar Ramamurthy, Executive Director, Finance & IT and Chief Financial Officer, has been elevated as the Senior Vice President, Finance for the Global Markets and he will be part of the Global Markets Executive of Unilever. Consequently, Mr. Sridhar Ramamurthy will cease to be a Director of the Company with effect from 30th June, 2014 and will not offer himself for re-appointment at the forthcoming Annual General Meeting. It is proposed to appoint Mr. P. B. Balaji as Executive Director, Finance & IT and Chief Financial Officer with effect from 1st July, 2014 to succeed Mr. Sridhar Ramamurthy subject to obtaining requisite approvals of the Members and the Central Government.

The Board places on record its appreciation for the distinguished service and contribution made by Mr. Sridhar Ramamurthy as Executive Director, Finance & IT and Chief Financial Officer of the Company.

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors form part of the Notice of the Annual General Meeting. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

22. MANAGEMENT COMMITTEE

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

During the year, Mr. Nitin Paranjpe, Managing Director, Chief Executive Officer was elevated to the position of President, Home Care, Unilever and Mr. Sanjiv Mehta succeeded him and joined the Management Committee in his capacity as Managing Director and Chief Executive Officer with effect from 10th October, 2013.

Mr. Sridhar Ramamurthy, Executive Director, Finance & IT and Chief Financial Officer, has been elevated to the position of Senior Vice President, Finance for the Global Markets in Unilever and Mr. P. B. Balaji will join the Management Committee when he joins the Company as Executive Director, Finance & IT and Chief Financial Officer with effect from 1st July, 2014 to succeed Mr. Sridhar Ramamurthy.

23. AUDITORS

The term of office of M/s. Lovelock & Lewes, as Statutory Auditors of the Company will expire with the conclusion of forthcoming Annual General Meeting of the Company. M/s. Lovelock & Lewes has been Statutory Auditors of your Company since 1997.

The Board of Directors of the Company have, subject to approval of the Members, decided to make a change in the Statutory Auditors. This change is in order to remain at the forefront of good governance and in recognition of regulatory changes in India. This change is also in line with the change in auditors for Unilever globally. A special notice has, accordingly, been received from Unilever PLC in its capacity as Member of the Company, proposing a resolution at the forthcoming Annual General Meeting for appointment of M/s. BSR & Co. LLP as Statutory Auditors of the Company in place of the M/s. Lovelock & Lewes, being the retiring Auditor.

A resolution proposing appointment of M/s. BSR & Co. LLP as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice.

M/s. Lovelock & Lewes, over many years, have successfully met the challenge that the size and scale of the Company's operations pose for auditors and have maintained the highest level of governance, rigour and quality in their audit. The Board place on record its appreciation for the services rendered by M/s. Lovelock and Lewes as the Statutory Auditors of the Company.

24. 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 as industry leaders.

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

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

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

On behalf of the Board



Harish Manwani

Chairman

Mumbai, 28th April, 2014

Annexure to the Directors' Report

Disclosure of Particulars with Respect to Conservation of Energy

		Canned and processed fruits and vegetables	Tea			
		For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013	
A POWER AND FUEL CONSUMPTION						
1 Electricity						
(a)	Purchased					
	Unit	Lakh KWH	70.70	65.97	34.73	38.94
	Total Cost	Rs. lakhs	557.71	524.08	254.16	286.83
	Rate / Unit	Rs.	7.89	7.94	7.32	7.37
(b)	Own Generation					
(i)	Through own generator					
	Unit	Lakh KWH	1.29	1.78	3.68	4.14
	Unit per ltr of diesel oil	KWH	2.50	2.49	2.94	2.49
	Cost per unit	Rs.	13.98	18.49	18.78	14.59
(ii)	Through steam turbine / generator		NIL	NIL	NIL	NIL
2 Furnace Oil						
	Quantity	KL	1,129.86	930.60	-	-
	Total Cost	Rs. lakhs	579.23	407.93	-	-
	Rate / Unit	Rs./ KL	51,265.67	43,834.56	-	-
3 Other / Internal Generation						
Natural Gas						
	Quantity	('000 Scm)	-	-	34,795.00	20,645.35
	Total Cost	Rs. lakhs	-	-	25.52	14.22
	Rate / Unit	Rs./('000 Scm)	-	-	73.34	69.00
Agro Waste						
	Quantity	(Tonnes)	1,429.13	1,249.87	-	-
	Total Cost	Rs. lakhs	80.79	67.22	-	-
	Rate / Unit	Rs./ Kg	5.65	5.38	-	-
B CONSUMPTION PER UNIT OF PRODUCTION						
	Electricity	{Kwh/Tonne}	164.75	195.72	23.37	31.21
	Furnace Oil	{Lts/Tonne}	26.33	27.61	-	-

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, 2014	For the year ended 31st March, 2013
(a) Capital	17.30	8.07
(b) Recurring	73.64	104.39
(c) Total	90.94	112.46
(d) Total R& D Expenditure as a percentage of total turnover	0.32%	0.44%

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 Directors' Report.

3. Imported Technology:

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> (a) Technology imported (b) Year of import (c) Has technology been fully absorbed | } | Continuous Import from Unilever under technical collaboration agreement |
|---|---|---|

FOREIGN EXCHANGE EARNINGS & OUTGO

Rs. crores

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Foreign exchange earnings	547.91	654.80
Foreign Exchange outgo	3,132.40	3345.38

Annexure to the Directors' Report

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

2001 HLL Stock Option Plan

	2001	2002	2003	2004	2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001	Closing market price as on the date of option grant - 23.04.2002	Closing market price as on the date of option grant - 24.04.2003	Average of highs and lows for two week period preceding the date of option grant - 30.06.2004	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted - 26.05.2005
	Rs. 217.45	Rs. 210.35	Rs. 136.00	Rs. 128.47	Rs. 132.05
c) Options vested	Options vested after three years from date of grant (24.07.2001)	Options vested after three years from date of grant (23.04.2002)	Options vested after three years from date of grant (24.04.2003)	Options vested after three years from date of grant (30.06.2004)	Options vested after three years from date of grant (27.05.2005)
d) Options exercised (as at March 31, 2014)	15,90,600 equity shares of Re. 1/- each	23,21,221 equity shares of Re. 1/- each	36,44,320 equity shares of Re. 1/- each	12,24,750 equity shares of Re. 1/- each	11,55,600 equity shares of Re. 1/- each
e) The total number of shares arising as a result of exercise of option	15,90,600 equity shares of Re. 1/- each	23,21,221 equity shares of Re. 1/- each	36,44,320 equity shares of Re. 1/- each	12,24,750 equity shares of Re. 1/- each	11,55,600 equity shares of Re. 1/- each
f) Options lapsed (as at March 31, 2014)	8,84,500 equity shares of Re. 1/- each	9,12,380 equity shares of Re. 1/- each	6,31,770 equity shares of Re. 1/- each	3,36,800 equity shares of Re. 1/- each	2,75,700 equity shares of Re. 1/- each
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	NA	NA
h) Money realised by exercise of options during the year	Nil	Nil	Nil	Rs. 0.86 crores	Rs. 0.65 crores
i) Total number of options in force (as at March 31, 2014)	Nil equity shares of Re. 1/- each	Nil equity shares of Re. 1/- each	Nil equity shares of Re. 1/- each	68,900 equity shares of Re. 1/- each	1,16,400 equity shares of Re. 1/- each

	2006 HUL Performance Share Scheme							2012 HUL Performance Share Scheme	
	2006	2007	2008	2009	2010	2011	2012	2013	2014
a) Options granted	Conditional grant of 3,49,750 equity shares of Re. 1/- each valued at Rs. 3.49 lakhs	Conditional grant of 2,35,950 equity shares of Re. 1/- each valued at Rs. 2.35 lakhs	Conditional grant of 2,13,098 equity shares of Re. 1/- each valued at Rs. 2.13 lakhs	Conditional grant of 3,38,731 equity shares of Re. 1/- each valued at Rs. 3.39 lakhs	Conditional grant of 3,22,568 equity shares of Re. 1/- each valued at Rs. 3.23 lakhs	Conditional grant of 3,55,573 equity shares of Re. 1/- each valued at Rs. 3.56 lakhs	Conditional grant of 4,71,465 equity shares of Re. 1/- each valued at Rs. 4.71 lakhs	Conditional grant of 3,93,441 equity shares of Re. 1/- each valued at Rs. 3.93 lakhs	Conditional grant of 2,62,155 equity shares of Re. 1/- each valued at Rs. 2.62 lakhs
b) The pricing formula	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-	Book value of Re. 1/-
c) Options vested	2,55,166 options vested	2,66,180 options vested.	1,64,303 options vested	2,19,977 options vested	2,86,039 options vested	3,55,555 options vested	Options will vest after 3 years from the date of grant	Options will vest after 3 years from the date of grant	Options will vest after 3 years from the date of grant
d) Options exercised (as at March 31, 2014)	2,55,166 equity shares of Re. 1/- each	2,64,530 equity shares of Re. 1/- each	1,60,800 equity shares of Re. 1/- each	2,19,977 equity shares of Re. 1/- each	2,86,039 equity shares of Re. 1/- each	NIL	NIL	NIL	NIL
e) The total number of shares arising as a result of exercise of option	2,55,166 equity shares of Re. 1/- each	2,64,530 equity shares of Re. 1/- each	1,60,800 equity shares of Re. 1/- each	2,19,977 equity shares of Re. 1/- each	2,86,039 equity shares of Re. 1/- each	NIL	NIL	NIL	NIL
f) Options lapsed (as at March 31, 2014)	NIL	1,650 equity shares of Re. 1/- each	3,503 equity shares of Re. 1/- each	NIL	NIL	NIL	NIL	NIL	NIL
g) Variation of terms of options	NA	NA	NA	NA	NA	NA	NA	NA	NA
h) Money realised by exercise of options during the year	0	0	0	0	Rs. 1.08 lakhs	NIL	NIL	NIL	NIL
i) Total number of options in force (as at March 31, 2014)*	NIL	NIL	NIL	NIL	NIL	Conditional grant of 41,282 equity shares of Re. 1/- each (5,836 shares forfeited due to resignation)	Conditional grant of 4,01,877 equity shares of Re. 1/- each (69,588 shares forfeited due to resignation)	Conditional grant of 3,72,902 equity shares of Re. 1/- each (20,539 shares forfeited due to resignation)	Conditional grant of 2,62,155 equity shares of Re. 1/- each

* Adjusted for options forfeited

Annexure to the Directors' Report

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

DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2014

j) Employee wise details of options granted to:																	
i) Senior managerial personnel:	Refer Note iii																
ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	Under Performance Share Plan 2014, Sanjiv Mehta - Managing Director & CEO was awarded Nil shares (nil%) and Sridhar Ramamurthy - Executive Director (Finance & IT) and CFO was awarded 6,285 shares (2.40%).																
iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil																
k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Rs. 17.87																
l) i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2012 HUL Performance Share Scheme".																
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Gain of Rs. 1.03 crores																
iii) The impact of this difference on profits and on EPS of the Company	The effect of adopting the fair value method on the net income and earnings per share of 2013-14 is presented below:																
	<table border="0"> <tr> <td>Net Income</td> <td style="text-align: right;">Rs. crores</td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">3,867.49</td> </tr> <tr> <td>Add: Difference between Intrinsic value and Fair Value Calculation</td> <td style="text-align: right;">1.03</td> </tr> <tr> <td>Adjusted Net Income</td> <td style="text-align: right;">3,868.52</td> </tr> <tr> <td>Earnings Per Share (Basic & Diluted)</td> <td style="text-align: right;">(Rs.)</td> </tr> <tr> <td></td> <td style="text-align: right;">Basic EPS Diluted EPS</td> </tr> <tr> <td>-As reported</td> <td style="text-align: right;">17.88 17.87</td> </tr> <tr> <td>-As adjusted</td> <td style="text-align: right;">17.89 17.88</td> </tr> </table>	Net Income	Rs. crores	As reported	3,867.49	Add: Difference between Intrinsic value and Fair Value Calculation	1.03	Adjusted Net Income	3,868.52	Earnings Per Share (Basic & Diluted)	(Rs.)		Basic EPS Diluted EPS	-As reported	17.88 17.87	-As adjusted	17.89 17.88
Net Income	Rs. crores																
As reported	3,867.49																
Add: Difference between Intrinsic value and Fair Value Calculation	1.03																
Adjusted Net Income	3,868.52																
Earnings Per Share (Basic & Diluted)	(Rs.)																
	Basic EPS Diluted EPS																
-As reported	17.88 17.87																
-As adjusted	17.89 17.88																

DETAILS OF OPTIONS GRANTED DURING THE YEAR ENDED 31ST MARCH, 2014

m) Weighted average exercise price and weighted average fair value Exercise Price is Re. 1/-

n) Fair value of Options based on Black Scholes methodology

Assumptions

Risk free rate	7.79% for 2013 and 8.85% for 2014
Expected life of options	3.125 years for each plan
Volatility	23.38% for 2013 and 25.56% for 2014
Expected Dividends	Rs. 11.50 per share
Closing market price of share on date of option grant	Rs. 458.60 for 2013 and Rs. 557.25 for 2014

Notes:

(i) Pursuant to approval of the Members at the Annual General Meeting of the Company held on 23rd July, 2012, the Company had adopted a revised Scheme "2012 HUL Performance Share Scheme".

(ii) The Pricing Formula adopted by the Company for 'Employees Stock Option Plan' for the years 2001 to 2005, was based on the "Market Price" as defined in SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, as expressed in Clause 11 of the '2001 HLL STOCK OPTION PLAN' in the line with Clause 6.2(h) of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.

(iii) Details of Options granted to senior managerial personnel.

Name of the Manager	Performance shares awarded
Sanjiv Mehta	Nil
Sridhar Ramamurthy	6,285
Pradeep Banerjee	3,451
Hemant Bakshi	6,285
Dev Bajpai	4,313
Geetu Verma	3,451
Manish Tiwary	4,313

CORPORATE GOVERNANCE

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

– William Hesketh Lever

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

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Hindustan Unilever, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code of Business Principles inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning.

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

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

THE BOARD OF DIRECTORS

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

Composition

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

During the year, Dr. R. A. Mashelkar, Independent Director of the Company, upon attaining the age of seventy years, retired from the Board of the Company by not offering himself for re-appointment at the Annual General Meeting, in accordance with the then prevailing policy of the Company.

Mr. Nitin Paranjpe, consequent to his elevation as President, Home Care for Unilever, stepped down as the Managing Director and Chief Executive Officer of the Company. Mr. Sanjiv Mehta was appointed as the Managing Director and Chief Executive Officer

succeeding Mr. Nitin Paranjpe. Mr. Sanjiv Mehta was appointed as an Additional Director on the Board with effect from 1st October, 2013 and as the Managing Director and Chief Executive Officer with effect from 10th October, 2013.

The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s) and date of joining the Board are provided hereinbelow:

Composition and Directorship(s) / Committee Membership(s) as on 31st March, 2014

Name	Date of joining the Board	Directorship in other Companies [#]	Membership of Committees of other Companies ^{##}	Chairmanship of Committees of other Companies ^{##}
Non-Executive Chairman				
Harish Manwani	29.04.2005	-	-	-
Managing Director and CEO				
Sanjiv Mehta	01.10.2013	-	-	-
Executive Director (Finance & IT) and CFO				
Sridhar Ramamurthy	03.07.2009	2	-	-
Executive Director				
Pradeep Banerjee	01.03.2010	1	-	-
Independent Directors				
Aditya Narayan	29.06.2001	1	2	1
S. Ramadorai	20.05.2002	13	7	2
O. P. Bhatt	20.12.2011	3	5	-
Sanjiv Misra	08.04.2013	3	3	2

[#] Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

^{##} Includes only Audit Committee and Stakeholders' Relationship Committee.

None of the Directors is a member of the Board of more than fifteen Companies or a Member of more than ten Board-level Committees or a Chairman of more than five such Committees.

Appointment and Tenure

The Directors of the Company are appointed by Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors, except the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013.
- The Independent Directors will serve a maximum of two terms of five years each.

- In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years.
- With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013.

Board Independence

Our definition of 'Independence' of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than the Chairman are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013. Mr. Harish Manwani, who is the Chief Operating Officer and a member of the Unilever Leadership Executive (ULE) of the parent Company, is not considered as an Independent Director.

Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is confirmed in the subsequent Board meeting.

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

During the financial year ended 31st March, 2014, seven Board meetings were held on 8th and 9th April, 2013, 29th April, 2013, 3rd May, 2013, 26th July, 2013, 26th October, 2013, 27th January, 2014 and 11th March, 2014. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

Board Business

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- framing strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- reviewing financial plans of the Company;
- reviewing quarterly and annual business performance of the Company;
- reviewing the Annual Report and accounts for adoption by the Members;
- reviewing the progress of various functions and businesses of the Company;
- reviewing the functioning of the Board and its Committees;
- reviewing the functioning of the subsidiary companies;
- considering and approving declaration / recommendation of dividend;
- reviewing and resolving fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- reviewing the details of significant development in human resources and industrial relations front;

- reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- reviewing compliance with all relevant legislations and regulations and litigation status, including materially important show cause, demand, prosecution and penalty notices, if any;
- reviewing Board remuneration policy and individual remuneration packages of Directors;
- advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- appointing Directors on the Board and Management Committee;
- reviewing Corporate Social Responsibility policy of the Company and monitoring implementation thereof;
- reviewing details of risk evaluation and internal controls;
- reviewing reports on progress made on the ongoing projects;
- monitoring and reviewing Board Evaluation framework.

Board Support

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

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda and Pre-reads. The Directors of the Company receive the Agenda and Pre-reads in electronic form through this application, which can be accessed through Internet or iPads. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda and Pre-reads in electronic form.

Independent Directors' Meetings

The Independent Directors meet at least once in a quarter, without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Non-Executive Chairman, without any of the Executive Directors being present, to discuss issues and concerns, if any.

The Independent Directors met four times during the financial year ended 31st March, 2014 on 29th April, 2013, 26th July, 2013, 26th October, 2013 and 27th January, 2014. In addition to these formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

Board Induction and Training

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

The induction process for Directors is designed to:

- build an understanding of the Company, its businesses and the markets and regulatory environments in which it operates;
- provide an appreciation of their roles and responsibilities;
- fully equip them to perform their roles on the Board effectively;
- build links to Unilever's people and build an understanding of Unilever's key relationships.

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

Board Evaluation

The Board of Directors has adopted a policy on Board Evaluation. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. As per the Policy, the Company will carry out an evaluation of the performance of the Board as a whole, Board Committees and Directors on an annual basis and the same will be facilitated by an independent consultant once in three years.

COMMITTEES OF THE BOARD

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

Committees can request special invitees to join the meeting, as appropriate.

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

Audit Committee

The Company's Audit Committee comprises all the four Independent Directors. The Audit Committee is headed by Mr. Aditya Narayan and has Mr. S. Ramadorai, Mr. O. P. Bhatt and Dr. Sanjiv Misra as its members. During the year, upon retirement from the Board, Dr. R. A. Mashelkar ceased to be a member of the Committee. All the members of the Committee have relevant experience in financial matters.

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

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- reviewing with management the quarterly and annual financial results before submission to the Board;
- reviewing with management the annual financial statements of the subsidiary companies;
- reviewing the adequacy of internal control systems with the management, external auditors and internal auditor;
- reviewing the adequacy of internal audit function;
- discussing with internal auditor any significant findings and reviewing the progress of corrective actions on such issues;
- reviewing the findings of any internal investigations by the internal auditor in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- discussing with external auditors, before the audit commences, the nature and scope of audit as well as having post-audit discussions to ascertain areas of concern, if any;
- recommending the appointment and removal of cost auditors;
- reviewing the Company's financial and risk management policies;
- examining reasons for substantial default in the payment to Members (in case of non-payment of declared dividends) and creditors, if any;
- reviewing the progress made on cases that are reported under the Code of Business Principles and Whistle Blower Policy of the Company and the implication of these cases, if any, under the UK Bribery Act, 2011.

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

The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed and confirmed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

The Audit Committee met six times during the financial year ended 31st March, 2014 on 29th April, 2013, 10th June, 2013, 26th July, 2013, 26th October, 2013, 14th December, 2013 and 27th January, 2014.

Internal Controls and Risk Management

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

The Internal Audit covers all the factories, sales offices, warehouses and centrally controlled businesses and functions, as per the annual plan agreed with the Audit Committee. The audit coverage plan of CAD is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on the issues highlighted in previous report.

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

Financial controls review procedures and guidelines are issued by Unilever annually in line with Sarbanes-Oxley (S. 404) requirements. Unit heads are responsible for implementing these procedures to confirm the effectiveness of the financial controls in that unit and to correct any instances of weaknesses identified. In addition, effectiveness of operational and non-financial controls is also reviewed by the unit heads. During the year, financial control environment was streamlined and strengthened with 50% of key controls being automated by further leveraging SAP. These procedures provide the management an assurance on the internal processes and systems.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Mr. Harish Manwani and Mr. Sanjiv Mehta as members of the Committee. During the year, upon retirement from the Board, Dr. R. A. Mashelkar ceased to be a member of the Committee. Consequent to his cessation from the Board of the Company, Mr. Nitin Paranjpe ceased to be a member of the Committee and Mr. Sanjiv Mehta was appointed as a member of the Committee with effect from 10th October, 2013.

The role of Nomination and Remuneration Committee is as follows:

- determining / recommending the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- determining / recommending the criteria for qualifications, positive attributes and independence of Directors;
- identifying candidates who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment and removal;
- reviewing and determining all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonus, stock options, pension, etc.;
- reviewing and determining fixed component and performance linked incentives for Directors along with the performance criteria;
- determining policy on service contracts, notice period, severance fees for Directors and Senior Management;
- evaluating performance of each Director and performance of the Board as a whole;

The Committee also plays a role of a Compensation Committee and is responsible for administering the Stock Option Plan and Performance Share Plan of the Company and determining eligibility of employees for stock options.

The Nomination and Remuneration Committee met five times during the financial year ended 31st March, 2014 on 26th July, 2013, 18th September, 2013, 26th October, 2013, 20th February, 2014 and 11th March, 2014.

Board Membership Criteria

The Board of Directors is collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;

- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Reward Policy

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

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

Committee for its consideration before determining the reward for Executive Directors.

The Nomination and Remuneration Committee reviews the total reward annually, taking into account external benchmarks within the context of group and individual performance. In addition, the Company's Share Plans seek to reward Executive Directors by aligning their deliverables with shareholders' interests. Pursuant to the approval of Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted '2012 HUL Performance Share Scheme' in place of the '2006 Performance Share Scheme'. The revised scheme provided for conditional grant of Performance Shares without charging premium to eligible management employees.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

Independent Directors are currently paid sitting fees of Rs. 20,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors' remuneration. As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of Rs. 15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a member of the Committee(s).

The remuneration payable to the Independent Directors under the Differential Remuneration Policy shall be within the overall limit of Rs. 150 lakhs, as approved by the Members at the Annual General Meeting held on 26th July, 2013. The criteria adopted by the Company for Differential Remuneration policy is as under:

Particulars	Rs. lakhs
	Commission (p.a.)
Fixed Commission:	
Base Fixed Commission for Independent Directors	15.00
Additional Variable Commission:	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee(s)*	2.00
In the capacity of Member of the Committee(s)*	1.00

*Committee includes Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The Non-Executive Directors, who continuously serve minimum two terms of five years each, are also entitled to one time commission of Rs. 10 lakhs at the time of stepping down from the Board.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Independent Directors apart from sitting fees and commission. The Company has not granted any stock options to any of its

Non-Executive Independent Directors. The Non-Executive Chairman of the Company does not receive any sitting fees, commission or stock options from the Company.

The details of remuneration paid, stock options and conditional grants made to Executive Directors and remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2014 are provided hereinafter:

Details of Remuneration of Executive Directors for the financial year ended 31st March, 2014

Name					Rs. lakhs	
	Salary	Bonus	Contribution to PF	Perquisites	Total	
Sanjiv Mehta ^{\$}	390.85	76.18	12.09	135.35	614.47	
Nitin Paranjpe ^{\$\$}	214.82	153.69	13.99	73.80	456.30	
Sridhar Ramamurthy	264.35	106.96	12.70	98.76	482.77	
Pradeep Banerjee	173.13	65.34	14.31	180.96	433.74	

^{\$} Appointed as a Director w.e.f. 1st October, 2013

^{\$\$} Ceased to be a Director w.e.f. 9th October, 2013

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

Name	Outstanding as at		Options / Grants Exercised		Grant under Performance Share Scheme during the year	Balance as at	
	31st March, 2013		during the year			31st March, 2014	
	Stock Options	Performance Shares	Stock Options	Performance Shares	Stock Options	Performance Shares	
Nitin Paranjpe ^{\$}	19,800	74,786	8800*	-	-	11,000	74,786
Sridhar Ramamurthy	-	37,545	-	-	6,285	-	43,830
Pradeep Banerjee	19,800	14,696	11,000	-	3,451	8,800	18,147

^{*} Exercised and Allotted in March 2014.

^{\$} Ceased to be a Director w.e.f. 9th October, 2013

Details of Remuneration of Non-Executive Directors for the financial year ended 31st March, 2014

Name			Rs. lakhs	
	Sitting Fees*	Commission [#]	Total	
Aditya Narayan	4.60	24.00	28.60	
S. Ramadorai	4.00	23.55	27.55	
R. A. Mashelkar ^{\$}	1.80	9.75	11.55	
O. P. Bhatt	4.60	25.60	30.20	
Sanjiv Misra	4.60	23.00	27.60	

^{\$} Ceased to be a Director w.e.f. 26th July, 2013.

^{*} Includes sitting fees paid for Board and Board Committees meetings.

[#] The Commission for the financial year ended 31st March, 2014 as per the Differential Remuneration Policy will be paid to Independent Directors, subject to deduction of tax, after adoption of accounts by the shareholders at the Annual General Meeting to be held on 30th June, 2014.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is comprised of Mr. O. P. Bhatt as the Chairman and Mr. Sanjiv Mehta and Mr. Sridhar Ramamurthy as members of the Committee. Consequent to his cessation from the Board of the Company, Mr. Nitin Paranjpe ceased to be a member of the Committee and Mr. Sanjiv Mehta was appointed as a member of the Committee with effect from 10th October, 2013.

The role of Stakeholders' Relationship Committee is as follows:

- considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc.;
- ensuring expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company;

- providing guidance and making recommendations to improve service levels for the investors.

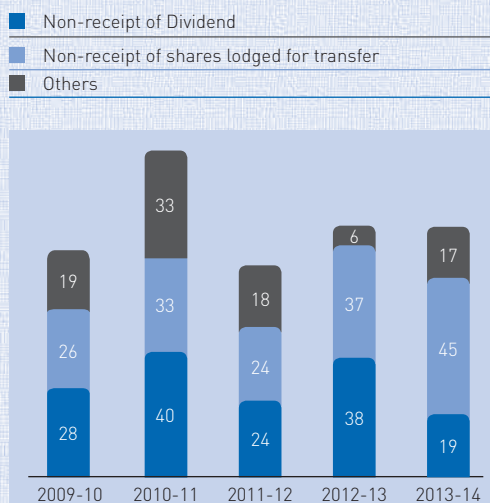
During the financial year ended 31st March, 2014, the Committee met twice on 10th June, 2013 and 17th February, 2014.

Details of Shareholders' / Investors' Complaints

During the financial year ended 31st March, 2014, 81 complaints were received from the shareholders. All complaints have been redressed and none of them were pending as on 31st March, 2014.

Nature of Complaint	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	19	19
Non-Receipt of Shares lodged for Transfer	45	45
Others (e.g. non-receipt of Annual Report)	17	17
TOTAL	81	81

TREND OF COMPLAINTS RECEIVED DURING LAST 5 YEARS:



Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Mr. Sanjiv Mehta and Mr. Sridhar Ramamurthy as members of the Committee. Upon his retirement from the Board Dr. R. A. Mashelkar ceased to be a member of the Committee. Consequent to his cessation from the Board of the Company, Mr. Nitin Paranjpe ceased to be a member of the Committee and Mr. Sanjiv Mehta was appointed as a member of the Committee with effect from 10th October, 2013.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board Corporate Social Responsibility Policy and the activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on the activities undertaken;
- reviewing the performance of the Company in the area of Corporate Social Responsibility;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring Corporate Social Responsibility Policy of the Company from time to time.

During the financial year ended 31st March, 2014, the Committee met once on 14th December, 2013.

Share Transfer / Transmission Committee

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

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

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

Committee for Allotment of Shares under ESOPs

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

The Committee comprises three Directors of the Board and is constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL Performance Share Scheme'.

Independent Directors Committee for Open Offer

During the year, Unilever PLC, along with Unilever NV in its capacity as person acting in concert, made a Public Announcement for Voluntary Open Offer for acquiring 48.70 crore shares of the Company aggregating to 22.52% of the total Share Capital of the Company, from the public shareholders at the offer price of Rs. 600 per share. In line with the requirements of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Board of Directors constituted a Committee of Independent Directors to provide reasoned recommendation to the Shareholders of the Company on the Voluntary Open Offer made by Unilever PLC and Unilever NV. The Committee comprised of Mr. Aditya Narayan as the Chairman of the Committee and Mr. S. Ramadorai, Mr. O. P. Bhatt, Dr. R. A. Mashelkar and Dr. Sanjiv Misra as members of the Committee.

The Committee met four times on 3rd May, 2013, 21st and 22nd May, 2013, 3rd June, 2013 and 10th June, 2013 and submitted reasoned recommendations to the Shareholders on 18th June, 2013. Being a special purpose Committee, the Committee was dissolved on conclusion of the Open Offer.

Attendance of Directors at Board and Committee Meeting(s)

The following table shows attendance of Directors at the Board and Committee meeting(s) for the year ended 31st March, 2014. Attendance is presented as number of meeting(s) attended, (including meetings attended through Video Conferencing) out of the number of meeting(s) required to be attended.

Name	Board Meeting	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Independent Director Committee for Open Offer
Harish Manwani	6 of 7 [#]	-	5 of 5	-	-	-
Sanjiv Mehta [§]	3 of 3	-	3 of 3	1 of 1	1 of 1	-
Nitin Paranjpe ^{§§}	4 of 4	-	2 of 2	1 of 1	-	-
Sridhar Ramamurthy	7 of 7	-	-	2 of 2	1 of 1	-
Aditya Narayan	7 of 7	6 of 6 [#]	5 of 5	-	1 of 1	4 of 4 [#]
S. Ramadorai	6 of 7	5 of 6	5 of 5 [#]	-	-	4 of 4
R. A. Mashelkar [*]	3 of 4	2 of 3	1 of 1	-	-	3 of 4
O. P. Bhatt	6 of 7	5 of 6	5 of 5	2 of 2 [#]	1 of 1 [#]	4 of 4
Sanjiv Misra ^{**}	7 of 7	6 of 6	5 of 5	-	1 of 1	4 of 4
Pradeep Banerjee	6 of 7	-	-	-	-	-

[#] Chairman

[§] Appointed as a Director w.e.f. 1st October, 2013

^{§§} Ceased to be a Director w.e.f. 9th October, 2013

^{*} Ceased to be a Director w.e.f. 26th July, 2013

^{**} Appointed as a Director w.e.f. 8th April, 2013

The last Annual General Meeting of the Company held on 26th July, 2013 was attended by all members of the Board of Directors.

Other Functional Committees

Apart from the above statutory Committees, the Board of Directors has constituted the following Functional Committees to raise the level of governance as also to meet the specific business needs.

Routine Business Matter Committee

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

Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets comprises three Directors of the Board. The Committee is entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

COMPANY POLICIES

Code of Business Principles

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

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

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

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

Preventing Conflict of Interest

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

The members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board. The Code of Conduct is in addition to the Code of Business

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

Whistle Blower Policy

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

Share Dealing Code

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

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

UN Global Compact

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

AFFIRMATION AND DISCLOSURE

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2014 and a declaration to that effect, signed by the Managing Director and Chief Executive Officer (CEO), is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors for the financial year ended 31st March, 2014 that may have a potential conflict with the interests of the Company at large.

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

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

DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

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

During the year, the Company has received a Show Cause Notice from the Securities and Exchange Board of India (SEBI) for alleged violation of the provisions of Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (SAST Regulations, 1997) with respect to delay in filings in the year 2008 and 2010. The Company has filed an application for compounding the matter with SEBI on 11th February, 2014 and the matter is pending with SEBI for decision on the compounding application.

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

COMPLIANCE WITH THE GOVERNANCE FRAMEWORK

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

SECRETARIAL STANDARDS AND SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Standards Audit for the year 2013-14 for audit of secretarial records and procedures followed by the Company in compliance with relevant Secretarial Standards issued by the Institute of Company Secretaries of India. The Secretarial Standards Audit Report is given on page no. 74 of this Report.

The Company has also undertaken Secretarial Audit for the year 2013-14 which, inter alia, includes audit of compliance with the Companies Act, 1956, and the Rules made under the Act along with applicable Sections of the Companies Act, 2013, notified on 12th September, 2013, Listing Agreement and Regulations and Guidelines prescribed by the Securities and Exchange Board of India. The Secretarial Audit Report is given on page nos. 74 and 75 of this Report.

SHAREHOLDER INFORMATION

General Body Meetings

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

Financial year ended	Date and Time	Venue	Special Resolutions Passed
31st March, 2011	28th July, 2011 3.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020	No Special Resolution was passed at this meeting.
31st March, 2012	23rd July, 2012 10.30 a.m.	Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> Re-appointment of Mr. Nitin Paranjpe as Managing Director for another term of five years with effect from 4th April, 2013. Increase in the maximum limit of salary payable to Managing Director(s) of the Company from the existing Rs. 180 lakhs per annum to Rs. 290 lakhs per annum effective 1st April, 2013. Adoption of the revised '2012 HUL Performance Share Scheme' in amendment of '2006 HLL Performance Share Scheme'.
31st March, 2013	26th July, 2013 3.30 p.m.	Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> Revision in overall limits of remuneration of Non-Executive Directors, upto a maximum of Rs. 150 lakhs in aggregate or 1% of Net Profits, whichever is lower.

Postal Ballot

During the year, a Special Resolution for appointment of Mr. Sanjiv Mehta as the Managing Director and Chief Executive Officer of the Company with effect from 10th October, 2013 was passed by the Shareholders of the Company through Postal Ballot.

The Board had appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process. The results of the postal ballot were declared on 31st October, 2013. Details of the voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms / e-votes received	Votes Cast (No. of Shares)	
		For	Against
Approval for appointment of Mr. Sanjiv Mehta as Managing Director and Chief Executive Officer of the Company.	5,066	172,22,71,204	82,24,078

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

The Company is conducting a Postal Ballot pursuant to Section 192A of the Companies Act, 1956 for appointment of Mr. P. B. Balaji as Executive Director, Finance & IT and Chief Financial Officer of the Company. The Company has sent Postal Ballot notice dated 24th March, 2014 in this regard to all Members. The voting period shall end on the 30th April, 2014 and results shall be announced on 5th May, 2014.

Annual General Meeting 2014

Date	Monday, 30th June, 2014
Venue	Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	2.00 p.m.
Book Closure Dates for Final Dividend	Friday, 13th June, 2014 to Monday, 30th June, 2014 (both days inclusive)
Last Date of receipt of Proxy Forms	Saturday, 28th June, 2014 before 2.00 p.m. at the Registered Office of the Company.

Calendar of financial year ended 31st March, 2014

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2014 were held on the following dates:

First Quarter Results	26th July, 2013
Second Quarter and Half yearly Results	26th October, 2013
Third Quarter Results	27th January, 2014
Fourth Quarter and Annual Results	28th April, 2014

Tentative Calendar for financial year ending 31st March, 2015

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2015 are as follows:

First Quarter Results	28th July, 2014
Second Quarter and Half yearly Results	27th October, 2014
Third Quarter Results	27th January, 2015
Fourth Quarter and Annual Results	27th April, 2015

Dividend

The Board of Directors at their meeting held on 28th April, 2014, recommended a Final Dividend of Rs. 7.50 per equity share of face value of Re. 1/- each, for the financial year ended 31st March, 2014. Together with Interim Dividend of Rs. 5.50 per

equity share paid on 15th November, 2013, the total dividend for the year works out to Rs. 13.00 per equity share of face value of Re. 1/- each. Final Dividend, if approved by Members, will be paid on or after 4th July, 2014.

Unclaimed Dividends

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

The unpaid / unclaimed dividends upto Final Dividend 1995 (39F) had been transferred to the General Revenue Account of the Central Government. The Investors, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend of 2006 (51I) to the IEPF. The unclaimed Final Dividend 2006 [i.e. 51F], Interim Dividend of 2007 [i.e. 52I] and Special Dividend of 2007 (52S), is due for transfer in June 2014, August 2014 and November 2014 respectively. In view of this, the Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

Due Dates for Transfer of Unclaimed Dividend to IEPF

Year	Dividend	Dividend rate per share (Rs.)	Date of Declaration	Number of Warrants			Dividend Amount (Rs. lakhs)			Due Date
				Issued	Unclaimed as on 31st March, 2014	%	Dividend	Unclaimed as on 31st March, 2014	%	
2006	51-F	3.000	18-05-2007	4,14,086	33,046	7.98	66,204.96	279.14	0.42	15-06-2014
2007	52-I	3.000	29-07-2007	4,11,422	33,045	8.03	66,212.86	274.81	0.42	26-08-2014
2007	52-S	3.000	31-10-2007	3,85,973	31,351	8.12	66,057.83	278.86	0.42	28-11-2014
2007	52-F	3.000	04-04-2008	3,64,081	32,798	9.01	65,337.74	273.39	0.42	03-05-2015
2008-09	53-I	3.500	25-07-2008	3,55,307	29,175	8.21	76,242.09	285.39	0.37	23-08-2015
2008-09	53-F	4.000	03-07-2009	3,43,946	30,152	8.77	87,202.84	354.38	0.41	31-07-2016
2009-10	54-I	3.000	31-10-2009	3,37,953	31,378	9.28	65,426.94	266.13	0.41	28-11-2016
2009-10	54-F	3.500	27-07-2010	3,46,967	30,662	8.84	76,373.00	315.37	0.41	24-08-2017
2010-11	55-I	3.000	25-10-2010	3,44,009	33,085	9.62	65,463.59	291.54	0.45	22-11-2017
2010-11	55-F	3.500	28-07-2011	3,28,702	33,486	10.19	75,624.11	351.30	0.46	24-08-2018
2011-12	56-I	3.500	31-10-2011	3,34,744	34,067	10.18	75,633.80	330.82	0.44	28-11-2018
2011-12	56-F	4.000	23-07-2012	3,25,470	35,267	10.84	86,471.77	425.73	0.49	21-08-2019
2012-13	57-I	4.500	26-10-2012	3,26,448	36,731	11.25	2,70,239.97	1,757.20	0.65	24-11-2019
2012-13	57-S	8.000								
2012-13	57-F	6.000	26-07-2013	3,18,194	35,618	11.19	1,29,748.34	733.67	0.57	23-08-2020
2013-14	58-I	5.500	26-10-2013	3,15,436	37,537	11.90	1,18,941.51	715.27	0.60	23-11-2020

F - Final I - Interim S - Special

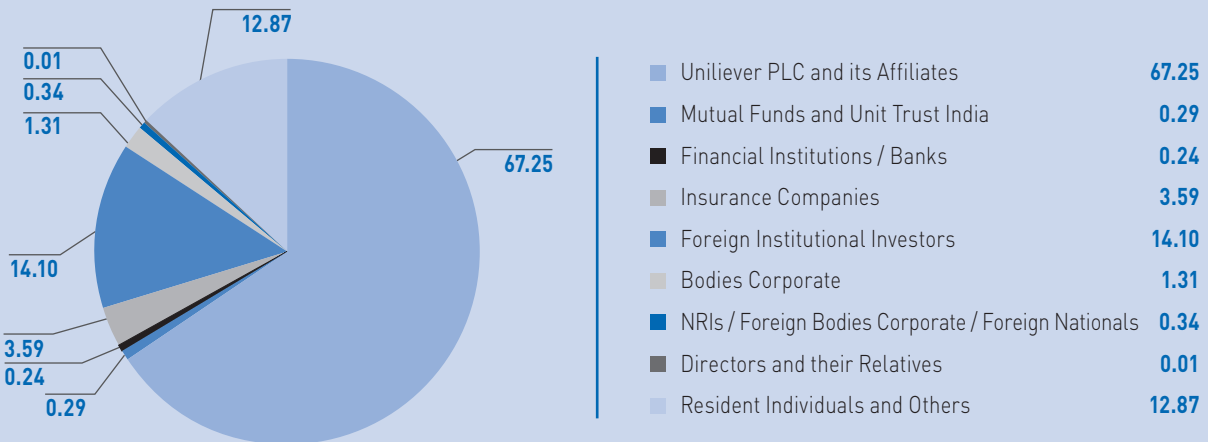
Distribution of Shareholding as on 31st March, 2014

Holding	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	3,10,173	96.22	14,59,91,863	6.75
5001 – 10000	7,140	2.21	5,02,99,912	2.33
10001 – 20000	3,217	1.00	4,42,81,012	2.05
20001 – 30000	793	0.25	1,91,09,752	0.88
30001 – 40000	325	0.10	1,11,91,084	0.52
40001 – 50000	149	0.05	66,90,940	0.31
50001 – 100000	236	0.07	1,62,39,312	0.75
100001 and above	318	0.10	186,88,92,417	86.41
TOTAL	3,22,351	100.00	216,26,96,292	100.00

Categories of Shareholders as on 31st March, 2014

Category	No. of Folios	Shares Held (Nos.)	% of Holdings
Unilever PLC and its Affiliates	7	1,45,44,12,858	67.25
Mutual Funds and Unit Trust of India	167	61,71,080	0.29
Financial Institutions / Banks	127	52,08,874	0.24
Insurance Companies	18	7,77,18,436	3.59
Foreign Institutional Investors	495	30,49,39,962	14.10
Bodies Corporate	2,481	2,82,67,145	1.31
NRIs / Foreign Bodies Corporate / Foreign Nationals	4,474	74,08,391	0.34
Qualified Foreign Investor	1	100	0.00
Directors and their Relatives	7	1,26,303	0.01
Resident Individuals and Others	3,14,574	27,84,43,143	12.87
TOTAL	3,22,351	216,26,96,292	100.00

CATEGORIES OF SHAREHOLDERS (%)



Top 10 Shareholders as on 31st March, 2014 (Other than Promoters)

Sr. No.	Name	Holding	%
1	Virtus Emerging Markets Opportunities Fund	1,96,91,476	0.91
2	The New India Assurance Company Limited	1,90,17,349	0.88
3	Aberdeen Global Indian Equity (Mauritius) Limited	1,87,88,244	0.87
4	Life Insurance Corporation of India	1,78,74,900	0.83
5	IIFL Inc Vontobel India Fund	1,72,56,269	0.80
6	Aberdeen Emerging Markets Fund	1,57,00,443	0.73
7	Vontobel Fund Emerging Markets Equity	1,30,38,481	0.60
8	General Insurance Corporation of India	1,29,74,415	0.60
9	Vanguard Emerging Markets Stock Index Fund	1,25,30,229	0.58
10	Aberdeen Global-Emerging Markets Equity Fund	1,23,47,053	0.57
TOTAL		15,92,18,859	7.36

Bifurcation of shares held in physical and demat form as on 31st March, 2014

Particulars	No. of Shares	%
Physical Segment	5,79,14,311	2.68
Demat Segment		
NSDL	207,96,91,486*	96.16*
CDSL	2,50,90,495	1.16
TOTAL	216,26,96,292	100.00

* includes shares of Unilever PLC and its Affiliates

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

Listing Details

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

The listing fee for the financial year ended 31st March, 2014 has been paid to the above Stock Exchanges.

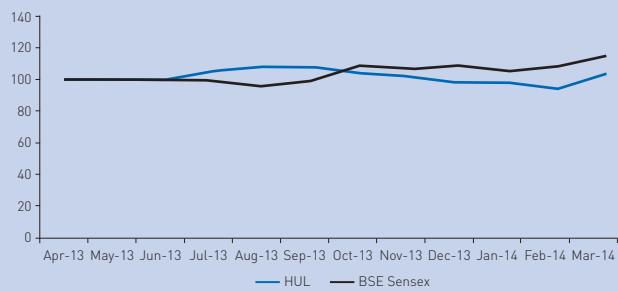
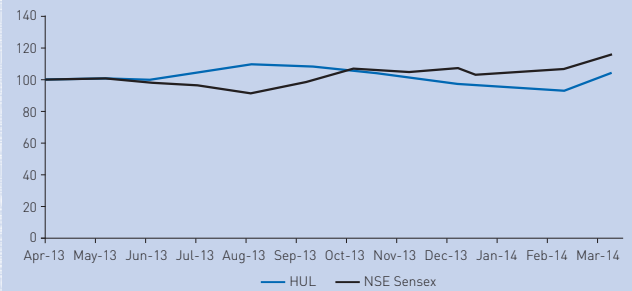
Share Price Data

The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2014 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-13	597.00	457.90	74,67,299	597.00	457.60	63,992,772
May-13	598.00	570.50	28,13,186	597.85	570.35	42,639,578
Jun-13	597.65	580.15	50,18,080	598.05	581.10	71,303,182
Jul-13	725.00	565.60	1,38,95,321	725.00	582.60	1,05,756,860
Aug-13	641.05	578.00	34,21,806	641.40	578.95	39,739,097
Sep-13	685.00	606.75	30,81,969	685.00	604.00	25,706,938
Oct-13	643.70	587.00	33,50,838	643.90	586.10	37,375,228
Nov-13	614.70	569.40	15,23,121	615.00	568.80	18,409,635
Dec-13	596.00	551.95	25,13,473	597.85	551.80	26,818,006
Jan-14	584.40	536.00	31,35,242	584.90	537.20	32,022,618
Feb-14	589.90	543.05	13,93,668	589.65	542.35	19,716,519
Mar-14	608.35	542.00	17,71,967	608.85	542.00	25,607,910

Source: BSE and NSE website

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

BSE SENSEX VS HUL SHARE PRICE (INDEXED)**NSE NIFTY VS HUL SHARE PRICE (INDEXED)****10 - year Performance of Hindustan Unilever Share vis-à-vis Sensex and Nifty**

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01-01-2004	212.60	168%	5,915.00	259%	209.49	172%	1,912.25	230%
03-01-2005	144.35	295%	6,679.00	218%	142.29	301%	2,115.00	198%
02-01-2006	195.20	192%	9,390.00	126%	192.11	197%	2,835.95	122%
02-01-2007	216.45	163%	13,942.00	52%	213.08	168%	4,007.40	57%
01-01-2008	218.10	161%	20,300.00	5%	218.45	161%	6,144.35	3%
01-01-2009	250.75	127%	9,903.46	114%	250.75	128%	3,033.45	108%
04-01-2010	264.70	115%	17,558.73	21%	264.70	116%	5,232.20	20%
03-01-2011	313.15	82%	20,561.05	3%	313.15	82%	6,157.60	2%
03-01-2012	407.95	40%	15,939.36	33%	407.70	40%	4,765.30	32%
01-01-2013	530.60	7%	19,580.81	8%	530.60	8%	5,950.85	6%
01-01-2014	570.00	-	21,222.19	-	570.65	-	6,301.65	-

Source: BSE and NSE website

All comparisons are with respect to 1st January, 2014 (the reference date).

Mergers and Demergers

The details of Mergers and Demergers with Companies and respective share exchange ratios are available on "Investor Centre" page on the website of the Company www.hul.co.in.

Plant Locations

The details of Plant Locations are available on page nos. 166 and 167 of this Report.

COMMUNICATION TO SHAREHOLDERS

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

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

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

The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites.

Investor Services

Web-based Query Redressal System

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

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

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Centre

on website of the Company at www.hul.co.in. The Shareholder Satisfaction Survey form is also given at the end of this Report.

Alternative Dispute Redressal

Shareholders

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

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

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

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

The Shareholders who are willing to avail the benefits of Alternative Dispute Redressal mechanism may approach the Investor Service Department of the Company at the Registered Office of the Company.

Consumers / Customers

In line with one of the Company's key tenets of Consumer and Customer Centricity, the Company commenced a process of resolving consumer and customer disputes and grievances through an alternative disputes redressal mechanism. The Company appointed four retired Judges of different High Courts, one in each region, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve long pending disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decision arrived at such disputes

resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. These meetings were held in all the four regions and achieved reasonable success. The Company believes that such independent dispute resolution mechanism will further reinforce its commitment and credibility with its consumers and also set new benchmarks for the industry.

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

Address for Correspondence

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

The Company's dedicated e-mail address for Investors' Complaints and other communications is levercare.shareholder@unilever.com

Karvy Computershare Private Limited Investor Service Department

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

Hindustan Unilever Limited
Unilever House,
B. D, Sawant Marg, Chakala,
Andheri (East),
Mumbai - 400 099
Phone : +91 - 22 - 39832285 / 32452
Fax : +91 - 22 - 28249457
E-mail : levercare.shareholder@unilever.com
Website : www.hul.co.in

Compliance Officer

Mr. Dev Bajpai
Executive Director (Legal & Corporate Affairs)
and Company Secretary
E-mail : levercare.shareholder@unilever.com
Phone : +91 - 22 - 39832557 / 32358 /
32532 / 32312

Loans and advances in the nature of loan to subsidiaries:

Information pursuant to Clause 32 of the Listing Agreement

Name of the Company	Rs. crores	
	Balance as at 31st March, 2014	Maximum outstanding during the year
Lakme Lever Private Limited	70.00	70.00
Brooke Bond Real Estates Private Limited	15.87	15.87
Pond's Exports Limited	4.50	4.50
Aquagel Chemicals Private Limited	114.77	114.77

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

To
The Board of Directors
Hindustan Unilever Limited

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

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2014 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Mumbai : 28th April, 2014

Sanjiv Mehta
Managing Director and
Chief Executive Officer

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

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Hindustan Unilever Limited

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

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

Mumbai : 28th April, 2014

For Lovelock & Lewes

Firm Registration No. 301056E
Chartered Accountants

Pradip Kanakia

Partner
Membership No. 39985

SECRETARIAL STANDARDS REPORT

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

We have examined relevant registers, records and documents maintained and made available to us by Hindustan Unilever Limited ("the Company") for the period commencing from 1st April, 2013 to 31st March, 2014 for compliances of all Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Secretarial Standards issued by ICSI were recommendatory in nature for the period commencing from 1st April, 2013 to 31st March, 2014. The management had voluntarily decided to adhere to these standards and comply with the same. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of Secretarial Standards.

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

S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

S. N. ANANTHASUBRAMANIAN
Proprietor
CP No. 1774

Date: 28th April, 2014
Place: Mumbai

SECRETARIAL AUDIT REPORT

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

We have examined the registers, records and documents of Hindustan Unilever Limited ("the Company") for the period commencing from 1st April, 2013 to 31st March, 2014 for compliances of provisions of:

1. The Companies Act, 1956 (the Act), applicable sections of the Companies Act, 2013 effective from 12th September 2013 ("New Act") and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; and
 5. The Listing Agreements entered into with BSE Limited and National Stock Exchange of India Limited.

Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company : -
We report that the Company has, in our opinion, complied with the provisions of the Act/ New Act and the Rules made thereunder and with the Memorandum and Articles of Association of the Company with regard to:

- (a) maintenance of various statutory registers and documents and making necessary entries therein;

SECRETARIAL AUDIT REPORT (CONTD.)

- (b) closure of the Register of Members;
- (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) service of documents by the Company on its Members and the Registrar of Companies;
- (e) notice of Meetings of the Board and Committees thereof;
- (f) minutes of the meetings of the Board and Committees thereof including passing of resolutions by circulation;
- (g) notice convening the 80th Annual General Meeting held on 26th July, 2013;
- (h) minutes of general meetings;
- (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- (j) constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Executive Directors;
- (k) payment of remuneration to the Directors including the Managing Director and Executive Directors;
- (l) appointment and remuneration of Statutory Auditors and Cost Auditors;
- (m) transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificate(s) of shares;
- (n) declaration and payment of dividends including interim dividend;
- (o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
- (p) satisfaction of charges, if any, registered with the Registrar of Companies;
- (q) form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
- (r) contracts, common seal, registered office and publication of name of the Company; and
- (s) generally, all other applicable provisions of the Act /the New Act and the Rules made thereunder.

We further report that:

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

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

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

We further report that:

- (a) the Company has complied with the requirements under the Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited;
- (b) the Company has complied with the provisions of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of 2012 HUL Performance Shares Scheme; 2006 HLL Performance Shares Scheme and 2001 HLL Stock Option Plan, grant of options and other related aspects.

S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

S. N. ANANTHASUBRAMANIAN

Date: 28th April, 2014
Place: Mumbai

Proprietor
CP No. 1774

BALANCE SHEET

As at 31st March, 2014

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

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	216.27	216.25
Reserves and surplus	4	3,060.78	2,457.77
Non-current liabilities			
Other long-term liabilities	5	278.82	476.25
Long-term provisions	6	838.69	706.34
Current liabilities			
Trade payables	7	5,793.89	5,167.69
Other current liabilities	9	852.94	616.15
Short-term provisions	10	1,957.01	1,872.02
TOTAL		12,998.40	11,512.47
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	12	2,397.94	2,256.79
Intangible assets	13	24.12	36.11
Capital work-in-progress		312.08	205.32
Intangible assets under development		7.70	10.32
Non-current investments	14	636.17	548.03
Deferred tax assets (net)	15	161.73	204.78
Long-term loans and advances	16	605.51	384.29
Other non-current assets	17	0.68	296.84
Current assets			
Current investments	18	2,457.95	1,782.63
Inventories	19	2,747.53	2,526.99
Trade receivables	20	816.43	833.48
Cash and bank balances	21	2,220.97	1,707.89
Short-term loans and advances	22	537.68	648.26
Other current assets	23	71.91	70.74
TOTAL		12,998.40	11,512.47
Summary of significant accounting policies	2		
Contingent liabilities, capital and other commitments	24, 25		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 28th April, 2014

For and on behalf of Board of Directors

Sanjiv Mehta Managing Director and CEO
Aditya Narayan Chairman - Audit Committee

Ritesh Tiwari Group Contoller

Mumbai : 28th April, 2014

Sridhar Ramamurthy Executive Director
(Finance & IT) and CFO

Dev Bajpai Executive Director
Legal and Company
Secretary

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2014

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

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
REVENUE FROM OPERATIONS (GROSS)	27	29,557.90	27,283.59
Less: Excise duty		(1,538.77)	(1,473.38)
Revenue from operations (net)		28,019.13	25,810.21
Other income	28	621.03	606.90
TOTAL REVENUE		28,640.16	26,417.11
EXPENSES			
Cost of materials consumed	29	11,159.81	10,284.66
Purchases of stock-in-trade	30	3,350.19	3,235.31
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	31	(166.38)	(31.13)
Employee benefits expenses	32	1,435.95	1,318.34
Finance costs	33	36.03	25.15
Depreciation and amortisation expenses	34	260.55	236.02
Other expenses	35	7,764.30	6,999.28
TOTAL EXPENSES		23,840.45	22,067.63
Profit before exceptional items and tax		4,799.71	4,349.48
Exceptional items	36	228.68	608.40
Profit before tax		5,028.39	4,957.88
Tax expenses			
Current tax		(1,293.15)	(1,167.59)
Deferred tax		(24.83)	(9.45)
Tax adjustments of prior years (net)		157.08	15.83
PROFIT FOR THE YEAR		3,867.49	3,796.67
Earnings per equity share	37		
Basic (Face value of Re. 1 each)		Rs. 17.88	Rs. 17.56
Diluted (Face value of Re. 1 each)		Rs. 17.87	Rs. 17.55
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

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

Sanjiv Mehta Managing Director and CEO
Aditya Narayan Chairman - Audit Committee

Sridhar Ramamurthy Executive Director
(Finance & IT) and CFO

Pradip Kanakia
Partner
Membership No. 39985

Ritesh Tiwari Group Controller

Dev Bajpai Executive Director
Legal and Company
Secretary

Mumbai : 28th April, 2014

Mumbai : 28th April, 2014

CASH FLOW STATEMENT

For the year ended 31st March, 2014

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax	4,799.71	4,349.48
<i>Adjustments for:</i>		
Depreciation and amortisation expenses	260.55	236.02
Net gain on sale of investments	(259.08)	(199.24)
Deficit on fixed assets sold, scrapped, etc. (net)	12.25	10.84
Interest income	(258.02)	(270.02)
Dividend income	(103.93)	(123.66)
Provision for expenses on employee stock options/ performance share schemes	7.00	12.20
Provision for diminution in the value of non-current investments	13.46	18.12
Provision/ (write back) for doubtful debts and advances (net)	(18.35)	5.63
Bad debts/ advances written off	22.11	5.50
Provision for Mark to Market loss on derivative instruments	17.33	3.37
Interest expense	36.03	25.15
	(270.65)	(276.09)
Operating profit before working capital changes	4,529.06	4,073.39
<i>Adjustments for:</i>		
(Increase)/decrease in trade receivables	13.04	(161.89)
(Increase)/decrease in short-term loans and advances	70.61	(127.06)
(Increase)/decrease in long-term loans and advances	(64.99)	(3.51)
Increase/(decrease) in trade payables	608.87	541.36
Increase/(decrease) in long-term provisions	51.12	49.78
Increase/(decrease) in short-term provisions	(3.39)	(11.64)
Increase/(decrease) in other current liabilities	368.96	49.40
Increase/(decrease) in other long-term liabilities	(344.87)	146.56
(Increase)/decrease in inventories	(220.54)	(10.34)
	478.81	472.66
Cash generated from operations	5,007.87	4,546.05
Taxes paid (net of refunds)	(1,278.53)	(1,004.67)
Cash flow before exceptional items	3,729.34	3,541.38
Exceptional items:		
Compensation paid under voluntary separation schemes	-	(1.78)
Amounts paid for other restructuring activities	(5.19)	(10.02)
Net cash generated from operating activities - [A]	3,724.15	3,529.58
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible/ intangible assets	(530.81)	(405.65)
Sale proceeds of tangible assets	19.66	0.80
Investment in equity shares of a subsidiary	(100.64)	-
Purchase of other non-current investments	(11.13)	(380.65)
Sale of non-current investments	9.13	-
Investment in long term deposits with banks	-	(296.84)
Purchase of current investments	(9,537.48)	(15,779.65)

CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2014

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale proceeds of current investments	9,091.73	16,382.18
Loans given to subsidiaries/ fellow subsidiaries	(261.77)	(117.86)
Loans repaid by subsidiaries/ fellow subsidiaries	135.74	87.55
Investment in bank deposits (having original maturity more than 3 months)	(2,549.72)	(4,310.94)
Redemption/ maturity of bank deposits (having original maturity more than 3 months)	2,641.19	3,853.37
Interest received	210.38	207.81
Gain on sale of short term highly liquid investments	29.53	65.98
Dividend received from subsidiaries	130.63	51.21
Dividend received from others	13.27	31.95
Cash flow before exceptional items	(710.29)	(610.74)
Exceptional items:		
Consideration received on disposal of surplus properties	197.13	645.07
Net cash (used in)/ generated from investing activities - [B]	(513.16)	34.33
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(2,472.70)	(3,550.31)
Dividend distribution tax paid	(406.39)	(575.51)
Amounts deposited in bank accounts towards unpaid dividends	(14.19)	(16.81)
Interest paid	(25.02)	(25.15)
Proceeds from share allotment under employee stock options/ performance share schemes	1.51	7.34
Net cash used in financing activities - [C]	(2,916.79)	(4,160.44)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	294.20	(596.53)
Cash and cash equivalents at the beginning of the year	326.41	922.94
Cash and cash equivalents at the end of the year	620.61	326.41
Cash and cash equivalents comprise of:		
Cash on hand	1.42	1.17
Balances with banks		
In current accounts	34.50	43.17
Term deposits with original maturity of less than three months	417.02	282.07
Short term, highly liquid investments		
Treasury bills with original maturity of less than three months	167.67	-
	620.61	326.41

As per our report of even date

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

Pradip Kanakia
Partner
Membership No. 39985

Mumbai : 28th April, 2014

For and on behalf of Board of Directors

Sanjiv Mehta Managing Director and CEO
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Mumbai : 28th April, 2014

Sridhar Ramamurthy Executive Director
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Legal and Company
Secretary

NOTES

to the financial statements for the year ended 31st March, 2014

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

1) COMPANY INFORMATION

Hindustan Unilever Limited (the 'company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The company is a market leader in the FMCG business comprising Home and Personal Care (HPC), Foods and Refreshments. The company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. Pursuant to Circular 15/2013 dated 13th September, 2013 read with circular 08/2014 dated 4th April, 2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "0.00" in the relevant notes in these financial statements.

2.2. Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

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

Dividend income on investments is recognised when the right to receive dividend is established.

2.3. Expenditure

Expenses are accounted on accrual basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria as set out in paragraph 44 of AS 26 - 'Intangible Assets' have been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Assets.

2.4. Tangible assets

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

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or at the

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly,

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

2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis as per rates mentioned below:

Asset class	Rate of amortisation
Goodwill	25%
Brands/ trademarks	25%
Computer software	20%

2.6. Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/ cash generating unit is made.

Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7. Investments

Investments are classified into current and non-current investments. Current investments are stated at the lower of cost and fair value. Non-current investments are stated at cost.

A provision for diminution is made to recognise a decline, other than temporary, in the value of non-current investments.

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

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

2.8. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

2.9. Trade receivables and Loans and advances

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances.

2.10. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

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

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

2.11. Retirement/ post retirement benefits

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/ post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences and medical. The Company's liability towards such defined benefit plans is determined based on valuations, as at the balance sheet date, made by independent actuaries using the projected unit credit method. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise. The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss when: a) the company has a present obligation as a result of past event; b) a reliable estimate can be made of the amount of the obligation; and c) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

2.12. Income Taxes

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13. Foreign currency translations

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

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

2.14. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the Statement of Profit and Loss on a straight line basis over the primary period of the lease.

2.15. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the company. Further,

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

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

2.16. Cash and cash equivalents

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

2.17. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the

number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.18. Employee share based payments

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

2.19. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3) SHARE CAPITAL

	As at 31st March, 2014	As at 31st March, 2013
Authorised		
2,250,000,000 (March 31, 2013: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
Issued, subscribed and fully paid up		
2,162,696,292 (March 31, 2013: 2,162,472,310) equity shares of Re. 1 each	216.27	216.25
	216.27	216.25

a) Reconciliation of the number of shares

	As at 31st March, 2014 Number of shares	Amount	As at 31st March, 2013 Number of shares	Amount
Equity Shares:				
Balance as at the beginning of the year	2,162,472,310	216.25	2,161,512,492	216.15
Add: ESOP shares issued during the year (Refer note 49)	223,982	0.02	959,818	0.10
Balance as at the end of the year	2,162,696,292	216.27	2,162,472,310	216.25

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

b) Rights, preferences and restrictions attached to shares

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

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

	As at 31st March, 2014	As at 31st March, 2013
Equity Shares of Re. 1 held by:		
1,114,370,148 shares (March 31, 2013 : 794,806,750 shares) held by Unilever PLC, UK, the holding company	111.44	79.48
340,042,710 shares (March 31, 2013 : 340,042,710 shares) held by subsidiaries of the holding company	34.00	34.00

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

	As at 31st March, 2014	As at 31st March, 2013
Number of shares	1,114,370,148	794,806,750
Unilever PLC, UK, the holding company	51.53%	36.75%

e) Shares reserved for issue under options

Refer note 49 for details of shares to be issued under the Employee Stock Option Plan

f) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2014)

	As at 31st March, 2014	As at 31st March, 2013
No. of equity shares issued in the last 5 years under the Employee stock option plan/ performance share schemes as consideration for services rendered by employees (Refer note 49)	5,703,419	7,371,948

g) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2014

	As at 31st March, 2014	As at 31st March, 2013
No. of equity shares bought back by the company	22,883,204	53,118,976

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

4) RESERVES AND SURPLUS

	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	Additions	Deductions	As at 31st March, 2014
Capital Reserve	4.22	-	-	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46	-	-	6.46
Securities Premium Account	38.74	16.95 (d)	-	55.69	4.07 (d)	-	59.76
Revaluation Reserve	0.67	-	-	0.67	-	-	0.67
Employee Stock Options Outstanding Account	35.77	12.20	(9.70)	38.27	7.00	(2.58)	42.69
Other Reserves							
Capital Subsidy (Received from Govt. for eligible projects under its scheme)	5.64	0.55	-	6.19	-	-	6.19
Export Profit Reserve (e)	12.22	-	-	12.22	-	-	12.22
Development Allowance Reserve (e)	0.27	-	-	0.27	-	-	0.27
General Reserve	1,416.32	379.67 (b)	-	1,795.99	386.75 (b)	-	2,182.74
Other Reserves (c) (Created on amalgamation of Brooke Bond Lipton India Limited)	2.51	-	-	2.51	-	-	2.51
	1,522.82	409.37	(9.70)	1,922.49	397.82	(2.58)	2,317.73
Surplus in statement of profit and loss	1,773.96	3,796.67 (a)	(5,035.35)	535.28	3,867.49 (a)	(3,659.72)	743.05

	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	Additions	Deductions	As at 31st March, 2014
Balance as at the beginning of the year	1,773.96			535.28			
Profit for the year	3,796.67			3,867.49 (a)			
Less : Appropriations							
Interim dividend on equity shares for the year [per share Rs. 5.50 (2012-13: Rs. 4.50 per share)]	(972.98)			(1,189.41)			
Special dividend on equity shares for the year [per share Rs. Nil (2012-13: Rs. 8.00 per share)]	(1,729.53)			-			
Proposed final dividend on equity shares for the year [per share Rs. 7.50 (2012-13: Rs. 6.00 per share)]	(1,297.48)			(1,622.02)			
Dividend distribution tax - net (f)	(655.69)			(461.54)			
Transfer to general reserve	(379.67)			(386.75) (b)			
Balance as at the end of the year	535.28			743.05			
Total	3,296.78	4,206.04	(5,045.05)	2,457.77	4,265.31	(3,662.30)	3,060.78

(a) Transfer from statement of profit and loss.

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

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

(d) Represents additions arising from exercise of shares under Employees stock option/ Performance share schemes.

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

(f) Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income Tax Act, 1961 by the Company on dividend received from its domestic subsidiaries during the year.

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

5) OTHER LONG-TERM LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Employee and ex-employee related liabilities	112.43	161.89
Security deposits	166.39	314.36
	278.82	476.25

6) LONG-TERM PROVISIONS

	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)	521.75	563.12
Provision for Income Tax (net of advance tax)	131.98	-
Other provisions (including for statutory levies etc) - net (Refer note 11)	184.96	143.22
	838.69	706.34

7) TRADE PAYABLES

	As at 31st March, 2014	As at 31st March, 2013
Acceptances	882.35	1,034.06
Trade payables (Refer note 8)	4,911.54	4,133.63
	5,793.89	5,167.69

8) DUES TO MICRO AND SMALL ENTERPRISES

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

9) OTHER CURRENT LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Unpaid dividends (Refer note (a) below)	84.07	69.88
Statutory dues (including provident fund and tax deducted at source)	289.85	305.18
Salaries, wages and bonus payable	262.52	178.66
Advance from customers	34.42	29.13
Other payables (VRS, payable for purchase of tangible assets etc.)	182.08	33.30
	852.94	616.15

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

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

10) SHORT-TERM PROVISIONS

	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)	10.24	9.04
Provision for income tax (net of advance tax)	-	294.27
Provision for wealth tax (net of advance tax)	5.68	4.73
Others		
Provision for proposed final dividend (Refer note 26)	1,622.02	1,297.48
Provision for dividend distribution tax on proposed final dividend	275.66	220.51
Other provisions (including restructuring etc.) (Refer note 11)	43.41	45.99
	1,957.01	1,872.02

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

	As at 31st March, 2014	As at 31st March, 2013
Opening balance	189.21	148.27
Provision during the year	42.32	57.92
Amount utilised/ reversed/ reclassified during the year	(3.16)	(16.98)
Balance at the end of the year	228.37	189.21

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

12) TANGIBLE ASSETS (Own assets, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2014	As at 31st March, 2013
Land								
- Freehold	61.30	17.28	(18.76)	0.07	-	-	59.75	61.23
- Leasehold	55.92	-	(0.01)	9.92	2.74	(0.00)	43.25	46.00
Buildings	980.76	54.21	(0.26)	218.77	29.54	(0.10)	786.50	761.99
Plant & equipment	2,562.22	338.04	(88.52)	1,263.84	198.71	(74.70)	1,423.89	1,298.38
Furniture & fixtures	78.67	3.97	(2.22)	34.55	4.49	(1.52)	42.90	44.12
Vehicles	1.70	-	(0.31)	1.61	0.00	(0.31)	0.09	0.09
Office equipment	92.26	6.17	(3.63)	47.28	9.35	(3.39)	41.56	44.98
Others								
- Railway slidings	0.01	-	-	0.01	-	-	-	-
Total-March 31, 2014	3,832.84	419.67	(113.71)	1,576.05	244.83	(80.02)	2,397.94	2,256.79
Total-March 31, 2013	3,534.41	385.06	(86.63)	1,416.88	217.30	(58.13)	2,256.79	

NOTES:

- Buildings include Rs. 0.01 crores (March 31, 2013 - Rs. 0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 3.21 crores (March 31, 2013 - Rs. 7.02 crores), acquired on transfer of business / undertakings are in the process of being transferred in the name of the Company.
- Disposal / Transfers include i) Assets held for sale shown under 'Other current assets' (Refer note 23) : Gross block Rs. 3.10 crores (March 31, 2013 - Rs. 29.97 crores), Accumulated depreciation Rs. 0.69 crores (March 31, 2013 - Rs. 9.71 crores) and Net block Rs. 2.41 crores (March 31, 2013 - Rs. 20.26 crores) and ii) Investment property shown under 'Non-Current Investments' (Refer note 14): Gross block Rs. Nil (March 31, 2013 - Rs. 0.03 crores), Accumulated depreciation Rs. Nil (March 31, 2013 - Rs. 0.00 crores) and Net block Rs. Nil (March 31, 2013 - Rs. 0.03 crores).
- Additions in capital expenditure of Rs. 1.10 crores (March 31, 2013 - Rs. 0.19 crores) and Rs. 4.54 crores (March 31, 2013 - Rs. 1.48 crores) incurred at Company's inhouse R&D facilities at Mumbai and Bangalore respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961.

13) INTANGIBLE ASSETS

	Gross block			Amortisation			Net block	
	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2013	Additions	Disposal/ Transfers	As at 31st March, 2014	As at 31st March, 2013
Goodwill	11.82	-	-	11.82	-	-	11.82	-
Brands / Trademarks	159.85	-	-	146.35	6.00	-	152.35	13.50
Computer Software	129.69	2.69	-	107.08	8.68	-	115.76	22.61
Total - March 31, 2014	301.36	2.69	-	265.25	14.68	-	279.93	36.11
Total - March 31, 2013	277.27	24.09	-	247.33	17.92	-	265.25	36.11

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

14) NON - CURRENT INVESTMENTS

	As at 31st March, 2014	As at 31st March, 2013
A. INVESTMENT PROPERTY (Refer note 12 c)		
Cost of building given on operating lease	27.65	27.65
Less: Accumulated depreciation	(8.20)	(7.16)
Net block	19.45	20.49
Total (A)	19.45	20.49
B. TRADE INVESTMENT (VALUED AT COST UNLESS OTHERWISE STATED)		
a) Quoted equity instruments		
3,833,619 Equity shares [March 31, 2013: 3,833,619] of Rs. 10 each held in Tata Chemicals Limited	11.66	11.66
	11.66	11.66
b) Unquoted equity instruments		
Investment in subsidiaries		
2,975,000 Equity shares [March 31, 2013: 2,975,000] of Rs. 10 each held in Unilever India Exports Limited	72.63	72.63
20,000,000 Equity shares [March 31, 2013: 20,000,000] of Rs. 10 each held in Lakme Lever Private Limited	20.00	20.00
736,560 Equity shares [March 31, 2013: 736,560] of Nepalese Rs. 100 each held in Unilever Nepal Limited	4.60	4.60
17,910,132 Equity shares [March 31, 2013: 17,910,132] of Re. 1 each held in Pond's Export Limited	2.58	2.58
2,005,600 Equity shares [March 31, 2013: Nil] of Rs. 100 each held in Aquagel Chemicals Private Limited [with effect from April 1, 2013]	112.43	-
Investment in joint venture		
39,700,000 Equity shares [March 31, 2013: 39,700,000] of Rs. 10 each held in Kimberly Clark Lever Private Limited [net of provision for other than temporary diminution in value Rs. 49.71 crores [March 31, 2013: Rs. 36.25 crores]]	13.43	26.89
Others		
- Equity shares [March 31, 2013: 284,040] of Rs. 100 each held in Aquagel Chemicals Private Limited [upto March 31, 2013].	-	2.66
52,000 Equity shares [March 31, 2013: 52,000] of Rs. 100 each held in Aquagel Chemicals Bhavanagar Private Limited	0.52	0.52
96,125 Equity shares [March 31, 2013: 96,125] of Rs. 10 each held in Hindustan Field Services Private Limited	0.10	0.10
58,400 Equity shares [March 31, 2013: 58,400] of Rs. 10 each held in Hi Tech Surfactants Limited	0.06	0.06

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2014	As at 31st March, 2013
7,164	Equity shares [March 31, 2013: 7,164] of Rs. 100 each held in Goldfield Fragrances Private Limited	0.02	0.02
1,000	Equity shares [March 31, 2013: 1,000] of Rs. 10 each held in Super Bazar Co-op. Stores Limited	0.00	0.00
1	Equity share [March 31, 2013: 1] of Rs. 10,000 each held in Coffee Futures India Exchange Limited	0.00	0.00
50	Equity shares [March 31, 2013: 50] of Rs. 100 each held in Dugdha Sahakari Kraya-Vikraya Samiti Limited	0.00	0.00
		226.37	130.06
c) Unquoted preference instruments			
	- 7% Cumulative Redeemable Preference Shares [March 31, 2013: 913,000] of Rs. 100 each held in Aquagel Chemicals Private Limited (Redeemed during the year)	-	9.13
520,000	9% Cumulative Redeemable Preference Shares [March 31, 2013: 520,000] of Rs. 100 each held in Aquagel Chemicals Bhavanagar Private Limited	5.20	5.20
		5.20	14.33
Total (B)		243.23	156.05
C. OTHER INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)			
a) Quoted equity instruments			
10,000	Equity shares [March 31, 2013: 10,000] of Rs. 10 each held in Scooters India Limited	0.01	0.01
		0.01	0.01
b) Unquoted equity instruments			
Investment in subsidiaries			
12,946,000	Equity shares [March 31, 2013: 12,946,000] of Rs. 10 each held in Brooke Bond Real Estates Private Limited	12.95	12.95
5,000,000	Equity shares [March 31, 2013: 5,000,000] of Rs. 10 each held in Jamnagar Properties Private Limited	5.00	5.00
221,700	Equity shares [March 31, 2013: 221,700] of Rs. 10 each held in Daverashola Estates Private Limited	4.51	4.51
50,000	Ordinary shares [March 31, 2013: 50,000] of Rs. 10 each held in Levindra Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2013: 50,000] of Rs. 10 each held in Hindlever Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2013: 50,000] of Rs. 10 each held in Levers Associated Trust Limited	0.05	0.05
7,600	Equity shares [March 31, 2013: 7,600] of Rs. 10 each held in Hindustan Unilever Foundation	0.01	0.01

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2014	As at 31st March, 2013
Investment in others			
240,000	Equity shares [March 31, 2013: 240,000] of Rs. 10 each held in Comfund Financial Services India Limited	0.24	0.24
100,000	Equity shares [March 31, 2013: 100,000] of Rs. 10 each held in Biotech Consortium India Limited	0.10	0.10
8,284	Equity shares [March 31, 2013: 8,284] of Rs. 10 each held in Assam Bengal Cereals Limited	0.01	0.01
2,500	Equity shares [March 31, 2013: 2,500] of Rs. 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0.00	0.00
200	Equity shares [March 31, 2013: 200] of Rs. 100 each held in The Nilgiri Co-operative Enterprises Limited	0.00	0.00
1,000	Equity shares [March 31, 2013: 1,000] of Rs. 10 each held in Saraswat Co-operative Bank Limited	0.00	0.00
1,150	Ordinary shares [March 31, 2013: 1,150] of Rs. 100 each held in Annamallais Ropeway Company Limited	0.00	0.00
		22.97	22.97
c) Unquoted other instruments			
Investment in debentures and bonds			
500	6% Capital Gains Bond [March 31, 2013: 500] face value of Rs. 10,000 each held in National Highway Authority of India	0.50	0.50
14	6 1/2% Non-redeemable Registered Debentures [March 31, 2013: 14] face value of Rs. 1,000 each held in The Bengal Chamber of Commerce & Industry	0.00	0.00
44	1/2% Debentures [March 31, 2013: 44] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
1	5% Non-redeemable Registered Debenture stock [March 31, 2013: 1] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
56	5% Debentures [March 31, 2013: 56] face value of Rs. 100 each held in Shillong Club Limited	0.00	0.00
Investment in government and trust securities			
	7 Year National Savings Certificates - II Issue	0.01	0.01
Investment in controlled trust			
	Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	350.00	348.00
		350.51	348.51
Total (C)		373.49	371.49
Total (A+B+C)		636.17	548.03

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

14) NON - CURRENT INVESTMENTS (CONTD.)

	As at 31st March, 2014	As at 31st March, 2013
Aggregate amount of quoted investments	11.67	11.67
Market Value of quoted investments	110.11	123.31
Aggregate amount of unquoted investments	605.05	515.87
Aggregate amount of investment property	19.45	20.49
Aggregate provision for diminution other than temporary in the value of non-current investments	49.71	36.25

15) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2014	As at 31st March, 2013
Deferred tax assets		
Provision for post retirement benefits and other employee benefits	148.28	182.70
Provision for doubtful debts and advances	28.26	34.21
Expenses allowable for tax purposes when paid	110.54	105.82
Other timing differences	109.06	92.47
	396.14	415.20
Deferred tax liabilities		
Depreciation	(234.41)	(210.42)
	161.73	204.78

Taxation adjustments of prior years of Rs. 157.08 crores in the Statement of Profit and Loss are net of deferred tax assets written off amounting to Rs. 18.22 crores in respect of prior period post retirement benefits provision.

16) LONG-TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Security deposits		
- Deposits with customs, port trust, excise and other govt. authorities	32.54	11.80
- Deposits with others	103.57	98.26
Loans and advances to subsidiaries (Refer note 52)	205.14	67.71
Advance income tax (net of provision for tax)	212.40	187.82
Advance agriculture tax (net of provision for tax)	5.09	5.09
Capital advances	10.82	5.45
Advances recoverable in cash or in kind or for value to be received		
- Considered good	35.95	8.16
- Considered doubtful	50.98	52.15
- Less: Provision for doubtful loans and advances	(50.98)	(52.15)
	605.51	384.29

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

17) OTHER NON-CURRENT ASSETS

	As at 31st March, 2014	As at 31st March, 2013
Long term deposits with banks with original maturity of more than twelve months	0.68	296.84
	0.68	296.84

18) CURRENT INVESTMENTS (with original maturity between 3 months and 12 months) (At cost or market value, whichever is less)

	As at 31st March, 2014	As at 31st March, 2013
Quoted		
Government securities		
Treasury bills of face value aggregating Rs. 1,776.44 crores (March 31, 2013 - Rs. 251.99 crores)	1,707.95	243.98
Certificates of deposit		
ICICI Bank of the face value of Rs. Nil (March 31, 2013 - Rs. 40 crores)	-	38.65
Mutual Funds		
ICICI Prudential Mutual Fund-Units ICICI Prudential Liquid - Super IP - Growth - Nil units (March 31, 2013: 41,016,140 units)	-	650.00
UTI Mutual Fund - Units UTI Liquid Fund - Cash Plan - IP - Growth - Nil units (March 31, 2013: 568,421 units)	-	100.00
UTI Mutual Fund - Units UTI Liquid Fund - Cash Plan - Direct - Growth - 2,618,552 units. (March 31, 2013: 2,082,207 units)	550.00	400.00
Birla Sun Life Cash Plus - Growth Direct Plan - Nil units (March 31, 2013: 186,51,959 units)	-	350.00
DWS Insta Cash Plus Fund - Direct Plan - Growth - 12,019,029 units (March 31, 2013: Nil units)	200.00	-
	2,457.95	1,782.63
Aggregate amount of quoted investments	2,457.95	1,782.63
Market value of quoted investments	2,482.54	1,859.47

19) INVENTORIES (At the lower of cost and net realisable value)

	As at 31st March, 2014	As at 31st March, 2013
Raw materials [includes in transit: Rs. 46.21 crores, (March 31, 2013: Rs. 17.50 crores)]	885.04	819.70
Packing materials	126.98	133.11
Work-in-progress (Refer note 40)	318.34	226.96
Finished goods [includes in transit: Rs. 51.20 crores (March 31, 2013: Rs. 46.70 crores)] (Refer note 39)	1,344.83	1,280.66
Stores and spares	72.34	66.56
	2,747.53	2,526.99

Finished goods include stock-in-trade, as both are stocked together

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

20) TRADE RECEIVABLES (Unsecured unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	34.80	22.69
Others	781.63	810.79
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	36.13	53.31
Less: Provision for doubtful debts	(36.13)	(53.31)
	816.43	833.48

21) CASH AND BANK BALANCES

	As at 31st March, 2014	As at 31st March, 2013
A. Cash and cash equivalents		
Cash on hand	1.42	1.17
Balances with banks		
In current accounts	34.50	43.17
Term deposits with original maturity of less than three months	417.02	282.07
Short term, highly liquid investments		
Treasury bills with original maturity of less than three months	167.67	-
Total (A)	620.61	326.41
B. Other bank balances		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs. 2.69 crores (March 31, 2013: Rs. 1.39 crores)]	1,219.97	1,311.60
Long term deposit with maturity of more than three months but less than twelve months from the balance sheet date	296.32	-
Unpaid dividend account	84.07	69.88
Total (B)	1,600.36	1,381.48
Total (A+B)	2,220.97	1,707.89

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

	As at 31st March, 2014	As at 31st March, 2013
Current account balances with group companies and joint venture	96.05	105.61
Advances recoverable in cash or in kind or for value to be received	273.49	408.86
Others loans and advances		
CENVAT receivable	124.08	97.83
VAT credit receivable	44.06	35.96
	537.68	648.26

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

23) OTHER CURRENT ASSETS (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Income accrued on investments	0.04	4.10
Income accrued on deposits	58.31	42.86
Tangible assets held for sale (at lower of cost and net realisable value) (Refer note 12 c)	13.56	23.78
	71.91	70.74

24) CONTINGENT LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Claims against the company not acknowledged as debts		
Income tax matters	545.90	468.56
Sales tax matters - Rs. 52.84 crores (March 31, 2013 - Rs. 51.72 crores) net of tax	80.05	78.35
Excise duty, service tax and customs duty matters - Rs. 132.61 crores (March 31, 2013 - Rs. 93.71 crores) net of tax	200.89	141.96
Other matters including claims related to employees/ ex-employees, property related demands, etc - Rs. 45.74 crores (March 31, 2013 - Rs. 52.81 crores) net of tax	69.29	80.00
(a) It is not practicable for the company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The company does not expect any reimbursements in respect of the above contingent liabilities.		
(c) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.		

25) CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2014	As at 31st March, 2013
(a) Capital commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	95.07	125.34
(b) Other commitments		
During the year, the company has issued letters of undertakings to provide need based financial support to its following wholly owned subsidiaries:		
a) Brooke Bond Real Estate Private Limited		
b) Lakme Lever Private Limited		
c) Daverashola Estates Private Limited		
d) Jamnagar Properties Private Limited		
e) Aquagel Chemicals Private Limited		
f) Pond's Exports Limited		
	95.07	125.34

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

26) PROPOSED DIVIDEND

	As at 31st March, 2014	As at 31st March, 2013
The final dividend proposed for the year is as follows:		
On equity shares of Re. 1 each		
Amount of dividend proposed	1,622.02	1,297.48
Dividend per equity share	Rs. 7.50	Rs. 6.00

27) REVENUE FROM OPERATIONS

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of products (Refer note 38)	28,947.06	26,679.76
Other operating revenue		
Income from services rendered to group companies	479.57	506.84
Others (including scrap sales, export incentives, commission, lease license fee etc.)	131.27	96.99
	29,557.90	27,283.59
Less: Excise duty	(1,538.77)	(1,473.38)
	28,019.13	25,810.21

28) OTHER INCOME

	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest income		
On bank deposits	204.44	225.84
On others (includes interest on income tax refund)	53.58	44.18
Dividend income		
From subsidiaries	90.66	91.07
From current investments	8.78	25.38
From non-current investments	4.49	7.21
Net gain on sale of current investments	259.08	199.24
Miscellaneous income	-	13.98
	621.03	606.90

29) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw materials consumed (Refer note 41)	8,912.18	8,288.21
Packing materials consumed	2,247.63	1,996.45
	11,159.81	10,284.66

Cost of materials consumed is based on derived values.

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

30) PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchases of goods (Refer note 44)	3,350.19	3,235.31
	3,350.19	3,235.31

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening inventories		
Finished goods	1,280.66	1,238.04
Work-in-progress	226.96	233.28
Closing inventories		
Finished goods	(1,344.83)	(1,280.66)
Work-in-progress	(318.34)	(226.96)
Excise duty on increase/ (decrease) of finished goods	(10.83)	5.17
	(166.38)	(31.13)

32) EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries, wages, bonus, etc. [Refer note (a) below]	1,245.02	1,136.29
Contribution to provident fund and other funds	85.58	80.90
Gratuity	14.22	11.97
Expense on employee stock option schemes (Refer note 49)	7.00	12.20
Workmen and staff welfare expenses	84.13	76.98
	1,435.95	1,318.34

a) Net of reimbursements from Hindustan Unilever Limited Securitisation of Retirement Benefit Trust towards pension and medical benefits Rs. 25.13 crores (2012-13: Rs. 5.07 crores)

33) FINANCE COSTS

	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest expense on book overdraft/ short term borrowings	0.06	0.06
Interest on Income tax	11.01	-
Interest expense on security deposit	24.96	25.09
	36.03	25.15

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

34) DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31st March, 2014	Year ended 31st March, 2013
Depreciation on tangible assets	244.83	217.30
Amortisation on intangible assets	14.68	17.92
Depreciation on investment property	1.04	0.80
	260.55	236.02

35) OTHER EXPENSES

	Year ended 31st March, 2014	Year ended 31st March, 2013
Consumption of stores & spares	111.70	113.82
Power, Fuel, Light and Water	321.05	319.91
Processing charges	354.12	271.01
Rent [Refer note (c) below]	183.94	193.08
Repairs to building	12.16	14.72
Repairs to plant and equipment	84.65	82.14
Repairs others	10.21	16.07
Insurance	5.73	6.53
Rates & taxes (excluding income tax)	129.51	123.13
Advertising and sales promotion	3,613.60	3,231.88
Carriage and freight	1,297.73	1,143.03
Provision/ (write back) for doubtful debts and advances (net)	(18.35)	5.63
Bad debts/ advances written off	22.11	5.50
Travelling and motor car expenses	192.65	186.14
Deficit on fixed assets sold, scrapped, etc. (net)	12.25	10.84
Royalty	525.29	376.12
Miscellaneous expenses [Refer note (d) below]	917.64	910.26
Expenses shared by subsidiary companies for use of common facilities	(11.69)	(10.53)
	7,764.30	6,999.28

	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Miscellaneous expenses include:		
Auditors' remuneration and expenses		
Audit fees	1.80	2.81
Tax audit fees	0.70	0.70
Fees for other services	1.88	2.07
Reimbursement of out-of-pocket expenses	0.20	0.20
Payments to Cost auditors		
Cost audit fees	0.22	0.14
Reimbursement of out-of-pocket expenses	0.02	0.05
Research and development expenses	73.64	104.39

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

- (b) Total revenue expenditure (net of recoveries) on Research and Development (R&D) included in note 35(a), eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs. 31.22 crores (2012-13 - Rs. 35.66 crores). The details are:

Location of the R&D facility	Bangalore	Mumbai
Revenue expenditure eligible u/s 35(2AB)		
Salaries & wages	9.16 (8.04)	10.98 (16.25)
Materials, consumables and spares	1.06 (1.14)	2.92 (3.65)
Utilities	-	0.14 (0.14)
Other expenditure directly related to R&D	4.04 (2.87)	2.92 (3.57)

(figures in brackets pertain to 2012-13)

- (c) The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable, range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the statement of profit and loss (Refer note 35).

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 license fee of Rs. 30.90 crores (2012-13 - Rs. 23.13 crores) on such lease is included in other operating revenue (Refer note 27).

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Not later than one year	30.37	30.90
Later than one year and not later than five years	-	30.37

- (d) Miscellaneous expenses include provision for other than temporary diminution in the value of investment in joint venture Rs. 13.46 crores (2012-13 - Rs. 18.12 crores) - Refer note 14(B)(b) and the net foreign exchange loss (i.e. exchange differences on settlement/ restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments) Rs. 19.40 crores (2012-13 - Rs. 6.21 crores).

36) EXCEPTIONAL ITEMS

	Year ended 31st March, 2014	Year ended 31st March, 2013
i) Profit on disposal of surplus properties	188.31	637.70
ii) Reduction in liability for retirement benefits arising from actuarial assumption changes	50.75	10.39
Total exceptional income (A)	239.06	648.09
iii) Restructuring costs :		
a) Compensation under voluntary separation schemes	-	(13.34)
b) Other costs	(10.38)	(26.35)
Total exceptional expenditure (B)	(10.38)	(39.69)
Exceptional items (net) (A-B)	228.68	608.40

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

37) EARNINGS PER SHARE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Earnings Per Share has been computed as under:		
Profit for the year (Rs. crores)	3,867.49	3,796.67
Weighted average number of equity shares outstanding	2,162,558,113	2,161,858,110
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs. 17.88	Rs. 17.56
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	1,321,344	974,637
Weighted average number of Equity shares (including dilutive shares) outstanding	2,163,879,457	2,162,832,747
Earnings Per Share (Rs.) - Diluted (Face value of Re.1 per share)	Rs. 17.87	Rs. 17.55

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Soaps	5,694.54	5,362.64
Synthetic detergents	6,539.82	6,077.94
Personal products	8,092.72	7,428.83
Tea	2,577.98	2,224.60
Frozen desserts	454.91	413.44
Processed triglycerides/ hydrogenated oils/ vanaspati	23.27	17.74
Canned and processed fruits and vegetables	770.20	676.73
Branded staple foods (a)	434.80	425.04
Others (b)	2,820.05	2,579.42
	27,408.29	25,206.38

NOTES:

a) Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs

b) Others includes coffee, scourers, water, marine products, agri commodities, infant care products etc.

39) CLOSING FINISHED GOODS INVENTORY

	Year ended 31st March, 2014	Year ended 31st March, 2013
Soaps	287.90	273.19
Synthetic detergents	266.78	243.06
Personal products	446.13	427.75
Tea	106.50	113.73
Others (coffee, water, scourers, etc.)	237.52	222.93
	1,344.83	1,280.66

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

40) CLOSING WORK-IN-PROGRESS

	Year ended 31st March, 2014	Year ended 31st March, 2013
Soaps	67.99	68.99
Synthetic detergents	46.84	39.23
Personal products	43.26	12.81
Tea	150.12	87.18
Others (coffee, water, scourers, etc.)	10.13	18.75
	318.34	226.96

41) RAW MATERIALS CONSUMED

	Year ended 31st March, 2014	Year ended 31st March, 2013
Oils, fats and rosins	1,711.01	1,615.51
Chemicals and perfumes	4,888.19	4,612.58
Tea	1,336.51	1,187.11
Others (coffee, flavours, other chemicals, etc.)	976.47	873.01
	8,912.18	8,288.21

42) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

	Year ended 31st March, 2014		Year ended 31st March, 2013		
	%	Amount	%	Amount	
Raw materials	- Imported	8	719.81	11	877.98
	- Indigenous	92	8,192.37	89	7,410.23
Stores and spares (including components)	- Imported	27	29.76	8	9.30
	- Indigenous	73	81.94	92	104.52

43) VALUE OF IMPORTS ON CIF BASIS

(excluding purchases from canalising agencies and imported items purchased locally)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw and packing materials	735.98	717.96
Stores, spare parts and components	44.54	22.54
Capital goods	82.11	75.92
	862.63	816.42

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

44) PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Soaps	357.18	564.89
Synthetic detergents	972.19	986.40
Personal products	1,071.72	929.45
Tea	1.75	8.14
Frozen desserts	78.12	62.27
Processed triglycerides	14.33	12.20
Others (coffee, water, scourers, etc.)	1,137.33	997.14
Total	3,632.62	3,560.49
Less : Excise duty on purchases	(282.43)	(325.18)
	3,350.19	3,235.31

45) EARNINGS IN FOREIGN EXCHANGE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Exports at FOB (including exports to Nepal and Bhutan)	91.21	147.96
Income from services rendered	456.70	506.84
	547.91	654.80

46) EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31st March, 2014	Year ended 31st March, 2013
Professional and consultants fees	7.84	18.24
Royalty	514.14	371.74
Import of stock-in-trade	150.41	165.59
Other expenses (advertisement fees, travel, freight, training, etc)	116.54	100.89
	788.93	656.46

47) NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Rs. crores	USD crores	Rs. crores	USD crores
2011-12 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	-	-	453.94	8.10
2012-13 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each	-	-	510.68	9.46
2012-13 Special to 7 shareholders on 1,134,849,460 shares of Re. 1 each	-	-	907.88	16.82
2012-13 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	680.91	11.49	-	-
2013-14 Interim to 7 shareholders on 1,454,412,858 shares of Re. 1 each	799.93	12.93	-	-
	1,480.84	24.42	1,872.50	34.38

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

48) DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st March, 2014 and recognised in the financial statements in respect of Employee Benefit Schemes:

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
I Components of Employer Expense										
(a) Current Service Cost	11.09	9.00	5.83	5.43	0.53	0.56	51.40	45.30	0.61	0.69
(b) Interest Cost	13.90	12.49	34.03	34.69	1.17	1.24	89.80	84.40	14.48	14.70
(c) Expected Return on Plan Assets	(10.77)	(9.52)	(6.58)	(6.76)	(4.14)	(4.26)	(103.40)	(91.60)	-	-
(d) Curtailment Cost/(Credit)	-	-	-	-	-	-	-	-	-	-
(e) Settlement Cost/ (Credit)	-	-	-	-	-	-	-	-	-	-
(f) Past Service Cost	-	-	-	-	-	-	-	-	-	-
(g) Acquisition/ Divesture (Gain)/ Loss	-	-	-	-	-	-	-	-	-	-
(h) Actuarial (Gain)/ Loss	(13.37)	10.14	0.23	(15.07)	(3.06)	0.44	13.60	7.20	(32.00)	(7.58)
(i) Total expense/ (gain) recognised in the statement of profit and loss	0.85	22.11	33.51	18.29	(5.50)	(2.02)	51.40	45.30	(16.91)	7.81
II Net Asset/ (Liability) recognised in Balance Sheet as at 31st March, 2014										
(a) Present Value of Obligation as at 31st March, 2014	169.22	170.80	442.00	435.62	13.78	15.69	1,275.90	1,145.40	162.57	184.56
(b) Fair Value of Plan Assets as at 31st March, 2014	(168.37)	(148.69)	(95.73)	(95.98)	57.75	(59.88)	1,275.90	1,145.40	-	-
(c) (Asset)/ Liability recognised in the Balance Sheet (Refer note * and @ below)	0.85	22.11	346.27	339.64	- *	- *	-	-	162.57	184.56
Notes:										
#	Refer footnote at the bottom of note 48									
*	The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund									
@	Refer note 14 (c) in respect of the Company's investment in Hindustan Unilever Limited Securitisation of Retirement Benefit Trust covering management pension and post retirement medical benefits									
III Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2014										
(a) Present Value of Obligation as at 31st March, 2013	170.80	149.80	435.62	427.84	15.69	15.89	1,145.40	1,063.20	184.56	181.54
(b) Current Service Cost	11.09	9.00	5.83	5.43	0.53	0.56	51.40	45.30	0.61	0.69
(c) Interest Cost	13.90	12.49	34.03	34.69	1.17	1.24	89.80	84.40	14.48	14.70
(d) Curtailment Cost/ (Credit)	-	-	-	-	-	-	-	-	-	-
(e) Settlement Cost/ (Credit)	-	-	-	-	(0.02)	(2.32)	-	-	-	-
(f) Plan Amendments	-	-	-	-	-	-	-	-	-	-
(g) Acquisition Adjustment	-	-	-	-	-	-	5.70	7.10	-	-

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

48) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
(h) Employees' contribution	-	-	-	-	-	-	107.20	92.50	-	-
(i) Actuarial (Gain)/ Loss	(8.63)	13.06	0.68	(11.17)	(1.89)	2.29	9.90	12.30	(32.00)	(7.58)
(j) Benefits Paid	(17.94)	(13.55)	(34.16)	(21.17)	(1.70)	(1.97)	(133.50)	(159.40)	(5.08)	(4.79)
(k) Present Value of Obligation as at 31st March, 2014	169.22	170.80	442.00	435.62	13.78	15.69	1,275.90	1,145.40	162.57	184.56
IV Changes in the Fair value of Plan Assets										
(a) Present Value of Plan Assets as at 31st March, 2013	148.69	132.55	95.98	91.86	59.88	62.19	1,145.40	1,063.20	-	-
(b) Acquisition Adjustment	-	-	-	-	-	-	5.70	7.10	-	-
(c) Expected Return on Plan Assets	10.77	9.52	6.58	6.76	4.14	4.26	103.40	91.60	-	-
(d) Actuarial Gain/ (Loss)	4.74	2.92	0.44	3.91	1.17	1.85	(3.70)	5.10	-	-
(e) Assets distributed on settlements	-	-	-	-	(0.02)	(2.32)	-	-	-	-
(f) Employer's Contribution	22.11	17.25	26.89	14.62	(5.72)	(4.13)	51.40	45.30	5.08	4.79
(g) Employees' Contribution	-	-	-	-	-	-	107.20	92.50	-	-
(h) Benefits Paid	(17.94)	(13.55)	(34.16)	(21.17)	(1.70)	(1.97)	(133.50)	(159.40)	(5.08)	(4.79)
(i) Fair Value of Plan Assets as at 31st March, 2014	168.37	148.69	95.73	95.98	57.75	59.88	1,275.90	1,145.40	-	-
V Actuarial Assumptions										
(a) Discount Rate (per annum)	8.85%	7.95%	8.85%	7.95%	8.85%	7.95%	8.85%	7.95%	8.85%	7.95%
(b) Expected Rate of Return on Assets (per annum)	7.30%	7.10%	7.10%	7.10%	7.40%	7.10%	8.80%	8.93%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.00%	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.										
VI Effect of Increase or Decrease in Healthcare costs										
Effect of 1% increase in Healthcare Costs on										
- the aggregate of service cost and interest cost									2.23	1.38
- Defined Benefit Obligation									23.55	16.61
Effect of 1% decrease in Healthcare Costs on										
- the aggregate of service cost and interest cost									(1.84)	(1.27)
- Defined Benefit Obligation									(19.46)	(15.24)

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

48) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
VII	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2014									
(a)	8.00%	10.00%	-	-	-	-	44.00%	42.00%	-	-
(b)	7.00%	8.00%	-	-	-	-	37.00%	37.00%	-	-
(c)	-	-	-	-	-	-	16.00%	18.00%	-	-
(d)	85.00%	82.00%	100.00%	100.00%	100.00%	100.00%	-	-	-	-
(e)	-	-	-	-	-	-	3.00%	3.00%	-	-
VIII	Expected Employers contribution for the next year									
	20.00	20.00	30.00	20.00	-	-	57.60	50.80	6.69	6.08

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
IX	Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for earlier periods:									
I	For the year ended 31st March, 2014									
			169.22	442.00	13.78		1,275.90		162.57	
			168.37	95.73	57.75		1,275.90		-	
			0.85	346.27	(43.97)		-		162.57	
			7.56	8.66	(1.35)		9.90		(10.15)	
			4.74	0.44	1.17		(3.70)		-	
II	For the year ended 31st March, 2013									
			170.80	435.62	15.69		1,145.40		184.56	
			148.69	95.98	59.88		1,145.40		-	
			22.11	339.64	(44.19)		-		184.56	
			7.02	(14.41)	2.08		12.30		(8.62)	
			2.92	3.91	1.85		5.10		-	
III	For the year ended 31st March, 2012									
			149.80	427.84	15.89				181.54	
			132.55	91.86	62.19				-	
			17.25	335.98	(46.30)				181.54	
			7.24	2.25	2.47				1.87	
			0.21	4.65	0.68				0.09	
IV	For the year ended 31st March, 2011									
			134.12	436.45	19.07				170.35	
			126.28	103.93	64.84				-	
			7.84	332.52	(45.77)				170.35	
			5.35	(30.41)	5.62				2.18	
			9.17	3.18	(1.05)				-	

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

48) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity	Management Pension	Officers Pension	Provident Fund #	Post Retirement Medical Benefits
V For the period ended 31st March, 2010					
Present value of DBO	123.21	476.85	23.10		159.31
Fair value of plan assets	99.02	108.50	70.22		-
Deficit/ (Surplus)	24.19	368.35	(47.12)		159.31
Experience adjustments on plan liabilities	7.17	(33.52)	(2.26)		6.34
Experience adjustments on plan assets	3.39	11.80	1.85		-

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The previous year (2012-13) was the first year in which the actuary had given the detailed disclosures in the actuarial valuation report, in view of the issuance of the Guidance Note by the Institute of Actuaries of India. Accordingly the compliance with the disclosure requirements of paragraph 120(n) of AS 15: Employee Benefits in respect of Provident Fund has been done prospectively from 2012-13.

49) EMPLOYEE STOCK OPTION PLAN

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of Re. 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of SEBI (Employee Stock Option Scheme And Employee Stock Purchase Scheme) Guidelines, 1999 and amendments thereof from time to time.

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

49) EMPLOYEE STOCK OPTION PLAN (CONTD.)

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (INR) per share	Weighted Average Exercise Price (INR) per share
2001 HLL Stock Option Plan	2002	23-Apr-02	3,233,601	Vested after three years from date of grant	7 years from date of vesting	201.59	201.59
	2003	24-Apr-03	4,276,090			127.24	127.24
	2004	30-Jun-04	1,630,450			128.47	128.47
	2005	27-May-05	1,547,700			132.05	132.05
2006 HLL Performance Share Scheme	2009	11-May-09	333,811	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim PSP 2009	06-Nov-09	4,920			1.00	1.00
	2010	29-Mar-10	271,113			1.00	1.00
	Interim PSP 2010	05-Nov-10	51,455			1.00	1.00
	2011	29-Mar-11	308,455			1.00	1.00
	Interim PSP 2011	07-Nov-11	47,118			1.00	1.00
	2012	17-Feb-12	420,080			1.00	1.00
	Interim PSP 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	368,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim PSP 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	262,155			1.00	1.00

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

49) EMPLOYEE STOCK OPTION PLAN (CONTD.)

Scheme	Year	Number of Share Options					
		Outstanding at the beginning of the year	Granted during the year *	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2001 HLL Stock Option Plan	2002	-	-	-	-	-	-
		(24,180)	-	(8,060)	(16,120)	-	-
	2003	-	-	-	-	-	-
		(404,745)	-	(13,425)	(391,320)	-	-
	2004	136,000	-	-	67,100	68,900	68,900
	(217,844)	-	(3,300)	(78,544)	(136,000)	(136,000)	
	2005	165,300	-	-	48,900	116,400	116,400
		(249,900)	-	(8,800)	(75,800)	(165,300)	(165,300)
2006 HUL performance Share Scheme	2009	-	-	-	-	-	-
		(264,821)	-	(49,764)	(215,057)	-	-
	Interim PSP 2009	-	-	-	-	-	-
		(4,920)	-	-	(4,920)	-	-
	2010	59,137	-	-	59,137	-	-
		(242,651)	(22,335)	(27,792)	(178,057)	(59,137)	(59,137)
	Interim PSP 2010	45,283	7,473	3,911	48,845	-	-
		(45,283)	-	-	-	-	(45,283)
	2011	257,869	111,151	18,517	-	350,503	350,503
		(291,787)	-	(33,918)	-	-	(257,869)
	Interim PSP 2011	43,818	-	2,536	-	-	41,282
		(47,118)	-	(3,300)	-	-	(43,818)
	2012	388,942	-	29,772	-	-	359,170
	(420,080)	-	(31,138)	-	-	(388,942)	
Interim PSP 2012	51,385	-	8,678	-	-	42,707	
	-	(51,385)	-	-	-	(51,385)	
2012 HUL Performance Share Scheme	2013	368,023	-	20,539	-	-	347,484
		-	(368,023)	-	-	-	(368,023)
	Interim PSP 2013	-	25,418	-	-	-	25,418
		-	-	-	-	-	-
	2014	-	262,155	-	-	-	262,155

* Granted during the year includes additional shares granted upon meeting the vesting conditions.

(figures in bracket pertain to 2012-13)

The Company has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted. The value of the underlying shares has been determined by an independent valuer.

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

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

49) EMPLOYEE STOCK OPTION PLAN (CONTD.)

	31st March, 2014	31st March, 2013
Profit for the year	3,867.49	3,796.67
Less: Reduction in employee compensation cost based on fair value	(1.03)	(0.99)
Profit for the year as per fair value method	3,868.52	3,797.66
Basic Earnings Per Share (EPS)		
Weighted average number of equity shares	2,162,558,113	2,161,858,110
Basic EPS as reported (in Rs.) (Refer note 37)	17.88	17.56
Proforma Basic EPS (in Rs.)	17.89	17.57
Diluted Earnings Per Share (EPS)		
Weighted average number of equity shares (including dilutive ESOP shares)	2,163,879,457	2,162,832,747
Diluted EPS as reported (in Rs.) (Refer note 37)	17.87	17.55
Proforma Diluted EPS (in Rs.)	17.88	17.56
Weighted average equity share price at the date of exercise of options (in Rs.)	588.46	456.86

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Risk-free interest rate (%)	8.85%	7.79%
Expected life of options (years) [(year to vesting + contractual option term)/2]	3.125	3.125
Expected volatility (%)	25.56%	23.38%
Dividend yield	2.06%	1.85%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Effect of share-based payment plan on the statement of profit and loss:

	Year ended 31st March, 2014	Year ended 31st March, 2013
Expense arising from employee share-based payment plan	7.00	12.20

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

50) DERIVATIVE INSTRUMENTS

a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2014 are as under:

Currency exchange	GBP/ INR	EUR/ INR	USD/ INR	SEK/ INR	JPY/ INR	EUR/ USD	GBP/ USD	SGD/ INR	JPY/ USD	CAD/ USD	CHF/ USD	SEK/ USD
a. Number of 'buy' contracts	1 (4)	26 (19)	76 (83)	4 -	- -	4 (1)	2 -	1 -	- -	- -	- (1)	- -
b. Aggregate "buy" foreign currency amount (crores)	0.01 (0.02)	1.65 (1.18)	5.61 (4.02)	0.97 -	- -	0.23 (0.01)	0.04 -	0.02 -	- -	- -	- (0.01)	- -
c. Number of 'sell' contracts	- -	- (4)	3 (3)	- -	- (3)	- -	- -	- -	- -	- -	- -	- -
d. Aggregate "sell" foreign currency amount (crores)	- -	- (0.02)	0.09 (0.09)	- -	- (2.15)	- -	- -	- -	- -	- -	- -	- -

(figures in bracket pertain to 2012-13)

b) The foreign currency exposures not hedged in respect of trade receivables as at the year end are as under:

Currency exchange	GBP	USD	EUR	JPY	SGD	CHF	SEK
Unhedged exposure in currency (crores)	0.02 (0.03)	0.03 (0.06)	0.04 (0.14)	- (0.15)	0.02 (0.00)	- (0.00)	0.09 -

(figures in bracket pertain to 2012-13)

c) Mark-to-Market losses

	Year ended 31st March, 2014	Year ended 31st March, 2013
Mark-to-market losses provided for	17.33	3.47

51) INTEREST IN JOINT VENTURE :

The Company has the following investment, in a jointly controlled entity:

Name	Country of Incorporation	Percentage of ownership interest, as at 31st March, 2014	Percentage of ownership interest, as at 31st March, 2013
Kimberly Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Non-current investment (Refer note 14) and is stated at cost (net of provision for other than temporary diminution in value)

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

51) INTEREST IN JOINT VENTURE (CONTD.)

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, 2014	As at 31st March, 2013
a) ASSETS		
Tangible assets	27.55	29.19
Capital work-in-progress	1.27	-
Long-term loans and advances	14.88	9.16
Inventories	31.95	25.29
Trade receivables	4.82	2.78
Cash and bank balances	10.37	29.49
Short-term loans and advances	20.99	11.63
Other current assets	0.02	0.04
b) LIABILITIES		
Long-term borrowings	8.44	8.44
Deferred tax liability (net)	0.22	0.69
Long-term provisions	-	0.35
Short-term borrowings	37.14	16.30
Trade payables	52.07	43.07
Other current liabilities	5.98	5.74
Short-term provisions	0.37	0.21
(c) INCOME		
Revenue from operations (net of excise duty)	156.96	115.67
Other income	1.42	2.52
d) EXPENSES		
Cost of materials consumed	104.70	75.03
Purchases of stock in trade	1.57	5.03
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	(1.42)	4.60
Employee benefit expenses	9.63	7.42
Finance costs	1.41	0.43
Depreciation and amortisation expense	4.60	2.70
Provision for deferred tax	(0.47)	(0.28)
Other expenses	63.53	40.59
e) OTHER MATTERS		
Contingent liabilities	75.49	39.50
Capital commitments	0.18	2.62

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

52) DISCLOSURES PURSUANT TO CLAUSE 32 OF THE EQUITY LISTING AGREEMENT

	Year ended 31st March, 2014	Year ended 31st March, 2013
(i) Loans and advances in the nature of loans to subsidiaries		
Loan to subsidiary: Pond's Exports Limited, India		
Balance as at the year end	4.50	2.00
Maximum amount outstanding at any time during the year	4.50	2.00
Loan to subsidiary: Lakme Lever Private Limited, India		
Balance as at the year end	70.00	51.10
Maximum amount outstanding at any time during the year	70.00	51.10
Loan to subsidiary: Brooke Bond Real Estates Private Limited, India		
Balance as at the year end	15.87	14.61
Maximum amount outstanding at any time during the year	15.87	14.61
Loan to subsidiary: Aquagel Chemicals Private Limited, India		
Balance as at the year end	114.77	-
Maximum amount outstanding at any time during the year	114.77	-
(ii) Investment by the loanees in the shares of the Company		
The loanees have not made any investments in the shares of the Company		

53) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/ restated wherever necessary to conform with this year's classification.

54) RELATED PARTY DISCLOSURES

A. Enterprises where control exists

(i) Holding Company	: Unilever PLC
(ii) Subsidiaries (Extent of holding)	: Aquagel Chemicals Private Limited (100%) (with effect from April 01, 2013) Brooke Bond Real Estates Private Limited (100%) Daverashola Estates Private Limited (100%) Hindlever Trust Limited (100%) Hindustan Unilever Foundation (76%) (with effect from December 19, 2012) Jamnagar Properties Private Limited (100%) Lakme Lever Private Limited (100%) Lever's Associated Trust Limited (100%) Levindra Trust Limited (100%) Pond's Exports Limited (90%) Unilever India Exports Limited (100%) Unilever Nepal Limited (80%)
(iii) Trust	: Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control) (with effect from October 31, 2012)

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

B. Other Related Parties with whom the company had transactions during the year

(i) Fellow Subsidiaries

: Brooke Bond Assam Estates Limited
 Brooke Bond Group Limited
 Brooke Bond South India Estates Limited
 Conopco, Inc.
 Corporativo Unilever de Mexico, S.de R.L. de C.V.
 (merged)
 Glidat Strauss Limited
 Lever International Marine Sup
 Lipton Soft Drinks Ireland Limited
 Mascolo Brothers Limited
 OOO Unilever Rus
 P.T. Unilever Indonesia, Tbk.
 Tigi Holdings Limited
 Tigi Linea International B.V.
 UL Research & Development Vlaa
 Unilever (Malaysia) Holdings Sdn Bhd
 Unilever ASCC AG
 Unilever Asia Private Limited
 Unilever Australasia
 Unilever Australia Limited
 Unilever Bangladesh Limited
 Unilever Brasil Limited
 Unilever Business and Marketing Support AG
 Unilever Canada Inc
 Unilever Canada-Food Solutions
 Unilever Chile SA
 Unilever China Limited
 Unilever De Argentina SA
 Unilever Deutschland Produktions GmbH & Co. OHG
 Unilever Employment Services B.V.
 Unilever Europe IT
 Unilever Gulf Free Zone Establishment, Arabia
 Unilever Industries Private Limited
 Unilever Italy Holdings Srl
 Unilever Japan
 Unilever Korea
 Unilever Lipton Ceylon Limited
 Unilever Mashreq International Company
 Unilever N.V.
 Unilever Overseas Holdings AG
 Unilever Overseas Holdings B.V.
 Unilever Pakistan Limited

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

	Unilever Philippines , Inc.
	Unilever Research and Development Vlaardingen B.V.
	Unilever Research Laboratory Port Sunlight
	Unilever Sanayi ve Ticaret Türk A.S.
	Unilever Services (Hefei) Co .Limited
	Unilever Singapore PTE LTD
	Unilever SNG
	Unilever South Africa (Pty) Limited
	Unilever South Central Europe S.R.L
	Unilever Sri Lanka Limited
	Unilever Supply Chain Company AG
	Unilever Thai Services Limited
	Unilever Thai Trading Limited
	Unilever U.K. Central Resources Limited
	Unilever UK & CN Holdings Limited
	Unilever United States, Inc.
	Unilever Ventures India Advisory Private Ltd
	Unilever Vietnam International Company Limited
	Unilever Zimbabwe (Pvt) Limited
	Walls (China) Co. Limited
(ii) Joint Ventures	: Kimberly Clark Lever Private Limited
(iii) Key Management Personnel	: BP Biddappa (with effect from February 1, 2013)
	Dev Bajpai
	Geetu Verma
	Hemant Bakshi
	Leena Nair (up to January 31, 2013)
	Manish Tiwary
	Nitin Paranjpe (up to October 9, 2013)
	Pradeep Banerjee
	Sanjiv Mehta (with effect from October 1, 2013)
	Sridhar Ramamurthy
(iv) Other (Non Executive Chairman)	: Harish Manwani
(v) Employees' Benefit Plans where there is significant influence	: Hind Lever Gratuity Fund
	The Hind Lever Pension Fund
	The Union Provident Fund

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2014

		For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Holding Company	:		
	Dividend paid	1,089.79	1,311.43
	Royalty expense	519.71	370.04
	Income from services rendered	447.04	487.26
	Outstanding as at the year end :		
	- Trade Payables	97.30	82.21
Subsidiaries/ Trust	:		
	Sale of finished goods/ raw materials etc	232.48	264.71
	Processing Charges	94.55	-
	Sale of Fixed Assets	6.78	0.09
	Purchase of Fixed Assets	1.14	-
	Investment in equity shares	9.13	-
	Purchase of finished goods/ raw materials etc.	96.73	17.36
	Royalty Income	7.03	2.37
	Rent Income	0.12	-
	Management fees Paid	5.86	7.66
	Expenses shared by subsidiary companies	11.69	10.53
	Dividend income	90.66	91.07
	Interest income	16.51	5.99
	Reimbursement received/ receivable towards pension and medical benefits	25.13	5.07
	Purchase of Export Licences	27.43	6.81
	Rent expense	0.12	0.12
	Contribution to Foundation	10.23	0.75
	Inter Corporate Loans given during the year	157.62	28.91
	Inter Corporate Loans repaid during the year	30.19	-
	Investment in Trust	2.00	348.00
	Redemption of Preference Shares	9.13	-
	Outstanding as at the year end:		
	- Current Account balances receivable with Group companies and Joint Venture	27.28	70.80
	- Advances recoverable in cash or kind or for value to be received	3.76	5.07
	- Trade Receivables	22.39	12.11
	- Trade Payables	24.23	23.98
	- Loans & Advances to subsidiaries/ fellow subsidiaries	205.14	67.71
	- Security Deposits	1.84	1.84

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

		For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Fellow Subsidiaries	: Sale of finished goods/ raw materials etc.	-	0.47
	Rent income	1.10	1.10
	Other recoveries	-	8.09
	Sale of fixed assets	0.28	-
	Income from services rendered	32.53	19.58
	Purchase of finished goods/ raw materials etc.	286.74	261.91
	Dividend paid	391.05	561.07
	Royalty expense	5.58	6.08
	Expenses shared by fellow subsidiary companies	4.35	-
	Maintenance and support costs for licences and software	4.54	-
	Inter Corporate Loans given during the year	104.15	88.95
	Inter Corporate Loans repaid during the year	105.55	87.55
	Interest income	0.22	0.54
	Outstanding as at the year end:		
	- Current Account balances receivable with Group companies and Joint Venture	43.70	15.08
- Trade Payables	91.95	89.19	
- Loans & Advances to subsidiaries/ fellow subsidiaries	-	1.40	
Joint Ventures	: Purchase of finished goods/ raw materials etc.	369.33	291.82
	Investment in equity shares	-	26.91
	Outstanding as at the year end :		
- Current Account balances receivable with Group companies and Joint Venture	25.07	19.73	
Key Management Personnel	: Remuneration	39.91	38.68
	Dividend paid	0.45	0.59
	Consideration received on exercise of options	0.26	0.28
	Purchase of equity shares of Hindustan Unilever Foundation	-	0.01
Other (Non Executive Chairman)	: Dividend paid	0.03	0.04
Employees' Benefit Plans where there is significant influence	: Contributions during the year	64.86	55.08
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	4.06	2.68

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Dividend paid		
Unilever PLC	1,089.79	1,311.43
Royalty expense		
Unilever PLC	519.71	370.04
Income from services rendered		
Unilever PLC	447.04	487.26
Remuneration		
Nitin Paranjpe	4.56	10.12
Sridhar Ramamurthy	4.83	5.96
BP Biddappa	4.99	0.85
Pradeep Banerjee	4.34	4.58
Hemant Bakshi	6.71	5.51
Sanjiv Mehta	6.14	-
Purchase of Export Licences		
Pond's Exports Limited	2.85	1.96
Unilever India Exports Limited	24.58	4.85
Purchase of equity shares of Hindustan Unilever Foundation		
Nitin Paranjpe	-	0.00
Sridhar Ramamurthy	-	0.00
Maintenance and support costs for licences and software		
Unilever N.V.	0.85	-
Unilever U.K. Central Resources Limited	3.69	-
Contributions during the year		
The Union Provident Fund	39.52	34.85
Hind Lever Gratuity Fund	22.11	17.25
Consideration received on exercise of options		
Pradeep Banerjee	0.14	0.27
Nitin Paranjpe	0.11	0.00
Hemant Bakshi	0.00	0.00
Sridhar Ramamurthy	-	0.00
Leena Nair	-	0.00
Outstanding as at the year end - Loans & Advances to subsidiaries		
Lakme Lever Private Limited	70.00	51.10
Brooke Bond Real Estates Private Limited	15.87	14.61
Aquagel Chemicals Private Limited	114.77	-

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Outstanding as at the year end - Trade Receivables		
Unilever India Exports Limited	22.39	12.11
Outstanding as at the year end - Advances recoverable in cash or kind or for value to be received		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	3.76	5.07
The Union Provident Fund	1.99	0.49
The Hind Lever Pension Fund	1.14	0.78
Hind Lever Gratuity Fund	0.93	1.42
Security Deposits		
Unilever India Exports Limited	1.84	1.84
Outstanding as at the year end - Current Account balances receivable with Group companies and Joint venture		
Unilever India Exports Limited	9.39	69.16
Kimberly Clark Lever Private Limited	25.07	19.73
Pond's Exports Limited	11.86	11.65
Unilever Industries Private Limited	40.23	10.73
Outstanding as at the year end - Trade Payables		
Unilever PLC	97.30	82.21
Unilever Supply Chain Company	40.58	32.88
Unilever Asia Private Limited	21.17	30.31
Pond's Exports Limited	3.73	12.03
Sale of finished goods/ raw materials etc		
Unilever India Exports Limited	230.20	264.14
Processing Charges		
Aquagel Chemicals Private Limited	94.55	-
Investment in equity shares		
Kimberly Clark Lever Private Limited	-	26.91
Aquagel Chemicals Private Limited	9.13	-
Sale of Fixed Assets		
Unilever India Exports Limited	6.71	0.09
Purchase of Fixed Assets		
Unilever India Exports Limited	0.80	-
Aquagel Chemicals Private Limited	0.34	-
Expenses shared by subsidiary/ fellow subsidiary companies		
Pond's Exports Limited	1.24	0.90
Unilever India Exports Limited	10.45	9.63
Unilever Industries Private Limited	4.35	-

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Dividend income		
Unilever Nepal Limited	34.95	31.27
Unilever India Exports Limited	50.00	59.80
Interest income		
Pond's Exports Limited	1.43	1.11
Lakme Lever Private Limited	6.13	4.10
Brooke Bond Real Estates Private Limited	1.48	0.78
Aquagel Chemicals Private Limited	7.47	-
Rent income		
Unilever Industries Private Limited	1.10	1.10
Other Recoveries		
Unilever Asia Private Limited	-	8.09
Royalty Income		
Lakme Lever Private Limited	1.77	2.37
Unilever Nepal Limited	5.26	-
Management fees Paid		
Lakme Lever Private Limited	5.86	7.66
Purchase of finished goods/ raw materials etc.		
Kimberly Clark Lever Private Limited	369.33	291.82
Unilever Supply Chain Company AG	158.67	126.26
Unilever Asia Private Limited	112.80	106.72
Rent expense		
Unilever India Exports Limited	0.12	0.12
Contribution to Foundation		
Hindustan Unilever Foundation	10.23	0.75
Investment in Trust		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	2.00	348.00
Redemption of Preference Shares		
Aquagel Chemicals Private Limited	9.13	-
Inter Corporate Loans given during the year		
Lakme Lever Private Limited	18.90	21.40
Unilever Industries Private Limited	104.15	88.95
Aquagel Chemicals Private Limited	132.96	-

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

54) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the Year ended 31st March, 2014	For the Year ended 31st March 2013
Inter Corporate Loans repaid during the year		
Unilever Industries Private Limited	105.55	87.55
Aquagel Chemicals Private Limited	28.19	-
Reimbursement received/ receivable towards pension and medical benefits		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	25.13	5.07

55) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2014

Information About Primary Business Segments

	For the Year ended 31st March, 2014			For the Year ended 31st March 2013		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
Soaps and Detergents	13,683.41	-	13,683.41	12,701.82	-	12,701.82
Personal Products	8,120.91	-	8,120.91	7,471.66	-	7,471.66
Beverages	3,311.86	-	3,311.86	2,974.66	-	2,974.66
Packaged Foods	1,648.30	-	1,648.30	1,505.74	-	1,505.74
Others	1,156.30	-	1,156.30	1,092.78	-	1,092.78
Total Revenue (Refer note 3 to segment information)	27,920.78	-	27,920.78	25,746.66	-	25,746.66
RESULT						
Soaps and Detergents			1,785.81			1,615.53
Personal Products			2,068.06			1,948.86
Beverages			580.69			474.57
Packaged Foods			61.26			37.02
Others			(37.00)			(39.00)
Total Segment			4,458.82			4,036.98
Un-allocated corporate expenses net of un-allocated income			(244.11)			(269.25)
Operating Profit			4,214.71			3,767.73
Finance Costs			(36.03)			(25.15)
Other income			621.03			606.90
Profit before exceptional items and tax			4,799.71			4,349.48
Exceptional items - income/ (expenditure) - Segment						
Soaps and Detergents		22.37			1.97	
Personal Products		13.26			1.15	

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

55) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2014 (CONTD.)

Information About Primary Business Segments

	For the Year ended 31st March, 2014			For the Year ended 31st March 2013		
	External	Intersegment	Total	External	Intersegment	Total
Beverages		3.58			(1.84)	
Packaged foods		(0.03)			(21.77)	
Others		1.19			0.17	
			40.37			(20.32)
Exceptional items - income/ (expenditure) - Unallocated/ Corporate			188.31			628.72
Profit before tax			5,028.39			4,957.88
Taxation for the year						
Current tax			(1,293.15)			(1,167.59)
Deferred tax			(24.83)			(9.45)
Tax adjustments of prior years (net)			157.08			15.83
Profit for the year			3,867.49			3,796.67

Other Information

	Segment Assets		Segment Liabilities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Soaps and Detergents	3,122.51	2,914.64	(3,353.42)	(2,874.37)
Personal Products	1,380.59	1,404.51	(1,855.68)	(1,700.00)
Beverages	1,083.27	868.92	(735.92)	(610.00)
Packaged foods	612.49	533.87	(438.21)	(358.78)
Others	237.23	278.09	(258.83)	(317.08)
Total	6,436.09	6,000.03	(6,642.06)	(5,860.23)
Unallocated Corporate Assets/ (Liabilities)	6,796.72	5,722.86	(3,313.70)	(3,188.64)
Total Assets / (Liabilities)	13,232.81	11,722.89	(9,955.76)	(9,048.87)

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

55) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2014 (CONTD.)

	Capital Expenditure		Depreciation/Amortisation		Non - Cash Expenses other than Depreciation	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Soaps and Detergents	245.80	103.22	86.76	77.97	22.20	10.95
Personal Products	130.00	128.27	80.75	75.89	14.07	5.76
Beverages	31.91	32.82	13.32	11.14	6.07	2.44
Packaged Foods	43.98	85.38	30.48	20.11	2.95	1.50
Others	17.09	2.64	7.54	7.26	1.16	0.42
Unallocated Corporate Assets/(Liabilities)	57.72	57.01	41.70	43.65	13.46	18.13

Information about Secondary Business Segments

	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
Revenue by Geographical Markets		
India	27,370.08	25,082.80
Outside India	550.70	663.86
Total	27,920.78	25,746.66
Additions to Tangible and Intangible Fixed Assets		
India	468.78	352.33
Outside India	-	-
Total	468.78	352.33
Carrying Amount of Segment Assets		
India	6,436.09	6,000.03
Outside India	-	-
Total	6,436.09	6,000.03

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

NOTES:

1. Business Segments

The Company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Company is primarily determined by the nature of products and services. Consequently the geographical segment has been considered as a secondary segment. The products included in each of the reported domestic business segments are as follows:

- a) Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- b) Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services, etc.
- c) Beverages include tea and coffee.
- d) Packaged foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.) and Frozen desserts.
- e) Others include Exports, Chemicals, Water business, Infant Care Products etc.

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

The above business segments have been identified considering:

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

2. Geographical Segments

The geographical segments considered for disclosure are as follows :

- a) Sales within India includes sales to customers located within India.
- b) Sales outside India includes sales to customers located outside India.
- c) The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

3. Revenue comprises :

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of Products (net of excise duty)	27,408.29	25,206.38
Income from services rendered to group companies	479.57	506.84
Scrap sales and export incentives included in other operating income	32.92	33.44
	27,920.78	25,746.66

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

INDEPENDENT AUDITORS' REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Hindustan Unilever Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under 'the Companies Act, 1956' of India (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Lovelock & Lewes

Firm Registration Number: 301056E
Chartered Accountants

Pradip Kanakia

Partner

Membership Number: 39985

Mumbai: April 28, 2014

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 7 of the Auditors' Report of even date to the members of Hindustan Unilever Limited on the financial statements as of and for the year ended March 31, 2014

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c), (d), (f) and (g)] of the said Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, sales tax, service tax, customs duty, excise duty and tax deducted at source, and is regular in depositing undisputed statutory dues, including investor education and protection fund, income tax, wealth tax, and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:

ANNEXURE TO AUDITORS' REPORT (Contd.)

Name of the statute	Nature of dues	Amount (Rs. crores)	Periods to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty including interest and penalty, as applicable	140.31	1982, 1985-2014	Appellate Authority – up to Commissioner's level Customs, Excise and Service Tax Appellate Tribunals of various states High Courts of Andhra Pradesh and Bombay Supreme Court
		46.36	1981, 1992-2010	
		5.50	1982-1983, 1999, 2003-2012	
		8.48	1999, 2007-2008	
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	85.28	1985-2014	Appellate Authority – up to Commissioner's level Sales Tax Appellate Tribunals of various states High Courts of various states Supreme Court
		15.13	1984, 1992-2010	
		36.02	1977, 1983-1989, 1991-2013	
		3.00	1985-1990, 1995-1997, 2000, 2008	
Customs Act, 1962	Customs duty including interest and penalty, as applicable	1.67	1995, 2011-2014	Appellate Authority – up to Commissioner's level
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	88.82	1979-1980, 1991, 2010-2014	Appellate Authority – up to Commissioner's level Income Tax Appellate Tribunal, Mumbai Bombay High Court
		0.20	1982-1983	
		0.06	1963-1964, 1982-1983	
Service Tax (Finance Act, 1994)	Service tax including interest and penalty, as applicable	82.20	2005-2014	Appellate Authority – up to Commissioner's level

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
13. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
16. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
17. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes

Firm Registration Number: 301056E
Chartered Accountants

Pradip Kanakia

Partner

Membership Number: 39985

Mumbai: April 28, 2014

ECONOMIC VALUE ADDED

ADDITIONAL INFORMATION : ECONOMIC VALUE ADDED (EVA)

What is EVA?

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

* EVA = Net Operating Profit after Taxes (NOPAT) - Cost of Capital Employed (COCE), where,

NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungeared basis to provide a return to lenders and shareholders, and

COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed

* Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated company like HUL for a short term debt, net of taxes. We have considered a pre tax rate of 9.63% for 2013-14 (9.13% for 2012-13).

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

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 8.80% for 2013-14)

+

Market risk premium (taken at 3.98%) (x) Beta variant for the Company, (taken at 0.709) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity = 8.80% + 3.98% (x) 0.709 = 11.62%

What does EVA show?

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

When will EVA increase?

EVA will increase if:

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

EVA in practice at Hindustan Unilever Limited.

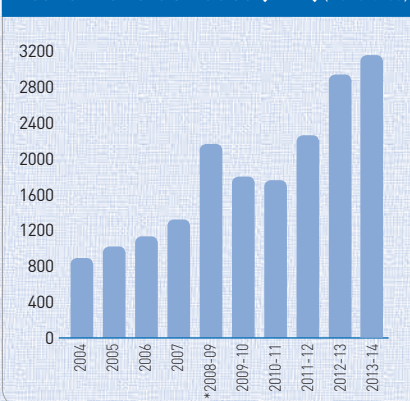
In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

EVA Trends: 2004-2014 (Unaudited)

(Rs. crores)

Particulars	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14
Cost of Capital Employed (COCE)										
1 Average Debt	1,588	360	163	382	342	119	2	0	0	0
2 Average Equity	2,116	2,200	2,515	2,402	1,928	2,497	3,118	3,462	4,018	3,715
3 Average Capital Employed : (1) + (2)	3,704	2,560	2,678	2,748	2,270	2,616	3,120	3,446	4,018	3,715
4 Cost of Debt, post-tax %	5.19	3.38	5.90	6.24	3.91	3.95	5.36	6.20	6.02	6.36
5 Cost of Equity %	14.77	15.50	16.38	17.59	14.47	12.51	12.93	10.10	10.07	11.62
6 Weighted Average Cost of Capital % (WACC)	10.66	13.80	15.74	16.03	12.88	12.12	12.92	10.10	10.07	11.62
7 COCE : (3) x (6)	395	353	421	446	365	317	403	350	405	432
Economic Value Added (EVA)										
8 Profit after tax, before exceptional items	1,199	1,355	1,540	1,743	2,501	2,103	2,153	2,599	3,314	3,555
9 Add : Interest, after taxes	82	12	7	17	17	5	0	1	17	24
10 Net Operating Profits After Taxes (NOPAT)	1,281	1,367	1,547	1,760	2,518	2,108	2,153	2,600	3,331	3,579
11 COCE, as per (7) above	395	353	421	446	365	317	403	350	405	432
12 EVA : (10) - (11)	886	1,014	1,126	1,314	2,154	1,791	1,750	2,250	2,926	3,147

Economic Value Added (EVA) (Rs. crores)



BALANCE SHEET

As at 31st March, 2014

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

	Note	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	216.27	216.25
Reserves and surplus	4	3,321.02	2,648.52
Minority Interest		22.28	20.86
Non-current liabilities			
Long-term borrowings	5	8.44	8.44
Other long-term liabilities	6	287.46	482.12
Long-term provisions	7	845.21	710.13
Current liabilities			
Short-term borrowings	8	37.14	16.30
Trade payables	9	5,964.89	5,341.74
Other current liabilities	11	939.28	659.11
Short-term provisions	12	2,127.32	1,988.37
TOTAL		13,769.31	12,091.84
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	14	2,640.94	2,395.32
Intangible assets	15	24.12	36.11
Goodwill on Consolidation		81.18	-
Capital work-in-progress		364.90	212.10
Intangible assets under development		7.70	10.32
Non-current investments	16	380.19	395.32
Deferred tax assets (net)	17	179.55	208.52
Long-term loans and advances	18	530.52	421.64
Other non-current assets	19	0.70	296.85
Current assets			
Current investments	20	2,457.95	1,857.02
Inventories	21	2,939.83	2,705.97
Trade receivables	22	1,031.09	996.53
Cash and bank balances	23	2,516.03	1,900.71
Short-term loans and advances	24	534.52	581.98
Other current assets	25	80.09	73.45
TOTAL		13,769.31	12,091.84
Summary of significant accounting policies	2		
Contingent liabilities and capital commitments	26, 27		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of Board of Directors

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

Sanjiv Mehta Managing Director and CEO
Aditya Narayan Chairman - Audit Committee

Sridhar Ramamurthy Executive Director
(Finance & IT) and CFO

Pradip Kanakia
Partner
Membership No. 39985

Ritesh Tiwari Group Controller

Dev Bajpai Executive Director
Legal and Company
Secretary

Mumbai : 28th April, 2014

Mumbai : 28th April, 2014

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2014

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

	Note	Year ended 31st March, 2014	Year ended 31st March, 2013
REVENUE FROM OPERATIONS (GROSS)	29	30,796.69	28,487.26
Less: Excise duty		(1,563.41)	(1,483.27)
Revenue from operations (net)		29,233.28	27,003.99
Other income	30	570.98	532.03
TOTAL REVENUE		29,804.26	27,536.02
EXPENSES			
Cost of materials consumed	31	11,889.98	10,987.82
Purchases of stock-in-trade	32	3,151.63	3,125.26
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	33	(172.47)	(26.00)
Employee benefits expenses	34	1,575.79	1,412.68
Finance costs	35	40.68	25.72
Depreciation and amortisation expenses	36	295.54	251.32
Other expenses	37	8,046.67	7,298.91
TOTAL EXPENSES		24,827.82	23,075.71
Profit before exceptional items and tax		4,976.44	4,460.31
Exceptional items	38	238.74	605.72
Profit before tax		5,215.18	5,066.03
Tax expenses			
Current tax		(1,403.44)	(1,241.20)
Deferred tax [Share of joint venture Rs. 0.47 crores, (2012-13 Rs. 0.28 crores)]		(12.97)	(1.39)
Tax adjustments of prior years (net)		156.97	15.93
Profit after tax and before minority interest		3,955.74	3,839.37
Less : Minority Interest		(10.17)	(10.39)
PROFIT FOR THE YEAR		3,945.57	3,828.98
Earnings per equity share			
Basic (Face value of Re. 1 each)	39	Rs. 18.24	Rs. 17.71
Diluted (Face value of Re. 1 each)		Rs. 18.23	Rs. 17.70
Summary of significant accounting policies	2		

The accompanying notes are an integral part of these consolidated financial statements

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Mumbai : 28th April, 2014

Ritesh Tiwari Group Controller
Mumbai : 28th April, 2014

Dev Bajpai Executive Director
Legal and Company
Secretary

CASH FLOW STATEMENT

For the year ended 31st March, 2014

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

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional items and tax	4,976.44	4,460.31
<i>Adjustments for :</i>		
Depreciation and amortisation expenses	295.54	251.32
Net gain on sale of investments	(259.28)	(199.24)
Deficit on fixed assets sold, scrapped, etc. (net)	13.34	14.27
Interest income	(283.33)	(277.72)
Dividend income	(14.87)	(38.44)
Provision for expenses on employee stock options/ performance share schemes	7.00	12.20
Provision / (write back) for doubtful debts and advances (net)	(20.43)	7.27
Bad debts / advances written off	22.77	5.50
Provision for Mark to Market loss on derivative instruments	20.64	4.57
Interest expense	40.68	25.72
	(177.94)	(194.55)
Operating profit before working capital changes	4,798.50	4,265.76
<i>Adjustments for :</i>		
(Increase)/decrease in trade receivables	(17.18)	(148.83)
(Increase)/decrease in short-term loans & advances	47.89	(140.32)
(Increase)/decrease in other current assets	10.37	-
(Increase)/decrease in long-term loans & advances	(51.95)	(11.84)
Increase/(decrease) in trade payables	546.47	493.30
Increase/(decrease) in long-term provisions	53.85	46.22
Increase/(decrease) in short-term provisions	21.98	4.60
Increase/(decrease) in other current liabilities	340.37	74.47
Increase/(decrease) in other long-term liabilities	(342.10)	150.45
(Increase)/decrease in inventories	(201.22)	(38.60)
	408.48	429.45
Cash generated from operations	5,206.98	4,695.21
Taxes paid (net of refunds)	(1,383.61)	(1,073.85)
Cash flow before exceptional items	3,823.37	3,621.36
Exceptional items:		
Compensation under voluntary separation schemes	-	(6.58)
Amounts paid for other restructuring activities	(5.19)	(10.02)
Net cash generated from operating activities - [A]	3,818.18	3,604.76
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible/ intangible assets	(606.38)	(441.47)
Sale proceeds of tangible assets	21.98	0.80
Investment in equity shares of a subsidiary	(100.64)	-
Sale/(Purchase) of other non-current investments	11.87	(325.87)
Investment in long-term deposits with banks	-	(296.85)
Purchase of current investments	(9,537.51)	(15,854.03)
Sale proceeds of current investments	9,171.53	16,382.18
Loans given to fellow subsidiaries	(104.15)	(88.95)
Loans repaid by fellow subsidiaries	105.55	87.55
Investment in bank deposits (having original maturity more than 3 months)	(2,563.26)	(4,356.79)

CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2014

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

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Redemption/ maturity of bank deposits (having original maturity more than 3 months)	2,641.19	3,989.89
Interest received	232.47	214.17
Gain on sale of short term highly liquid investments	29.53	65.98
Dividend received	15.51	37.80
Cash flow before exceptional items	(682.31)	(585.59)
Exceptional items :		
Consideration received on disposal of surplus properties	207.27	648.66
Net cash (used in)/ generated from investing activities - [B]	(475.04)	63.07
C CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(2,481.38)	(3,558.10)
Dividend distribution tax paid	(422.65)	(578.71)
Amounts deposited in bank accounts towards unpaid dividends	(14.25)	(16.96)
Interest paid	(28.86)	(25.72)
Amounts (repaid) / borrowed for long-term purposes	(10.03)	8.44
Amounts (repaid) / borrowed for short-term purposes	(4.63)	16.30
Proceeds from share allotment under employee stock options/ performance share schemes	1.51	7.34
Net cash used in financing activities - [C]	(2,960.29)	(4,147.41)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	382.85	(479.58)
Cash and cash equivalents at the beginning of the year	462.46	942.04
Cash and cash equivalents at the end of the year	845.31	462.46
Cash and cash equivalents comprise of:		
Cash on hand	1.71	1.39
Balances with banks		
In current accounts	64.45	66.22
Term deposits with original maturity of less than three months	601.17	365.37
Short term, highly liquid investments		
Treasury bills with original maturity of less than three months	167.67	-
Share of Joint Venture		
In current accounts	10.31	29.48
	845.31	462.46

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to the financial statements for the year ended 31st March, 2014

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

1) GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising Home and Personal Care (HPC) and Foods and Refreshments. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bangalore and sells primarily in India through independent distributors and modern trade.

The Company, its subsidiaries, controlled trust and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

a) Subsidiaries:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2014	% voting power held as at 31st March, 2013
Unilever India Exports Limited	India	100	100
Unilever Nepal Limited	Nepal	80	80
Daverashola Estates Private Limited	India	100	100
Pond's Exports Limited	India	100	100
Levers Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Brooke Bond Real Estates Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100
Aquagel Chemicals Private Limited *	India	100	-

* The Company entered into a Share Purchase Agreement with the promoters of Aquagel Chemicals Private Limited (ACPL) for acquisition of additional 74% of the equity shares of ACPL with effect from 1st April, 2013. The Company earlier held 26% of the equity share capital of ACPL. Consequent to this acquisition, ACPL has become a wholly owned subsidiary of the Company with effect from 1st April, 2013. The excess of the cost to the Company of its investment in ACPL over the Company's portion of equity of ACPL amounting to Rs. 81.18 crores, at the date of investment, has been treated as 'Goodwill on consolidation' and is shown as a separate asset line item on the Balance Sheet. This 'Goodwill on consolidation' will be tested for impairment at each reporting date.

These consolidated financial statements include total assets of Rs. 174.14 crores and total liabilities of Rs. 174.14 crores as on 31st March, 2014 and total revenues of Rs. 164.16 crores and profit after tax of Rs. 1.92 crores for the year ended 31st March, 2014 of ACPL.

b) Controlled Trust:

Name of the Entity	Country of Incorporation	% ownership interest, as at 31st March, 2014	% ownership interest, as at 31st March, 2013
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (set up on 31st October, 2012)	India	100	100

c) Joint Venture:

Name of the Company	Country of Incorporation	% ownership interest, as at 31st March, 2014	% ownership interest, as at 31st March, 2013
Kimberly Clark Lever Private Limited	India	50	50

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These consolidated financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. Pursuant to Circular 15/ 2013 dated 13th September, 2013 read with circular 08/ 2014 dated 4th April, 2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and in particular Accounting Standard 21 (AS 21) - 'Consolidated Financial Statements' and Accounting Standard 27 (AS 27) - 'Financial Reporting of Interest in Joint Venture'.

The financial statements of the Company, its subsidiaries, controlled trust and the joint venture (on a proportionate basis) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances and intra group transactions and resulting unrealised profits are eliminated in full. Unrealised losses resulting from intra group transactions are also eliminated unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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

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

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0.00" in the relevant notes in these consolidated financial statements.

2.2. Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived

from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licences, and lease license fee are recognised on accrual basis.

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

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

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

Dividend income on investments is recognised when the right to receive dividend is established.

2.3. Expenditure

Expenses are accounted on accrual basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria set out in paragraph 44 of AS 26 - 'Intangible assets' have been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Assets.

2.4. Tangible assets

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

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the Statement of Profit and Loss.

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets or at the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly,

- computers and related assets, included in office equipment are depreciated over four years;
- leasehold land is amortised over the primary period of the lease;
- certain assets of the cold chain, included in plant and equipment, are depreciated over four/ seven years;
- vehicles are depreciated over six years; and
- certain assets lying at salons and training centre, included in plant and equipment, furniture and fixtures and office equipment, are depreciated over five to nine years.

2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on the straight line basis as per rates mentioned below:

Asset class	Rate of amortisation
Goodwill	25%
Brands/ trademarks	25%
Computer software	20%

2.6. Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment

loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7. Investments

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

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

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

2.8. Interests in Joint Ventures

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

2.9. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

2.10. Trade receivables and Loans and Advances

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances.

2.11. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

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

2.12. Retirement / Post Retirement Benefits

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund contribution, in respect of certain Schemes as the group has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Group also provides for retirement/ post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences and medical. The Group's liability towards such defined benefit plans is determined based on valuations, as at the balance sheet date, made by independent actuaries using the projected unit credit method. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss when: a) the Group has a present obligation as a result of past event; b) a reliable estimate can be made of the amount of the obligation; and c) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

2.13. Income Taxes

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down or reversal, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.14. Foreign currency translations

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

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

2.15. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group is both a lessee and a lessor under such

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

arrangements. Payments and receipts under such leases are charged or credited to the Statement of Profit and Loss on a straight line basis over the primary period of the lease.

2.16. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further,

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

2.17. Cash and cash equivalents

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

2.18. Earnings per share

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

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

2.19. Employee share based payments

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

2.20. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3) SHARE CAPITAL

	As at 31st March, 2014	As at 31st March, 2013
Authorised		
2,250,000,000 (March 31, 2013: 2,250,000,000) equity shares of Re. 1 each	225.00	225.00
Issued, subscribed and fully paid up		
2,162,696,292 (March 31, 2013: 2,162,472,310) equity shares of Re. 1 each	216.27	216.25
	216.27	216.25

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

a) Reconciliation of the number of shares

	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares	Amount	Number of shares	Amount
Equity Shares:				
Balance as at the beginning of the year	2,162,472,310	216.25	2,161,512,492	216.15
Add: ESOP shares issued during the year	2,23,982	0.02	959,818	0.10
Balance as at the end of the year	2,162,696,292	216.27	2,162,472,310	216.25

b) Rights, preferences and restrictions attached to shares

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

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

	As at 31st March, 2014	As at 31st March, 2013
Equity Shares of Re. 1 held by:		
1,114,370,148 shares (March 31, 2013 : 794,806,750 shares) held by Unilever PLC, UK, the holding company	111.44	79.48
340,042,710 shares (March 31, 2013 : 340,042,710 shares) held by subsidiaries of the holding company	34.00	34.00

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

	As at 31st March, 2014	As at 31st March, 2013
Number of shares	1,114,370,148	794,806,750
Unilever PLC, UK, the holding company	51.53%	36.75%

e) Shares reserved for issue under options

	As at 31st March, 2014	As at 31st March, 2013
Number of shares to be issued under Employee Stock Option Plans	1,614,019	1,515,757

f) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2014)

	As at 31st March, 2014	As at 31st March, 2013
No. of equity shares issued in the last 5 years under the Employee stock option plan/performance share schemes as consideration for services rendered by employees	5,703,419	7,371,948

g) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2014

	As at 31st March, 2014	As at 31st March, 2013
No. of equity shares bought back by the company	22,883,204	53,118,976

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

4) RESERVES AND SURPLUS

	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	Additions	Deductions	As at 31st March, 2014
Capital Reserve	4.22	-	-	4.22	-	-	4.22
Capital Redemption Reserve	6.46	-	-	6.46	-	-	6.46
Securities Premium Account	38.73	16.95 (d)	-	55.68	4.07 (d)	-	59.75
Revaluation Reserve	0.67	-	-	0.67	-	-	0.67
Employee Stock Options Outstanding Account	35.76	12.20	(9.70)	38.26	7.00	(2.58)	42.68
Other Reserves							
Capital Subsidy (Received from Govt. for eligible projects under its scheme)	5.65	0.55	-	6.20	-	-	6.20
Export Profit Reserve (e)	12.26	-	-	12.26	-	-	12.26
Development Allowance Reserve (e)	0.27	-	-	0.27	-	-	0.27
General Reserve	1,505.74	390.43 (b)	-	1,896.17	402.13 (b)	-	2,298.30
Other Reserves (c) (Created on amalgamation of Brooke Bond Lipton India Limited)	2.51	-	-	2.51	-	-	2.51
	1,612.27	420.13	(9.70)	2,022.70	413.20	(2.58)	2,433.32
Surplus in statement of profit and loss	1,852.66	3,828.98 (a)	(5,055.82)	625.82	3,945.57 (a)	(3,683.69)	887.70
	As at 31st March, 2012	Additions	Deductions	As at 31st March, 2013	Additions	Deductions	As at 31st March, 2014
Balance as at the beginning of the year	1852.66			625.82			
Profit for the year	3,828.98			3,945.57 (a)			
Less : Appropriations							
Interim dividend on equity shares for the year [per share Rs. 5.50 (2012-13: Rs. 4.50 per share)]	(972.98)			(1,189.41)			
Special dividend on equity shares for the year [per share Rs. Nil (2012-13: Rs. 8.00 per share)]	(1,729.53)			-			
Proposed final dividend on equity shares for the year [per share Rs. 7.50 (2012-13: Rs. 6.00 per share)]	(1,297.48)			(1,622.02)			
Dividend distribution tax - net (f)	(665.40)			(470.04)			
Dividend distribution tax on Preference Shares	-			(0.09)			
Transfer to general reserve	(390.43)			(402.13) (b)			
Balance as at the end of the year	625.82			887.70			
Total	3,464.93	4,249.11	(5,065.52)	2,648.52	4,358.77	(3,686.27)	3,321.02

(a) Transfer from Statement of Profit and Loss.

(b) Transfer from surplus in Statement of Profit and Loss.

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

(d) Represents additions arising from exercise of shares under Employees stock option/ Performance share schemes.

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

(f) Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income Tax Act, 1961 by the Company on dividend received from its domestic subsidiaries during the year.

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

5) LONG-TERM BORROWINGS

	As at 31st March, 2014	As at 31st March, 2013
Secured		
Loan from Bank		
Share of Joint Venture - Refer Note 40	8.44	8.44
	8.44	8.44

6) OTHER LONG-TERM LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Employee and ex-employee related liabilities	119.38	167.72
Security deposits	168.08	314.40
	287.46	482.12
Share of Joint Venture - Refer Note 40	-	-
	287.46	482.12

7) LONG-TERM PROVISIONS

	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)	522.98	564.14
Provision for Income Tax (net of advance tax)	131.98	-
Other provisions (including for statutory levies etc) - net (Refer Note 13)	190.25	145.64
	845.21	709.78
Share of Joint Venture - Refer Note 40	-	0.35
	845.21	710.13

8) SHORT-TERM BORROWINGS

	As at 31st March, 2014	As at 31st March, 2013
Unsecured		
Short-term Loan from Bank		
Share of Joint Venture - Refer Note 40	37.14	16.30
	37.14	16.30

9) TRADE PAYABLES

	As at 31st March, 2014	As at 31st March, 2013
Acceptances	889.94	1,041.69
Trade payables (Refer Note 10)	5,022.88	4,256.98
	5,912.82	5,298.67
Share of Joint Venture - Refer Note 40	52.07	43.07
	5,964.89	5,341.74

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

10) DUES TO MICRO AND SMALL ENTERPRISES

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous years.

11) OTHER CURRENT LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Unpaid dividends	85.18	70.92
Statutory dues (including provident fund and tax deducted at source)	292.58	309.60
Salaries, wages and bonus payable	277.79	191.32
Advance from customers	67.75	47.60
Other payables (VRS, payable for purchase of tangible assets etc.)	210.00	33.93
	933.30	653.37
Share of Joint Venture - Refer Note 40	5.98	5.74
	939.28	659.11

12) SHORT-TERM PROVISIONS

	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)	10.25	9.04
Provision for income tax (net of advance tax)	110.50	372.98
Provision for wealth tax (net of advance tax)	5.74	4.89
Others		
Provision for proposed final dividend (Refer Note 28)	1,622.02	1,297.48
Provision for dividend distribution tax on proposed final dividend	275.75	226.97
Other provisions (including for restructuring etc.) (Refer Note 13)	102.69	76.80
	2,126.95	1,988.16
Share of Joint Venture - Refer Note 40	0.37	0.21
	2,127.32	1,988.37

13) MOVEMENT IN OTHER PROVISIONS (SHORT-TERM AND LONG-TERM), REFER NOTES 7 AND 12

	As at 31st March, 2014	As at 31st March, 2013
Opening Balance	222.44	159.26
Transfer in through acquisition	1.90	-
Provision during the year	81.08	85.14
Amount utilised/ reversed/ reclassified during the year	(12.48)	(21.96)
Balance at the end of the year	292.94	222.44

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

	Gross block				Depreciation				Net block	
	As at 31st March, 2013	Additions	Transfer in through acquisition	Disposals/Transfers	As at 31st March, 2014	Additions	Transfer in through acquisition	Disposals/Transfers	As at 31st March, 2014	As at 31st March, 2013
Land										
- Freehold	76.66	17.28	1.12	(18.76)	76.30	-	-	-	76.23	76.59
- Leasehold	56.48	-	-	(0.01)	56.47	2.86	-	(0.00)	43.42	46.29
Buildings	1,029.82	62.12	44.02	(3.14)	1,132.82	34.38	18.43	(1.08)	845.61	794.34
Plant & equipment	2,715.86	380.23	173.30	(93.85)	3,175.54	221.37	118.68	(79.61)	1,627.87	1,348.43
Furniture & fixtures	94.01	10.79	0.47	(3.55)	101.72	6.43	0.44	(1.96)	55.81	53.01
Vehicles	1.86	-	0.10	(0.41)	1.55	0.01	0.09	(0.41)	0.10	0.10
Office equipment	99.72	7.66	0.98	(4.00)	104.36	10.17	0.93	(3.64)	59.81	47.37
Others	0.01	-	-	-	0.01	-	-	-	-	-
- Railway sidings										
Total	4,074.42	478.08	219.99	(123.72)	4,648.77	275.22	138.57	(86.70)	2,035.38	2,613.39
Share of Joint Venture - Refer Note 40	47.43	3.03	-	(0.09)	50.37	4.60	-	(0.02)	27.55	29.19
Total - March 31, 2014	4,121.85	481.11	219.99	(123.81)	4,699.14	279.82	138.57	(86.72)	2,062.20	2,640.94
Total - March 31, 2013	3,789.36	427.01	-	(94.52)	4,121.85	232.60	-	(62.52)	1,726.53	2,395.32

NOTES :

- Buildings include Rs. 0.01 crores (March 31, 2013 - Rs. 0.02 crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 7.67 crores (March 31, 2013 - Rs. 11.48 crores), acquired on transfer of business/ undertakings are in the process of being transferred in the name of the Group.
- Transfer in through acquisition represents tangible assets of ACPL, which was acquired by the Company during the year (Refer Note 1).
- Disposals/ Transfers include i) Assets held for sale shown under 'Other - Current Assets' (refer Note 25) : Gross block Rs. 3.10 crores (March 31, 2013 - Rs. 30.10 crores), Accumulated depreciation Rs.0.69 crores (March 31, 2013 - Rs. 9.75 crores) and Net book value Rs. 2.41 crores (March 31, 2013 - Rs. 20.35 crores) and ii) Investment Property shown under 'Non-Current Investments' (refer note 16) : Gross block Rs. NIL (March 31, 2013 - Rs. 0.03 crores), Accumulated depreciation Rs. NIL (March 31, 2013 - Rs. NIL) and Net block Rs. NIL (March 31, 2013 - Rs. 0.03 crores).
- Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Group's interest.
- Impairment charge of Rs. 0.68 crores (March 31, 2013 - Rs. NIL) on plant and equipment has been included in depreciation charge as the Group's share of joint venture.

15) INTANGIBLE ASSETS

	Gross block				Amortisation				Net block	
	As at 31st March, 2013	Additions	Transfer in through acquisition	Disposals/Transfers	As at 31st March, 2014	Additions	Transfer in through acquisition	Disposals/Transfers	As at 31st March, 2014	As at 31st March, 2013
Goodwill	6.34	-	-	-	6.34	-	-	-	6.34	-
Brands/Trademarks	159.85	-	-	-	159.85	6.00	-	-	152.35	13.50
Computer Software	129.69	2.69	-	-	132.38	8.68	-	-	115.76	22.61
Total - March 31, 2014	295.88	2.69	-	-	298.57	14.68	-	-	274.45	36.11
Total - March 31, 2013	271.79	24.09	-	-	293.88	17.92	-	-	259.77	36.11

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

16) NON - CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

	As at 31st March, 2014	As at 31st March, 2013
Investment Property (refer Note 14 d)	19.45	20.49
Trade Investments		
Quoted	353.95	356.27
Unquoted	5.90	17.69
Other Investments		
Quoted	0.01	0.01
Unquoted	0.88	0.86
	380.19	395.32
Aggregate amount of quoted investments	353.96	356.28
Market value of quoted investments	408.72	442.62
Aggregate amount of unquoted investments	6.78	18.55
Aggregate amount of investment property	19.45	20.49

17) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2014	As at 31st March, 2013
Deferred tax assets		
Provision for post retirement benefits and other employee benefits	149.55	184.21
Provision for doubtful debts and advances	28.53	35.26
Expenses allowable for tax purposes when paid	115.94	107.53
Depreciation	0.64	0.55
Other timing differences	125.89	98.80
	420.55	426.35
Deferred tax liabilities		
Depreciation	(240.78)	(217.14)
	179.77	209.21
Share of Joint Venture - Refer Note 40	(0.22)	(0.69)
	179.55	208.52

- (a) Taxation adjustments of prior years of Rs. 156.97 crores in the Statement of Profit and Loss are net of deferred tax assets written off amounting to Rs. 18.22 crores in respect of prior period post retirement benefits provision.
- (b) During the year, deferred tax asset relating to ACPL amounting to Rs. 2.22 crores has been written off.
- (c) Deferred tax balances of the Group have been aggregated on a line by line basis for the like items.

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

18) LONG-TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Security deposits		
- Deposits with customs, port trust, excise, and other government authorities	35.27	22.02
- Deposits with others	115.26	108.12
Advance income tax (net of provision for tax)	312.58	263.28
Advance agriculture tax (net of provision for tax)	5.09	5.09
Capital advances	11.49	5.81
Advances recoverable in cash or in kind or for value to be received		
- Considered good	35.95	8.16
- Considered doubtful	50.98	52.15
- Less : Provision for doubtful loans and advances	(50.98)	(52.15)
	515.64	412.48
Share of Joint Venture - Refer Note 40	14.88	9.16
	530.52	421.64

19) OTHER NON-CURRENT ASSETS

	As at 31st March, 2014	As at 31st March, 2013
Long term deposits with original maturity of more than twelve months	0.70	296.85
	0.70	296.85
Share of Joint Venture - Refer Note 40	-	-
	0.70	296.85

20) CURRENT INVESTMENTS (with original maturity between 3 months and 12 months) (At cost or market value, whichever is less)

	As at 31st March, 2014	As at 31st March, 2013
Quoted Investments	2,457.95	1,857.02
	2,457.95	1,857.02
Share of Joint Venture - Refer Note 40	-	-
	2,457.95	1,857.02
Market value of quoted Investments	2,482.54	1,933.91

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

21) INVENTORIES

(At the lower of cost and net realisable value)

	As at 31st March, 2014	As at 31st March, 2013
Raw materials [includes in transit: Rs. 51.25 crores, (March 31,2013: Rs. 22.38 crores)]	949.10	901.23
Packing materials	149.41	149.09
Work-in-progress	338.43	248.00
Finished Goods [(includes in transit: Rs. 51.34 crores, (March 31,2013: Rs. 46.95 crores)]	1,389.88	1,310.72
Stores and spares	81.06	71.64
	2,907.88	2,680.68
Share of Joint Venture - Refer Note 40	31.95	25.29
	2,939.83	2,705.97

Finished goods include stock-in-trade, as both are stocked together

22) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	51.66	40.66
Others	974.61	953.09
Considered Doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	39.45	58.68
Less: Provision for doubtful debts	(39.45)	(58.68)
	1,026.27	993.75
Share of Joint Venture - Refer Note 40	4.82	2.78
	1,031.09	996.53

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

23) CASH AND BANK BALANCES

	As at 31st March, 2014	As at 31st March, 2013
A. Cash and cash equivalents		
Cash on hand	1.71	1.39
Balances with banks		
In current accounts	64.45	66.22
Term deposits with original maturity of less than three months	601.17	365.37
Short term, highly liquid investments		
Treasury bills with original maturity of less than three months	167.67	-
Share of Joint Venture - Refer Note 40	10.31	29.48
Total - (A)	845.31	462.46
B. Other bank balances		
Term deposit with original maturity of more than three months but less than twelve months [including lien and margin money deposits Rs. 2.69 crores, (March 31,2013; Rs. 1.39 crores)]	1,289.16	1,367.31
Long term deposit with maturity of more than three months but less than twelve months from the balance sheet date	296.32	-
Unpaid dividend account	85.18	70.93
Share of Joint Venture - Refer Note 40	0.06	0.01
Total - (B)	1,670.72	1,438.25
Total (A+B)	2,516.03	1,900.71

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

	As at 31st March, 2014	As at 31st March, 2013
Advances recoverable in cash or in kind or for value to be received		
- Considered good	327.95	433.01
- Considered doubtful	-	0.03
- Less : Provision for doubtful loans and advances	-	(0.03)
Others loans and advances		
CENVAT receivable	139.03	100.72
VAT credit receivable	46.55	36.62
	513.53	570.35
Share of Joint Venture - Refer Note 40	20.99	11.63
	534.52	581.98

* Advances recoverable in cash or in kind or for value to be received include Current account balances with group companies and joint venture amounting to Rs. 56.24 crores (March 31, 2013 - Rs. 24.95 crores).

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

25) OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2014	As at 31st March, 2013
Income accrued on investments	7.55	5.60
Income accrued on deposits	58.96	43.94
Tangible assets held for sale (at lower of cost and net realisable value) (Refer Note 14 d)	13.56	23.87
	80.07	73.41
Share of Joint Venture - Refer Note 40	0.02	0.04
	80.09	73.45

26) CONTINGENT LIABILITIES

	As at 31st March, 2014	As at 31st March, 2013
Claims against the Group not acknowledged as debts		
Income tax matters	547.63	473.86
Sales tax matters - Rs. 53.73 crores (March 31,2013 - Rs. 52.18 crores) net of tax	81.39	79.06
Excise duty, service tax and customs duty matters - Rs. 132.99 crores (March 31,2013 - Rs. 93.74 crores) net of tax	201.48	142.01
Other matters including claims related to employees/ ex-employees, property related demands, etc - Rs. 56.37 crores (March 31,2013 - Rs. 56.61 crores) net of tax	85.39	85.76
Share of Joint Venture - Refer Note 40	75.49	39.50
(a) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.		
(b) The Group does not expect any reimbursements in respect of the above contingent liabilities.		
(c) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.		

27) CAPITAL COMMITMENTS

	As at 31st March, 2014	As at 31st March, 2013
Capital Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	110.05	136.56
	110.05	136.56
Share of Joint Venture - Refer Note 40	0.18	2.62
	110.23	139.18

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

28) PROPOSED DIVIDEND

	As at 31st March, 2014	As at 31st March, 2013
The final dividend proposed for the year is as follows:		
On Equity Shares of Re.1 each		
Amount of dividend proposed	1,622.02	1,297.48
Dividend per Equity Share	Rs.7.50	Rs. 6.00

29) REVENUE FROM OPERATIONS

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of products	29,935.21	27,677.67
Other operating revenue		
Income from services rendered to group companies	479.57	506.84
Others (including salon services, export incentives, scrap sales, commission, lease license fee etc.)	214.73	180.00
	30,629.51	28,364.51
Less: Excise Duty [includes share of Joint Venture Rs. 10.22 crores (2012-13 - Rs. 7.08 crores)]	(1,563.41)	(1,483.27)
	29,066.10	26,881.24
Share of Joint Venture including excise duty - Refer Note 40	167.18	122.75
	29,233.28	27,003.99

30) OTHER INCOME

	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest Income		
From bank deposits	222.53	234.73
From others (includes interest on income tax refund)	60.80	42.99
Dividend income		
From current investments	10.38	29.28
From non-current investments	4.49	9.16
Net gain on sale of current investments	259.28	199.24
Miscellaneous income	12.08	14.11
	569.56	529.51
Share of Joint Venture - Refer Note 40	1.42	2.52
	570.98	532.03

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

31) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw materials consumed	9,388.60	8,747.28
Packing material consumed	2,396.68	2,165.51
	11,785.28	10,912.79
Share of Joint Venture - Refer Note 40	104.70	75.03
	11,889.98	10,987.82

Cost of materials is based on derived values

32) PURCHASES OF STOCK - IN - TRADE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Purchases of goods	3,150.06	3,120.23
	3,150.06	3,120.23
Share of Joint Venture - Refer Note 40	1.57	5.03
	3,151.63	3,125.26

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Opening inventories		
Finished goods	1,310.72	1,269.25
Work-in-progress	248.00	253.71
Transfer in by way of acquisition	9.37	
Closing inventories		
Finished goods	(1,389.88)	(1,310.72)
Work-in-progress	(338.43)	(248.00)
Excise duty on increase/ (decrease) of finished goods	(10.83)	5.16
	(171.05)	(30.60)
Share of Joint Venture - Refer Note 40	(1.42)	4.60
	(172.47)	(26.00)

34) EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries, wages, bonus, etc.	1,364.82	1,214.69
Contribution to provident fund and other funds	90.06	83.88
Gratuity	14.22	11.97
Expense on employee stock option schemes	7.00	12.20
Workmen and staff welfare expenses	90.06	82.52
	1,566.16	1,405.26
Share of Joint Venture - Refer Note 40	9.63	7.42
	1,575.79	1,412.68

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

35) FINANCE COSTS

	Year ended 31st March, 2014	Year ended 31st March, 2013
Interest expense on bank overdraft / short-term and long-term borrowings	2.49	0.20
Interest on Income tax	11.82	-
Interest expense on security deposit	24.96	25.09
	39.27	25.29
Share of Joint Venture - Refer Note 40	1.41	0.43
	40.68	25.72

36) DEPRECIATION AND AMORTISATION EXPENSE

	Year ended 31st March, 2014	Year ended 31st March, 2013
Depreciation on tangible assets	275.22	229.90
Amortisation on intangible assets	14.68	17.92
Depreciation on investment property	1.04	0.80
	290.94	248.62
Share of Joint Venture - Refer Note 40	4.60	2.70
	295.54	251.32

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

37) OTHER EXPENSES

	Year ended 31st March, 2014	Year ended 31st March, 2013
Consumption of stores & spares	120.57	124.28
Power, Fuel, Light and Water	362.76	335.94
Processing charges	300.08	306.62
Rent [Refer note (a) below]	205.80	212.69
Repairs to building	13.31	15.51
Repairs to plant and equipment	93.72	87.76
Repairs others	15.19	16.72
Insurance	7.95	7.73
Rates & taxes (excluding income tax)	130.67	123.79
Advertising and sales promotion	3,674.66	3,289.97
Carriage and freight	1,354.65	1,199.11
Provision / (write back) for doubtful debts and advances (net)	(20.43)	7.27
Bad debts / advances written off	22.77	5.50
Travelling and motor car expenses	197.97	191.56
Deficit on fixed assets sold, scrapped, etc. (net)	13.34	14.27
Royalty	543.50	392.30
Miscellaneous expenses [Refer Note (b) below]	946.63	927.30
	7,983.14	7,258.32
Share of Joint Venture - Refer Note 40	63.53	40.59
	8,046.67	7,298.91

- (a) 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.

The group 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 license fee of Rs. 31.03 crores (2012-13 - Rs. 23.13 crores) on such lease is included in other operating revenue [Refer Note 29].

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Not later than one year	30.50	31.03
Later than one year and not later than five years	0.26	30.76

- (b) Miscellaneous expenses includes net foreign exchange loss (i.e. exchange differences on settlement / restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments) Rs. 26.95 crores (2012-13 - Rs. 7.31 crores).

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

38) EXCEPTIONAL ITEMS

	Year ended 31st March, 2014	Year ended 31st March, 2013
i) Profit on disposal of surplus properties	198.37	640.62
ii) Reduction in liability for retirement benefits arising from actuarial assumption changes	50.75	10.39
Total exceptional income (A)	249.12	651.01
iii) Restructuring costs :		
a) Compensation under voluntary separation schemes	-	(18.94)
b) Other costs	(10.38)	(26.35)
Total exceptional expenditure (B)	(10.38)	(45.29)
Exceptional items (net) (A-B)	238.74	605.72
Share of Joint Venture - Refer Note 40	-	-
	238.74	605.72

39) EARNINGS PER SHARE

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Earnings Per Share has been computed as under:		
Profit for the year	3,945.57	3,828.98
Weighted average number of Equity shares outstanding	2,162,558,113	2,161,858,110
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs. 18.24	Rs. 17.71
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	1,321,344	974,637
Weighted average number of Equity shares (including dilutive shares) outstanding	2,163,879,457	2,162,832,747
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs. 18.23	Rs. 17.70

40) SHARE IN JOINT VENTURE

The group has the following investment, in a jointly controlled entity.

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2014	Percentage of ownership interest as at 31st March, 2013
Kimberly - Clark Lever Private Limited	India	50%	50%

The Group's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Group and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

40) SHARE IN JOINT VENTURE (CONTD.)

	As at 31st March, 2014	As at 31st March, 2013
(a) ASSETS		
Tangible assets	27.55	29.19
Capital work-in-progress	1.27	-
Long-term loans and advances	14.88	9.16
Inventories	31.95	25.29
Trade receivables	4.82	2.78
Cash and bank balances	10.37	29.49
Short-term loans and advances	20.99	11.63
Other current assets	0.02	0.04
(b) LIABILITIES		
Shareholders funds	7.63	32.79
Long-term borrowings *	8.44	8.44
Deferred tax liability (net)	0.22	0.69
Long-term provisions	-	0.35
Short term borrowings	37.14	16.30
Trade payables	52.07	43.07
Other current liabilities	5.98	5.74
Short-term provisions	0.37	0.21
* Long-term borrowings representing loan from bank are secured by hypothecation of plant & equipment of the joint venture. This loan will be repaid in one bullet in October, 2015.		
(c) INCOME		
Revenue from operations (net of excise duty)	156.96	115.67
Other incomes	1.42	2.52
(d) EXPENSES		
Cost of materials consumed	104.70	75.03
Purchases of stock-in-trade	1.57	5.03
Changes in inventories of Finished Goods (including stock in trade) and work-in-progress	(1.42)	4.60
Employee benefits expenses	9.63	7.42
Finance costs	1.41	0.43
Depreciation and amortisation expenses	4.60	2.70
Provision for deferred tax	(0.47)	(0.28)
Other expenses	63.53	40.59
(e) OTHER MATTERS		
Contingent liabilities	75.49	39.50
Capital commitments	0.18	2.62

41) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/ restated wherever necessary to conform with this year's classification.

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES

A. Enterprises where control exists

(i) Holding Company : Unilever PLC

B. Other Related Parties with whom the Group had transactions during the year

(i) Fellow Subsidiaries :

- Al Gurg Unilever Llc
- Besan- Besin Sanayi Ve Ticaret A.S.
- Binzagar Lever Limited
- Brooke Bond Assam Estates Limited
- Brooke Bond Group Limited
- Brooke Bond South India Estates Limited
- Conopco, Inc
- Corporativo Unilever De Mexico, S.De R.L. De C.V. (Merged)
- Ebu - Unilever Canada
- Elida Nepal (Pvt) Ltd.
- Glidat Strauss Limited
- Lever International Marine Sup
- Lipton Soft Drinks Ireland Limited
- Mascolo Brothers Limited
- OOO Unilever Rus
- P.T. Unilever Indonesia, Tbk.
- Royal Estates Tea Company
- Tigi Holdings Limited
- Tigi Linea International B.V.
- Tigi Liniea, LP
- Ul Research & Development Vlaa
- Unilever - Istanbul
- Unilever Skin Gdc
- Unilever Algeria
- Unilever Andina Colombia Limited
- Unilever ASCC AG
- Unilever Asia Private Limited
- Unilever Australasia
- Unilever Australia Limited
- Unilever Bangladesh Ltd
- Unilever Brasil Limited
- Unilever Business And Marketing Support AG
- Unilever Canada Inc

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES (CONTD.)

(i) Fellow Subsidiaries (Contd.)

Unilever Canada-Food Solutions
Unilever Caribbean Limited
Unilever Ceylon Limited
Unilever Chile
Unilever China Limited
Unilever Cote D'ivoire
Unilever De Argentina SA
Unilever De Mexico S De RL
Unilever Deutschland Produktions Gmbh & Co. OHG
Unilever Employment Services B.V.
Unilever Europe IT
Unilever Gulf Free Zone Establishment, Arabia
Unilever Hong Kong Limited
Unilever Hpc USA
Unilever Indonesia
Unilever Industries Private Limited
Unilever Iran (Private Joint Stock Company)
Unilever Israel Marketing Limited
Unilever Istanbul
Unilever Italy Holdings Srl
Unilever Japan
Unilever Kenya Limited
Unilever Korea
Unilever Lipton Ceylon Limited
Unilever Maghreb Exports SA, Tunisia
Unilever (Malaysia) Holdings Sdn Bhd
Unilever Market Development
Unilever Mashreq International Company
Unilever Mexico
Unilever Mozambique LDA
Unilever N.V.
Unilever Nigeria Plc.
Unilever Overseas Holdings AG
Unilever Overseas Holdings B.V.
Unilever Pakistan Limited
Unilever Philippines, Inc
Unilever Research and Development Vlaardingen B.V.
Unilever Research Laboratory Port Sunlight
Unilever Sanayi Ve Ticaret Turk A.S

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES (CONTD.)

	Unilever Services (Hefei) Co. Limited
	Unilever Singapore PTE Limited
	Unilever SNG, Russia
	Unilever South Africa (Pty.) Limited
	Unilever South Central Europe S.R.L
	Unilever Sri Lanka Limited
	Unilever Supply Chain Company AG
	Unilever Taiwan Limited
	Unilever Thai Services Limited
	Unilever Thai Trading Limited
	Unilever Trading LLC
	Unilever U.K. Central Resources Limited
	Unilever Uganda Limited
	Unilever UK & CN Holdings Limited
	Unilever United States, Inc.
	Unilever Ventures India Advisory Private Limited
	Unilever Vietnam International Company Limited
	Unilever Zimbabwe (Pvt) Limited
	Walls (China) Co. Limited
(ii) Joint Ventures	: Kimberly Clark Lever Private Limited
(iii) Key Management Personnel	: BP Biddappa (with effect from February 1, 2013)
	Dev Bajpai
	Geetu Verma
	Hemant Bakshi
	Leena Nair (up to January 31, 2013)
	Manish Tiwary
	Nitin Paranjpe (up to October 9, 2013)
	Pradeep Banerjee
	Sanjiv Mehta (with effect from October 1, 2013)
	Sridhar Ramamurthy
(iv) Other (Non Executive Chairman)	: Harish Manwani
(v) Employees' Benefit Plans where there is significant influence	: Hind Lever Gratuity Fund
	The Hind Lever Pension Fund
	The Union Provident Fund
(vi) Controlled Entity (Sec 25. Company)	: Hindustan Unilever Foundation

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2014

		For the year ended 31st March, 2014	For the year ended 31st March, 2013
Holding Company	: Dividend paid	1,089.79	1,311.43
	Royalty expense	537.92	386.22
	Income from services rendered	447.04	487.26
	Outstanding as at the year end :		
	- Trade Payables	104.09	86.67
Fellow Subsidiaries	: Sale of finished goods / raw materials etc.	731.54	701.35
	Rent income	1.10	1.10
	Other recoveries	-	8.09
	Sale of fixed assets	0.28	-
	Expenses shared by fellow subsidiaries	4.35	-
	Income from services rendered	32.53	19.58
	Purchase of finished goods / raw materials etc.	334.98	307.17
	Dividend paid	391.05	561.07
	Royalty expense	5.58	6.08
	Maintenance and support costs for licences and software	4.54	-
	Inter Corporate Loans given during the year	104.15	88.95
	Inter Corporate Loans repaid during the year	105.55	87.55
	Interest income	0.22	0.54
	Outstanding as at the year end:		
- Advances recoverable in cash or kind or for value to be received	180.15	116.15	
- Trade Payables	106.94	106.85	
Joint Venture (to the extent not consolidated)	: Purchase of finished goods / raw materials etc.	184.67	145.91
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	12.54	9.87
Key Management Personnel	: Remuneration	39.91	38.68
	Dividend paid	0.45	0.59
	Consideration received on exercise of options	0.26	0.28
	Purchase of equity shares in Hindustan Unilever Foundation	-	0.01
Other (Non Executive Chairman)	: Dividend paid	0.03	0.04
Employees' Benefit Plans where there is significant influence	: Contributions during the year	64.86	55.08
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	4.06	2.68
Controlled Entity (Sec 25 Company)	: Contribution to foundation	10.23	0.75

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Dividend paid		
Unilever PLC	1,089.79	1,311.43
Royalty expense		
Unilever PLC	537.92	386.22
Income from services rendered		
Unilever PLC	447.04	487.26
Rent income		
Unilever Industries Private Limited	1.10	1.10
Other recoveries		
Unilever Asia Private Limited	-	8.09
Inter Corporate Loans given during the year		
Unilever Industries Private Limited	104.15	88.95
Inter Corporate Loans repaid during the year		
Unilever Industries Private Limited	105.55	87.55
Interest income		
Unilever Industries Private Limited	0.22	0.54
Remuneration		
Nitin Paranjpe	4.56	10.12
Sridhar Ramamurthy	4.83	5.96
Sanjiv Mehta	6.14	-
BP Biddappa	4.99	0.85
Pradeep Banerjee	4.34	4.58
Hemant Bakshi	6.71	5.51
Purchase of equity shares in Hindustan Unilever Foundation		
Nitin Paranjpe	-	0.00
Sridhar Ramamurthy	-	0.00
Maintenance and support costs for licences and software		
Unilever N.V.	0.85	-
Unilever U.K. Central Resources Limited	3.69	-
Contributions during the year		
The Union Provident Fund	39.52	34.85
Hind Lever Gratuity Fund	22.11	17.25
Consideration received on exercise of options		
Pradeep Banerjee	0.14	0.27
Nitin Paranjpe	0.11	0.00
Hemant Bakshi	0.00	0.00
Sridhar Ramamurthy	-	0.00
Leena Nair	-	0.00

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to the financial statements for the year ended 31st March, 2014 (Contd.)

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

42) RELATED PARTY DISCLOSURES (CONTD.)

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

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Advances recoverable in cash or kind or for value to be received		
Unilever Asia Private Limited	34.97	28.06
Unilever Industries Private Limited	39.94	10.73
Unilever Gulf Free Zone Establishment	19.77	12.89
Outstanding as at the year end - Trade Payables		
Unilever PLC	104.09	86.67
Unilever Supply Chain Company AG	40.58	32.88
Unilever Asia Private Limited	31.07	30.40
Sale of finished goods / raw materials etc.		
Unilever Asia Private Limited	152.27	152.44
Unilever Gulf Free Zone Establishment	184.25	206.23
Sale of fixed assets		
Unilever Sri Lanka Limited	0.28	-
Expenses shared by fellow subsidiaries		
Unilever Industries Private Limited	4.35	-
Purchase of finished goods / raw materials etc.		
Kimberly Clark Lever Private Limited	184.67	145.91
Unilever Supply Chain Company AG	158.67	126.26
Unilever Asia Private Limited	160.54	150.95
Contribution to foundation		
Hindustan Unilever Foundation	10.23	0.75

43) SEGMENT INFORMATION for the Year Ended 31st March, 2014

Information about Primary Business Segments

	For the year ended 31st March, 2014			For the year ended 31st March, 2013		
	External	Inter- segment	Total	External	Inter- segment	Total
REVENUE						
Soaps and Detergents	13,683.41	-	13,683.41	12,701.82	-	12,701.82
Personal Products	8,194.36	-	8,194.36	7,522.50	-	7,522.50
Beverages	3,311.86	-	3,311.86	2,974.66	-	2,974.66
Packaged Foods	1,648.30	-	1,648.30	1,505.74	-	1,505.74
Others	2,304.08	-	2,304.08	2,237.88	-	2,237.88
Total Revenue (Refer note 3 to segment information)	29,142.01	-	29,142.01	26,942.60	-	26,942.60

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

43) SEGMENT INFORMATION for the Year Ended 31st March, 2014

Information about Primary Business Segments

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
RESULT		
Soaps and Detergents	1,802.34	1,615.53
Personal Products	2,056.77	1,929.74
Beverages	580.69	474.57
Packaged Foods	61.26	37.02
Others	201.34	166.79
Total Segment	4,702.40	4,223.65
Un-allocated corporate expenses net of un-allocated income	(256.26)	(269.65)
Operating Profit	4,446.14	3,954.00
Finance Costs	(40.68)	(25.72)
Other income	570.98	532.03
Profit before exceptional items and tax	4,976.44	4,460.31
Exceptional items - income / (expenditure) - Segment		
Soaps and Detergents	22.37	1.97
Personal Products	13.26	1.15
Beverages	3.58	(1.84)
Packaged foods	(0.03)	(21.77)
Others	1.19	(5.43)
	40.37	(25.92)
Exceptional items - income / (expenditure) - Unallocated/ Corporate	198.37	631.64
Profit before tax	5,215.18	5,066.03
Taxation for the year		
Current tax	(1,403.44)	(1,241.20)
Deferred tax	(12.97)	(1.39)
Tax adjustments of prior years (net)	156.97	15.93
Profit after tax and before minority interest	3,955.74	3,839.37
Less: Minority Interest	(10.17)	(10.39)
Profit for the year	3,945.57	3,828.98

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

43) SEGMENT INFORMATION for the Year Ended 31st March, 2014 (CONTD.)

Information about Primary Business Segments

Other Information

	Segment Assets		Segment Liabilities	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Soaps and Detergents	3,283.69	2,914.64	(3,382.35)	(2,874.37)
Personal Products	1,412.33	1,434.06	(1,875.46)	(1,717.80)
Beverages	1,083.27	868.92	(735.92)	(610.00)
Packaged foods	612.49	533.87	(438.21)	(358.78)
Others	806.14	718.27	(538.26)	(583.75)
Total	7,197.92	6,469.76	(6,970.20)	(6,144.70)
Unallocated Corporate Assets/ (Liabilities)	6,812.38	5,839.91	(3,480.53)	(3,279.34)
Total Assets/ (Liabilities)	14,010.30	12,309.67	(10,450.73)	(9,424.04)

	Capital Expenditure		Depreciation/Amortisation		Non - Cash Expenses other than Depreciation	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Soaps and Detergents	545.37	103.22	103.27	77.97	22.50	10.95
Personal Products	135.86	131.52	83.12	77.76	14.64	6.40
Beverages	31.91	32.82	13.32	11.14	6.07	2.44
Packaged Foods	43.98	85.38	30.48	20.11	2.95	1.50
Others	39.11	28.81	23.39	20.44	6.77	1.44
Unallocated Corporate Assets/ (Liabilities)	57.74	64.13	41.96	43.90	-	-

Information about Secondary Business Segments

	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
Revenue by Geographical Markets		
India	27,210.45	24,849.19
Outside India	1,931.56	2,093.41
Total	29,142.01	26,942.60
Additions to Tangible and Intangible Fixed Assets		
India	791.86	377.10
Outside India	4.37	4.65
Total	796.23	381.75
Carrying Amount of Segment Assets		
India	7,106.94	6,386.07
Outside India	90.98	83.69
Total	7,197.92	6,469.76

NOTES

to the financial statements for the year ended 31st March, 2014 (Contd.)

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

43) SEGMENT INFORMATION (CONTD.)

NOTES:

1. Business Segments

The Group has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Group is primarily determined by the nature of products and services. Consequently the geographical segment has been considered as a secondary segment. The products included in each of the reported domestic business segments are as follows:

- Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Ayush services, etc.
- Beverages include tea and coffee.
- Packaged foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.) and Frozen desserts.
- Others include Exports, Chemicals, Water business, Infant Care Products etc.

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

In addition, the Group's others segment includes export sale 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 :

	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of products (net of excise duty)	28,538.98	26,317.15
Income from services rendered to group companies	479.57	506.84
Salon services, Export incentives, scrap sales included in other operating income	123.46	118.61
Total	29,142.01	26,942.60

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

INDEPENDENT AUDITORS' REPORT

on the Consolidated Financial Statements of Hindustan Unilever Limited

To the Board of Directors of Hindustan Unilever Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Hindustan Unilever Limited ("the Company") and its subsidiaries, controlled trust and its jointly controlled entity; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

6. 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 the Companies Act, 1956 read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
7. 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 in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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, 2014;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTER

8. 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. 327.51 crores and net assets of Rs. 85.82 crores as at March 31, 2014, total revenue of Rs. 456.15 crores, net profit Rs. 25.68 crores and net cash outflows amounting to Rs. 18.15 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.

For Lovelock & Lewes

Firm Registration Number: 301056E
Chartered Accountants

Pradip Kanakia

Partner
Membership Number: 39985

Mumbai: April 28, 2014

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		
(1)	(2)	(3)	(4)	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 (5))	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company (6)	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) (7)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company (8)
Unilever India Exports Limited	31/3/2014	2,975,000	100%	151.85	50.00	319.01	120.67
Pond's Exports Limited	31/3/2014	19,900,147	100%	3.40	-	(14.84)	-
Aquagel Chemicals Private Limited	31/3/2014	2,005,600	100%	1.92	0.53	-	-
Unilever Nepal Limited							
- Nepalese Rs.	15/07/13 {Ashaad 31,2070}	736,560	80%	64.43	55.93	324.75	288.96
- Indian Rs. [Refer Note (ii)]				40.27	34.95	202.97	180.60
Lakme Lever Private Limited	31/3/2014	20,000,000	100%	(16.27)	-	(59.15)	-
Brooke Bond Real Estates Private Limited	31/3/2014	12,946,000	100%	(1.87)	-	(8.44)	-
Jamnagar Properties Private Limited	31/3/2014	5,000,000	100%	(0.11)	-	(0.74)	-
Daverashola Estates Private Limited	31/3/2014	221,700	100%	-	-	(0.34)	-

Changes in Company's interest in Unilever Nepal Limited between 16th July, 2013 and 31st March, 2014 : Nil

Material changes between 16th July, 2013 and 31st March, 2014 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, Hindlever Trust Limited and Hindustan Unilever Foundation which were non-profit making organisations
ii) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

Sanjiv Mehta	Managing Director and CEO	Sridhar Ramamurthy	Executive Director (Finance & IT) and CFO
Aditya Narayan	Chairman - Audit Committee		
Ritesh Tiwari	Group Controller	Dev Bajpai	Executive Director Legal and Company Secretary

Mumbai : 28th April, 2014

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.

Name of Subsidiary company	(Rs. crores)									
	Issued and sub-scribed share capital	Reserves	Total Assets	Total Liabilities [excl. (2) & (3)]	Investment included in total Assets	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	2.98	350.34	609.35	256.03	0.29	1,030.46	222.02	(70.17)	151.85	-
Pond's Export Limited	1.99	6.18	51.10	42.93	0.01	136.47	5.20	(1.80)	3.40	-
Aquagel Chemicals Private Limited	20.06	7.32	174.14	146.76	-	163.66	7.26	(5.34)	1.92	-
Unilever Nepal Limited										
- Nepalese Rs.	9.20	115.90	341.00	215.90	-	470.23	115.85	(34.49)	81.37	69.97
- Indian Rs.	5.75	72.44	213.13	134.93	-	293.90	72.41	(21.55)	50.85	43.73
Lakme Lever Private Limited	20.00	(75.41)	37.68	93.09	-	81.59	(16.27)	-	(16.27)	-
Brooke Bond Real Estates Private Limited	12.95	(10.30)	18.98	16.33	-	-	(1.87)	-	(1.87)	-
Jamnagar Properties Private Limited	5.00	(0.86)	4.14	-	-	-	(0.11)	-	(0.11)	-
Daverashola Estates Private Limited	0.22	3.96	4.47	0.29	-	-	-	-	-	-
Hindustan Unilever Foundation	0.01	1.00	1.40	0.39	-	-	(0.76)	-	(0.76)	-
Levers Associated Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Levindra Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-
Hindlever Trust Limited	0.05	-	0.05	-	-	-	-	-	-	-

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, 2014

Sanjiv Mehta	Managing Director and CEO	Sridhar Ramamurthy	Executive Director (Finance & IT) and CFO
Aditya Narayan	Chairman - Audit Committee		
Ritesh Tiwari	Group Contoller	Dev Bajpai	Executive Director Legal and Company Secretary

Mumbai : 28th April, 2014

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:

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 (DP) of their choice. Holding securities in demat form helps investors to get immediate transfer of securities, without payment of stamp duty. The Company also offers help to its Members to demat their physical shares. Share certificates of face value of Rs. 10/- are no longer tradeable in the market and will not be accepted by the DPs for demat. Members who still hold Share Certificates with a face value of Rs. 10/- each are therefore requested to forward the same to M/s. Kary Computershare Private Limited (the Registrar), along with a request letter signed by all the holders for exchange of Share Certificate(s). The exchanged Share Certificate(s) of face value of Re. 1/- will help you to demat your shares expeditiously.

Registration of Nomination and NECS Mandate

Members holding shares in physical form are requested to register Nomination in their folio(s) by sending duly completed Nomination Form to the Registrar / Investor Service Department of the Company.

Members who have not registered their NECS Mandate are requested to send their NECS Mandate Form to the Registrar / Investor Service Department of the Company or to their DP, as the case may be. For any change in bank particulars either due to banker having migrated their operations to core banking solutions or merged with another bank, Members are requested to register a fresh NECS Mandate with the revised bank particulars.

Unclaimed Dividend

Members having unclaimed dividends are requested to send their requests to the Registrar / Investor Service Department of the Company for issuance of fresh Demand Drafts. To ensure maximum disbursement of unclaimed dividends, the Company also sends reminders to the relevant Investors, before transfer of dividends to Investor Education and Protection Fund (IEPF).

E-Communication

To receive Company related information and communication promptly, Members are requested to register / update their e-mail addresses with the Company by sending duly completed E-Communication Registration Form, which is available at the end of this Annual Report. Members who hold shares in demat form can request their DP to update the e-mail address in their records. The Companies Act, 2013 and Rules framed thereunder governing e-communication have been notified and the Company shall be sending notice, documents, financial statements, etc. through electronic mode to the Members who have provided their email address to the Company or Depository Participants. Members may send request for hard copy of such notices, documents, financial statements, etc. to the Registrar / Investor Service Department of the Company.

Consolidation of Multiple Folios

Members are requested to consolidate their shareholdings under multiple folios, to save themselves from the burden of receiving multiple communications as also to facilitate one point tracking of all corporate benefits on their shares.

PAN Requirement for Transfer of Shares in Physical Form

SEBI has mandated 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 their PAN card to the Registrar / Investor Service Department of the Company for registration of such transfers. Members / Investors are, therefore, requested to take note of the same and submit their PAN card copy to the Registrar / Investor Service Department of the Company.

General Safeguards

- Please send Share Certificate(s) and high value dividend warrants / cheques / demand drafts by registered post or courier so as to avoid loss of document in transit.
- Exercise due diligence and notify any change in address, stay abroad or demise of any shareholder as soon as possible to the Company or DP, as the case may be.
- Deal only with SEBI registered intermediaries and obtain a valid Contract Note / Confirmation Memo from the broker / sub-broker, within 24 hours of execution of the trade.
- Do not disclose your Folio Nos. / DP ID and Client ID to any unknown person.
- Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown person.
- Do not leave your demat account dormant for long.
- Obtain periodic statement of holdings from the concerned DP and verify the holdings periodically.

For further information on Investor Safeguards, Frequently Asked Questions and Related Forms, please visit the 'Investor Centre' page on the website of the Company www.hul.co.in.

INVESTOR SERVICE DEPARTMENT

Hindustan Unilever Limited
Unilever House, B. D. Sawant Marg
Chakala, Andheri (East)
Mumbai - 400 099.
Phone : +91 - 22 - 39832285 / 32452
Fax : +91 - 22 - 28249457
E-mail : levercare.shareholder@unilever.com
Website : www.hul.co.in

KARVY COMPUTERSHARE PRIVATE LIMITED

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

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
Bank of Baroda
Bank of India
Citibank N.A.
Deutsche Bank
HDFC Bank

Hongkong & Shanghai Banking Corporation
ICICI Bank
Indian Bank
Punjab National Bank
Royal Bank of Scotland
Standard Chartered Bank

State Bank of Hyderabad
State Bank of India
Syndicate Bank
Union Bank of India

PLANT LOCATIONS

NORTHERN REGION

BAROTIWALA

Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA,
Tehsil Kasauli, District Solan - 174 103, Himachal Pradesh

NALAGARH

- Hubbust No. 143, Khasra No. 182 / 183 / 187/1, Village Kiralpur, Near Nalagarh Fire Station, 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, Uttarakhand

RAJPURA

A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab

ETAH

G. T. Road, Etah – 207 001, Uttar Pradesh

ORAI

A-1, UPSIDC Industrial Area, Orai, District, Jalaun - 285 001,
Uttar Pradesh

SUMERPUR

A-1, UPSIDC Industrial Area, Bharua, Sumerpur,
Hamirpur - 210 502, Uttar Pradesh

EASTERN REGION

TINSUKIA

Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37,
Doom Dooma Industrial Estate, District Tinsukia - 786 151,
Assam

HALDIA

PO Durgachak, Haldia - 721 602, Midnapore, 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

PLANT LOCATIONS (CONTD.)**SOUTHERN REGION****BANGALORE**

Suburb Stage-II, Yashwantpur, Bangalore – 560 022, Karnataka

COCHIN

- Ernakulam North PO, Tatapuram, Cochin - 682 014, Kerala
- Edapally, Cochin – 682 024, Kerala

HOSUR

Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 126, Tamilnadu

HYDERABAD

Uppal Kalan, Hyderabad – 500 039, Andhra Pradesh

CHENNAI

C.P.T. Campus, Tharamani, Chennai – 600 113, Tamilnadu

MANGALORE

Sultan Battery Road, Bloor, Mangalore – 575 003, Karnataka

MYSORE

Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka

PONDICHERRY

- Off NH 45A, Vadamangalam, Pondicherry - 605 102
- No. 3, Cuddalore Main Road, Kirumambakkam, Pondicherry – 605 702.

WESTERN REGION**KHAMGAON**

C-9, MIDC, Khamgaon, District Buldhana - 444 303, Maharashtra

CHIDLUN

B-7/17, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra

MUMBAI

Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra

NASIK

Plot No. A-8/9, MIDC, Malegaon, Sinnar - 422 103, Nasik Maharashtra

SILVASSA

- Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230, Dadra and Nagar Havelli
- Survey No.907, Kilwali Road, Amla Village, Near Gandhidham Bus Stop, Silvassa - 396 230, Dadra and Nagar Havelli

GOA

Plot Nos. 128 - 139 & 324 - 326, 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 (East), Mumbai - 400 099



SHAREHOLDERS' SATISFACTION SURVEY 2014

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 at the Registered Office address mentioned above.

You may also fill the survey form online available on the website of the Company at www.hul.co.in/investorrelations/shareholderssatisfactionsurvey/

Thank You,

Dev Bajpai

Executive Director, Legal & Corporate Affairs and Company Secretary

Name : _____
 E-mail ID : _____
 Folio No. / DP ID & Client ID : _____
 Contact No. : _____

In the ratings given below, 5 indicates Excellent, 4 indicates Above Industry Standard, 3 indicates At par with Industry Standard, 2 indicates Needs Improvement and 1 indicates Unsatisfactory.

I. HOW DO YOU RATE THE INFORMATION PROVIDED IN THE ANNUAL REPORT 2012-13 ?

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 ?

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 2014 (Contd.)

In the ratings given below, 5 indicates Excellent, 4 indicates Above Industry Standard, 3 indicates At par with Industry Standard, 2 indicates Needs Improvement and 1 indicates Unsatisfactory.

III. HOW DO YOU RATE THE RECEIPT OF VARIOUS DOCUMENTS ?

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"/>

IV. HOW DO YOU RATE THE INTERACTION WITH INVESTOR SERVICE DEPARTMENT OF HUL ?

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 SERVICES PROVIDED BY KARVY COMPUTERSHARE PRIVATE LIMITED, OUR REGISTRAR & SHARE TRANSFER AGENT ?

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"/>

VI. WHAT IS YOUR OVERALL ASSESSMENT OF INVESTOR SERVICE STANDARDS OF HUL ?

Parameters	5	4	3	2	1
Quality of Service	<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 (East), Mumbai - 400 099

CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

You are aware that the provisions of Companies Act, 2013 have been made effective. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with the Depository.

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 cause of Green Initiative.

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 appended registration form from the website of the Company www.hul.co.in.

Let's be a 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 & Corporate Affairs)
and Company Secretary

E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID and Client ID:

Name of the 1st Registered Holder:

Name of the 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 in electronic form.

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 (East), Mumbai - 400 099

CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

Form No. MGT-11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): _____
Registered address: _____
E-mail ID: _____ Folio No. / DP ID and Client ID: _____

I/We, being the Member(s) of _____ shares of the above named Company, hereby appoint

1. Name: _____ E-mail ID: _____
 Address: _____
 Signature: _____, or failing him/her
2. Name: _____ E-mail ID: _____
 Address: _____
 Signature: _____

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 81st Annual General Meeting of the Company, to be held on Monday, the 30th day of June, 2014 at 2.00 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2014.	<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 : <ul style="list-style-type: none"> • Mr. Harish Manwani • Mr. Pradeep Banerjee 	<input type="checkbox"/>	<input type="checkbox"/>
4.	Appointment of M/s. BSR & Co. LLP, as Statutory Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2015.	<input type="checkbox"/>	<input type="checkbox"/>
5.	Appointment of Mr. Aditya Narayan as an Independent Director of the Company for a term of upto five years.	<input type="checkbox"/>	<input type="checkbox"/>
6.	Appointment of Mr. S. Ramadorai as an Independent Director of the Company for a term of upto five years.	<input type="checkbox"/>	<input type="checkbox"/>
7.	Appointment of Mr. O. P. Bhatt as an Independent Director of the Company for a term of upto five years.	<input type="checkbox"/>	<input type="checkbox"/>
8.	Appointment of Dr. Sanjiv Misra as an Independent Director of the Company for a term of upto five years.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____ 2014.

Signature _____

Affix
Revenue
Stamp

Notes:

- Please put a 'X' in the Box in the appropriate column against the respective resolutions. 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.
- A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
- This form of 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.



Hindustan Unilever Limited

projectSunlight

PROJECT SUNLIGHT: HELPING TO CREATE A BRIGHTER FUTURE

We believe there has never been a better time to create a brighter future for our children. A world where no child goes to bed hungry, where every home has clean drinking water and where preventable diseases become a thing of the past. Project Sunlight brings together the work of our brands to help as many people as possible take small sustainable steps that add up to building a world where everyone lives well and within the natural limits of the planet.

Get involved at:

www.projectsunlight.co.in



Produced by Hindustan Unilever Limited.
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Printed at HT Burda Media Limited.



HINDUSTAN UNILEVER LIMITED

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

CIN : L15140MH1933PLC002030

HUL INVESTOR RELATIONS APP

Scan the code given below to download the
HUL Investor Relations App
for iOS and Android



WWW.HUL.CO.IN