



Hindustan Unilever Limited

Annual Report 2010-11

# Growing Sustainably





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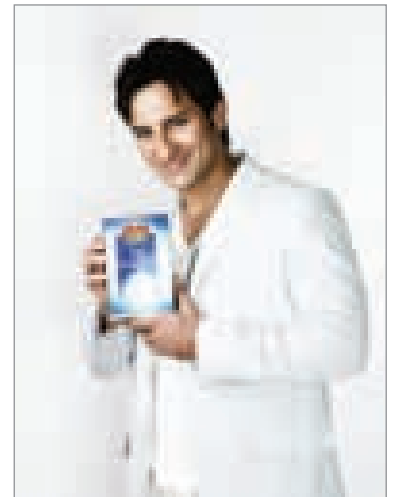
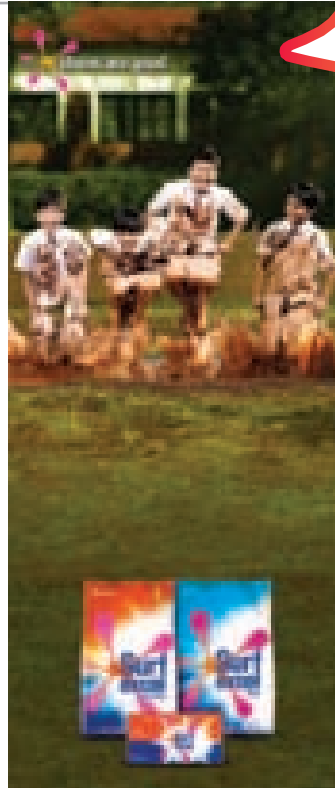
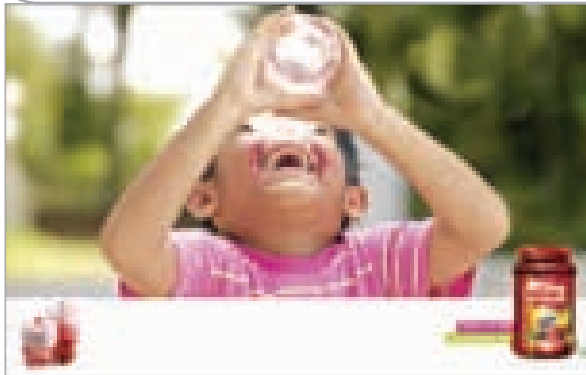
# Our Mission

We work to create a better future every day.

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

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

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

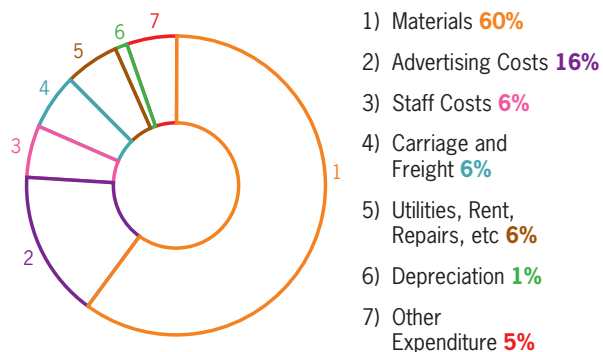








## TOTAL EXPENDITURE



## SEGMENTAL RESULTS \*



\* Excludes unallocated expenditure, Taxation charge & Financial income







# Financial Performance

## 10 year track record

Standalone

Rs. Crores

Profit & Loss Account	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11
Gross Sales*	11,781.30	10,951.61	11,096.02	10,888.38	11,975.53	13,035.06	14,715.10	21,649.51	18,220.27	20,305.54
Other Income	381.79	384.54	459.83	318.83	304.79	354.51	431.53	589.72	349.64	586.04
Interest	(7.74)	(9.18)	(66.76)	(129.98)	(19.19)	(10.73)	(25.50)	(25.32)	(6.98)	(0.24)
Profit Before Taxation @	1,943.37	2,197.12	2,244.95	1,505.32	1,604.47	1,861.68	2,146.33	3,025.12	2,707.07	2,730.18
Profit After Taxation @	1,540.95	1,731.32	1,804.34	1,199.28	1,354.51	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25
Earnings Per Share of Re. 1#	7.46	8.04	8.05	5.44	6.40	8.41	8.73	11.46	10.10	10.58
Dividend Per Share of Re. 1#	5.00	5.16	5.50	5.00	5.00	6.00	9.00	7.50	6.50	6.50

\* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items # Adjusted for bonus

Balance Sheet	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11
Fixed Assets	1,320.06	1,322.34	1,369.47	1,517.56	1,483.53	1,511.01	1,708.14	2,078.84	2,436.07	2,468.24
Investments	1,635.93	2,364.74	2,574.93	2,229.56	2,014.20	2,413.93	1,440.80	332.62	1,264.08	1,260.68
Net Deferred Tax	246.48	269.92	267.44	226.00	220.14	224.55	212.39	254.83	248.82	209.66
Net Current Assets	(75.04)	(239.83)	(368.81)	(409.30)	(1,355.31)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)	(1,304.66)
	<b>3,127.43</b>	<b>3,717.17</b>	<b>3,843.03</b>	<b>3,563.82</b>	<b>2,362.56</b>	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>	<b>2,633.92</b>
Share Capital	220.12	220.12	220.12	220.12	220.12	220.68	217.74	217.99	218.17	215.95
Reserves & Surplus	2,823.57	3,438.75	1,918.60	1,872.59	2,085.50	2,502.81	1,221.49	1,843.52	2,365.35	2,417.97
Loan Funds	83.74	58.30	1,704.31	1,471.11	56.94	72.60	88.53	421.94	-	-
	<b>3,127.43</b>	<b>3,717.17</b>	<b>3,843.03</b>	<b>3,563.82</b>	<b>2,362.56</b>	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>	<b>2,633.92</b>

Segment-wise Sales (%)	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11
Soaps, Detergents & Household Care	40	45	44	45	45	47	47	49	48	46
Personal Products	21	22	24	26	28	29	29	29	30	32
Foods	33	30	29	27	25	22	22	20	20	20
Chemicals, Agri, Fertilisers & Animal Feeds	3	2	2	1	1	1	1	1	0	0
Others	3	1	1	1	1	1	1	1	2	2

Key ratios and EVA	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11
EBIT as % of Sales	14.0	17.6	18.4	13.4	12.3	13.1	13.1	13.1	14.1	12.2
Fixed Assets Turnover (No. of times)	8.9	8.3	8.1	7.2	8.1	8.6	8.6	8.3*	7.5	8.2
PAT / Sales (%)	13.1	15.8	16.3	11.0	11.3	11.8	11.8	11.6	11.5	10.6
Return on Capital Employed (%)	62.4	59.4	60.2	45.9	68.7	67.0	78.0	107.5*	103.7	87.5
Return on Net Worth (%)	53.9	48.4	82.8	57.2	61.1	68.1	80.1	103.6*	88.2	74.0
Economic Value Added (EVA) (Rs Crores)	1080	1236	1429	886	1014	1126	1314	2154	1791	1750

\* Shown on an annualised basis

Others	2001	2002	2003	2004	2005	2006	2007	2008-09 (15 months)	2009-10	2010-11
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	223.65	181.75	204.70	143.50	197.25	216.55	213.90	237.50	238.70	284.60
Market Capitalisation (Rs. Crores)	49,231	40,008	45,059	31,587	43,419	47,788	46,575	51,770	52,077	61,459
Exports (Rs. Crores)**	1,845	1,411	1,416	1,459	1,461	1,369	1,413	1,638	1,066	1,165
Contribution to Exchequer (Rs. Crores)	2,478	2,609	2,999	2,674	2,638	2,813	3,133	4,429	3,704	4,124

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

\*\* Includes exports made by subsidiaries

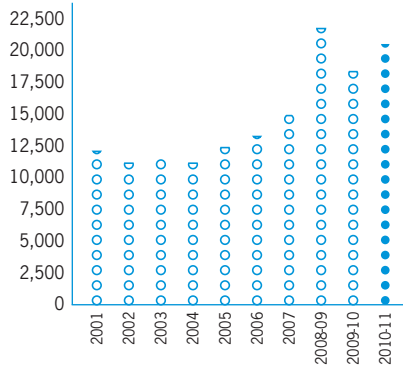




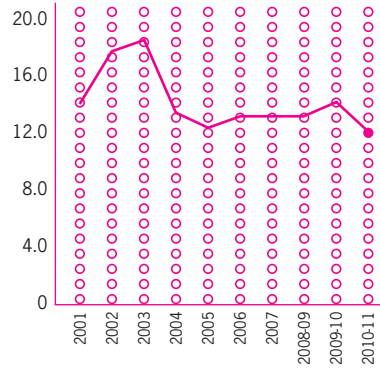
# Performance Trends

## Gross Sales

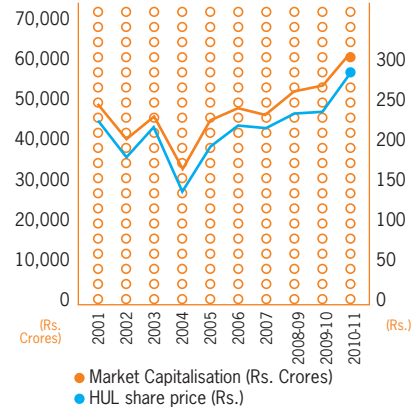
(Rs. Crores)



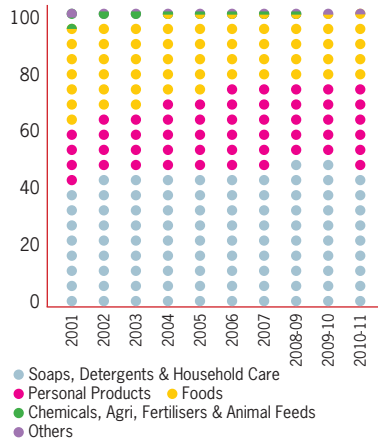
## EBIT as % of Sales



## Market Capitalisation and HUL Share Price

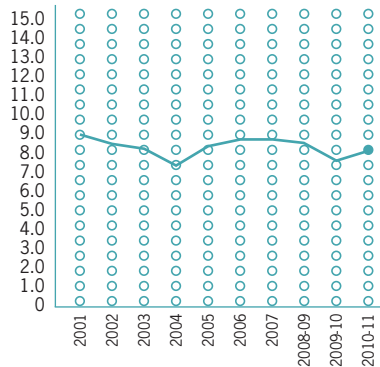


## Segment-wise Sales (%)



## Fixed Assets Turnover

(No. of times)



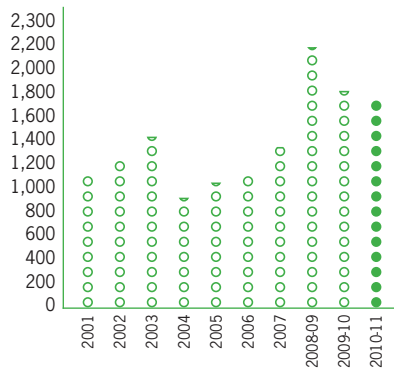
## Exports

(Rs. Crores)



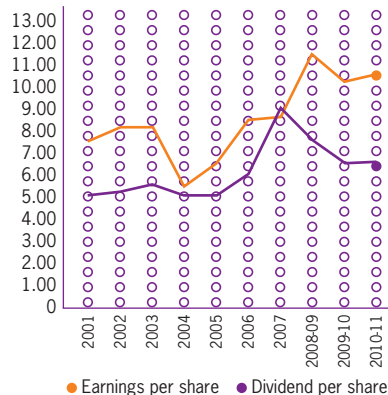
## Economic Value Added (EVA)

(Rs. Crores)



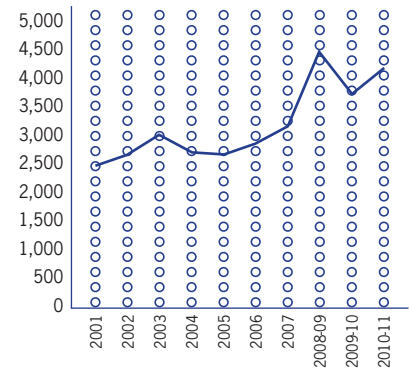
## Earnings & Dividend per Share

(Rs.)



## Contribution to Exchequer

(Rs. Crores)







## Chairman's Letter

Dear Shareholders,

The year 2010-11 has been an eventful and satisfying year for the business. We managed to grow in volumes and strengthen our position in a tough and competitive environment. We ended March 2011 with five consecutive quarters of double-digit volume growth, a feat not achieved in the last 10 years. While we are pleased with our achievements, the business is not complacent. It remains focused on the road ahead – simultaneously addressing the challenges of today while investing in the opportunities of tomorrow.

The current environment presents a host of challenges. Commodity and food inflation appear sticky and GDP growth may moderate in the near term. Competitive pressures will be on the rise as newer entrants seek a slice of India's long term growth potential. None of these challenges are new; they have stayed with us in some form through the last year. Our ability to steer through these conditions and lead the market is reflected in the numbers we delivered.

During the year, the domestic consumer business grew 10.9 per cent driven by a strong 13 per cent volume growth. PBIT margins declined by 190 basis points on account of higher input cost inflation and 60 basis points increase in brand investment. Net Profit increased by 4.7 per cent to Rs. 2306 crore for the full year.

The business saw growth across all segments. The Home and Personal Care business grew by 9.8 per cent with competitive growth in both Laundry and Personal Wash. Personal Products business grew strongly at 15.7 per cent. Growth was broad based across categories with Skin Care delivering a particularly strong performance. The Foods business grew 13.4 per cent. Red Label tea was re-launched and continued to deliver double-digit growth. Our water purifier brand, Pureit, grew strongly and continued to expand its franchise with product offerings across multiple price points. Pureit now protects 4.5 million homes.

Your Company has a strong portfolio of brands straddling the entire consumer pyramid. We are well placed to maximise on the opportunity in a growing market like India. We will continue to strengthen this advantage with excellence in execution, a sharp focus on the needs of our consumers and continuous improvement in our distribution reach.

During 2010-11, we significantly increased our direct retail coverage by adding over 600,000 outlets. This meant tripling our direct coverage in rural India, contributing to 50 per cent of our rural growth. Project Shaktimaan, the second phase of Project Shakti was launched and was a key enabler for this rural expansion.

In addition to expansion of outlets, we also improved the quality of our visibility and the availability of our products. This was called the 'Perfect Stores' programme and we kick-started it with Mission Bushfire, which saw all our employees go out into the market in a focused five-day programme that transformed 14,000 kirana stores across India into 'Perfect Stores'.

13% ↑  
Volume  
growth

9.8% ↑  
Home and Personal Care Business  
↑15.7%  
Personal Products

13.4% ↑  
Foods Business





**4.5 million**  
homes protected by Pureit



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At a time when input costs remain high and price volatility brings added challenges, we will continue to focus on the best value for our consumers and customers through innovations and strong cost efficiency programmes. We see these as key drivers of value creation for our business.

While we manage our business dynamically to deliver consistent and profitable growth, we also recognise that responsible growth is as important. In 2010, Unilever launched the Unilever Sustainable Living Plan globally. The Unilever Sustainable Living Plan seeks to double the size of the Company while reducing its environmental impact. In an increasingly resource-constrained world, this decoupling of growth from the impact on the planet is the model that consumers will ultimately demand.

In addition to halving the overall environmental impact, the Unilever Sustainable Living Plan commits to helping more than a billion people to improve their health and well-being and sourcing 100% of the agriculture-based materials sustainably. We aim to achieve this across the whole value chain, with specific, time-bound commitments and with the active participation of our partners. The Unilever Sustainable Living Plan will help us deliver growth while ensuring security of resources, reducing costs, building sustainability into our brand proposition and will keep us the preferred choice of consumers and customers. Our vision for responsible growth builds on our firm belief that we do well when our interests are aligned with the needs of the society we serve.

People are at the heart of our business. Our deep commitment to people and our ability to offer them exciting opportunities enables us to attract the best talent that gives us the competitive edge. Throughout 2010-11, we strengthened our Employer Brand and continued to retain our number one position with the top business schools we visit. We can hire and retain the best talent because of the value systems we uphold; it is the foundation on which we have built this business.

And as we reach out for the next phase of growth, I look forward to your continued support.

With warm regards,



**Harish Manwani**





## **Winning with Brands and Innovations**



Brands and innovations are the lifeblood of our business. Our success in the market rests on how we deploy these assets. Through our brands we keep pace with changes in consumer lifestyles and aspirations at all income levels. We rely on consumer insight and the use of breakthrough technology to deliver bigger and better innovations into the market faster, supported by the very best marketing.

Our aim is to give consumers an unbeatable product experience. We are investing in our formulations and constantly assessing our product performance in order to drive consumer preference in blind product tests. We're doing this both for our innovations and for our existing mixes.



Some of our key product innovations in 2010-11 have been: Rin detergent powder that now comes with a patented technology that promises better whiteness, Dove Shampoo in superior packaging, Pond's Dreamflower talc in a new fragrance and Brooke Bond Sehatmand, which delivers vitamins in tea.





This year we entered new product categories with the launch of Lakme Skin Lightening Compact, Cif surface cleaners, Sure anti-perspirant deodorant, Fair & Lovely anti-marks eraser pen, the Pond's Gold Radiance range in Home and Personal Care business.

In the Foods business, we entered new categories through offerings such as Kissan Nutrismart in the malted food drinks space, Kissan Soya in the juice and Kissan Creamy Spread in the spread segment. We are also in the process of strengthening our presence in the services business through expansion of Lakmé Beauty Salons and Swirl's ice-cream parlours and have rolled out the BRU world café on a pilot basis.

Great brands are also built by great communications. Connecting emotionally with customers and educating them has often proved to be a game changer. Surf Excel encourages mothers to let their children have fun naturally and spontaneously. Lifebuoy educates consumers in the simple task of hand-washing that can help avoid life threatening diseases. Pepsodent brings back little joys to the task of brushing for kids. Red Label Tea opens a plethora of health benefits for its consumers. We created a special 7 p.m. 'soup time' with Knorr Soups.

Great products, superior innovation and effective marketing are essential for building world-class brands. Throughout our history, we've been at the forefront in developing innovative and impactful ways to build our brands.







## Winning in the Market Place

In 2010-11, we built on our ongoing innovations and activities to drive market development. Outstanding customer service and great in-store execution helped us sustain winning relationships with customers.

We have restructured our front-end selling system through a number of carefully crafted steps. We streamlined the footprint of all our categories to ensure they can all be sold at every store. This streamlining has led to a sharp increase in the distribution of our brands. We also developed a specialist

sales system with dedicated resources for top-end skin care and cosmetic products.

2010-11 saw many new initiatives for distributors. A tool has been developed to evaluate each distributor's performance and reward them accordingly for their achievements. It also gives managers of the Company an avenue to review each distributor's performance, discuss plans for the future with them and help them reap greater benefits.

Next-generation technology deployed in 2010 has yielded significant execution improvement and translated into business benefits in urban markets. The process has been extended to rural markets as well. Besides, the technology is now supported

Over

23000

Shaktimaan in  
villages across India

Streamlined the  
footprint of **all our**  
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Modern Trade continued to be the fastest growing channel in the market and winning in this channel is one of the key priorities for the Company.

with improved back-end analytical models for sharp recommendations and intelligent, scientific and outlet-specific execution tasks that help improve on-shelf availability and hence success at every outlet. The on-shelf availability is supported with extensive merchandising and visibility. The programme has tripled in the scale of operations, is significantly more reliable, well-managed and measurable, thus improving the in-store presence of our products.

In 2010-11, Modern Trade continued to be the fastest growing channel in the market and winning in this channel is one of the key priorities for the Company. The Company has partnered with customers on several important initiatives and worked towards developing and building categories of the future. In addition, execution and driving up on-shelf availability remains a key focus area. These initiatives have resulted in HUL

corporate shares going up in the channel over the last two years and HUL being recognised as the Supplier of the Year by key retailers.

We also embarked on an extremely ambitious project to further increase our distribution, which has also been a key competitive advantage for us. Based on coverage information and extensive data mining, new markets were identified in both urban and rural. In 2010-11, the Company extended its relationship with 'Shakti' and took the initiative to the next level through 'Shaktimaan'. Project 'Shaktimaan' enrolls an unemployed or under-employed male member of a Shakti family to sell our products in the surrounding villages. The initiative enhances two aspects simultaneously – livelihood opportunities of the Shakti family and the quality and depth

of the distribution of HUL products. The outcomes have been tangible and manifold:

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

By the end of 2010, there were more than 23,000 Shaktimaan representatives going to villages across India. Shakti Programme has helped in tripling the rural footprint by reaching out to increased outlets. The project is supported with centralised tracking of stores along with the quality of coverage to deliver sustained sales.





# Winning through Continuous Improvement

Delivering competitive, profitable and sustainable growth requires a mindset of continuous improvement. This means being fast and flexible in the supply chain while keeping end-to-end costs competitive. It also requires us to make the most of our scale and aim for the best return on every rupee spent.

Continuous improvement is key to developing a consumer-led and customer-led, agile value chain. In this value chain, we have always explored opportunities for improving efficiencies in various forms. On an ongoing basis, we continuously raise the bar to remain competitive on all fronts. We have been doing so across our supply chain in the area of procurement, make and deliver, through the following drivers:



## 1

**Leveraging our global scale and knowledge to make our supply chain most competitive. Regular benchmarking with global and local competitors is a key element of this process.**

## 2

**Reduction in inventories and reduced time-to-shelf improves our product freshness and deliver superior consumer value.**



## 3

**Prioritising speed and flexibility in our supply chain to deliver growth.**

## 4

**Driving TPM to continuously reduce business waste and eliminate losses in our supply chain.**







The efficiencies generated from the above initiatives are ploughed back into enhancing our product offerings. We continue to drive our supply chain to deliver top-quality products with world class service, at a competitive cost.

Return on marketing investments (ROMI) is an area where we have stepped up focus in recent times. ROMI is about maximising the effectiveness of our advertising, promotional and trade investments. We are deploying various techniques that allow us to assess all the marketing levers to drive growth and superior yields from marketing investment. The learnings from the past investments are being deployed to improve the effectiveness of future activities. All marketing costs and assumptions are evaluated and savings are derived by stopping non-productive activities or driving better efficiencies on the planned spends.

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## ♥ Winning with People

In 2010-11, we continue to sustain momentum on our key people priorities. Our people agenda comprises of building a robust talent and leadership pipeline which helps the organisation win in the present and the future, build capabilities and engage employees across all levels and foster a high performance culture in the organisation.

A strong employer brand is core to building a robust talent and leadership pipeline. We have this year further improved our employer brand across all top colleges. We have retained our status as a 'Dream Employer' for the second consecutive year and improved our overall rank to be amongst the top two companies across top 'B' schools. Within the organisation, our talent practices have continued to run seamlessly as our talent pipelines are running full and all key metrics have been delivered.

Towards building capabilities, significant transformation has taken place. In 2010, we undertook an elaborate Talent & Organisation Readiness exercise to assess our capabilities not just in the context of our immediate future but from a medium-term perspective as well. This exercise was undertaken to identify our talent and capability priorities in line with the medium term business ambition. Capabilities in the area of Beauty, Foods and Modern Trade (to name a few) have been put on fast track and are the top priority as a part of our learning and capability agenda. A lot of training was delivered through a combination of face-to-face and virtual learning approaches.

Employees registered for over 35,000 e-learning courses. This clearly indicates that our employees have imbibed the spirit of 'learn where you are'.

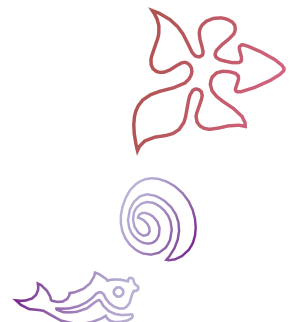
Our capability agenda is limited not just to white collar jobs, as over the last few years significant impetus has been put into building capabilities at the shop floor level, beyond the immediate technical skill building which is usually undertaken. As a result of such focus and drive, 31 workmen and staff have got promoted to the supervisory cadre.

Employee engagement is a business imperative and highly engaged employees deliver exceptionally well. In 2010, we administered the Global People Survey to all 15,000 employees in the organisation (with 99% participation). The results of this survey are encouraging. Employee engagement scores have gone up as have the scores of Leadership, Job Satisfaction, Consumer & Customer centricity and Growth Mindset. These high engagement scores also corroborate with our Industrial Relations trend. In 2010, for the third successive year in a row, we have had a near zero downtime because of IR issues.



Furthermore, 11 productivity linked long term settlements were signed through the process of collective bargaining involving over 2,200 employees.

We have done all this and worked towards making HUL a more performance oriented organisation in line with the spirit of delivering the best.







Our capability agenda is limited not just to white collar jobs, as over the last few years significant impetus has been put into building capabilities at the shop floor level.







## Unilever Sustainable Living Plan

We have ambitious plans to grow the Company. But we recognise that growth at any cost is not viable. We have to develop new ways of doing business which will decouple our growth from our environmental impact while increasing the positive social benefits arising from our activities simultaneously. The Unilever Sustainable Living Plan, launched globally in 2010 by our parent company Unilever, is the blueprint for doing this.

It is not a new concept for Unilever and for its operations in India. We have long been working on our impact on society and the environment. One example is our work to improve the nutritional quality of our products. Nutrition Enhancement Programme was a cross-category benchmark developed by Unilever Food & Health Research Institute, based on international dietary guidelines. HUL introduced this programme across key food brands in India to reduce the levels of unhealthy ingredients such as trans-fat, saturated fat, salt, and sugar.

Another example is the progress HUL has made in reducing CO<sub>2</sub> emissions from energy and water in the factories. Measured per tonne of production, since 2004 we have achieved reductions of 29% in CO<sub>2</sub> from energy and 36% in our use of water in 2010.

The Unilever Sustainable Living Plan brings together all the work Unilever has been doing globally and at the same time sets many new global targets to enable it to achieve its growth ambitions sustainably. The plan sets out over 50 social, economic and environmental global targets and three big goals for Unilever to achieve by 2020 globally. The global targets are

wide ranging and take into account impact across the value chain.

### The Unilever Sustainable Living Plan's three outcomes

The Unilever Sustainable Living Plan will result in three significant outcomes by 2020 globally:

- Help more than a billion people take action to improve their health and well-being.
- Halve the environmental impact of the making and use of Unilever products.
- Enhance the livelihoods of thousands of people in Unilever's supply chain.

### Why are we doing it?

The Unilever Sustainable Living Plan is the right thing to do for people and the environment. But it is also right for Unilever: the business case for integrating sustainability into our brands is clear and persuasive.

- A growing number of consumers want reassurance that the products they buy are sustainably sourced and protect the earth's natural resources.
- Many retailers have sustainability goals of their own and need the support of suppliers like Unilever if they are to achieve them. This collaboration



## Changing behaviour, saving lives

Lifebuoy soap is one of the largest selling soap brands in India. Lifebuoy was introduced to make hygiene affordable to the majority of people. A clinical trial has shown that using Lifebuoy at key hygiene occasions can reduce diarrhoeal disease by **25%** among children aged five. By 2010 Lifebuoy has reached **124.7 million people** through its Lifebuoy Swasthya Chetna campaign to spread awareness on germ protection in villages in India.

is broadening and deepening the relationships we have with our customers.

- Sustainability is a fertile area for product and packaging innovation. It is allowing us to deliver new products with new consumer benefits.
- Over half of Unilever's global sales are in developing countries including India, the very places which face the greatest sustainability challenges – deforestation, water scarcity and poor sanitation. These countries represent major growth markets for Unilever, so if Unilever can develop products today that help people adapt to the changing environment of tomorrow, it will help Unilever grow faster in future.
- Managing our business sustainably not only generates cost savings, it can also save consumers money.





## Progress on commitments

We published our commitments for 2015 in our first sustainable development report for 2009. We have made steady progress in the first year and are happy to share an update on those commitments below.

	EXECUTION ENABLERS	STRATEGIC ACTIONS	ACTIVITIES	GOAL 2015	PROGRESS IN 2010	RESPONSIBILITY GOVERNING COUNCIL MEMBER
Grow markets responsibly	Product brands	Our brands will lead as agents of change	Reduce environmental impact through our brands  Drive hygiene for a healthy India Lifebuoy soap will create awareness about hygiene Pureit water filter will protect Indian families with safe drinking water  Help consumers make a healthy choice through nutritional labeling programme	To eliminate PVC from our brand packaging  To cover 150 million Indians cumulatively  2/3rd of our foods & beverages portfolio to be 'Healthy choice' certified (as per 2007 benchmarks)	On track to achieve the target where technical solutions exist. We have moved to non PVC options in most categories and SKUs. Working with suppliers to identify novel technology solutions  Reached 124.7 million people till 2010 through Lifebuoy Swasthya Chetna campaign to spread awareness on germ protection in villages  Pureit protects more than 20 million people in India  Bulk of our F&B brands confirm to 'Healthy Choice' as per 2007 benchmarks. We are working on projects to meet 2009 benchmarks as well	Leadership Team, Home & Personal Care  Leadership Team, Foods
	Employees	Develop employees as change agents for sustainable growth	Strengthen 'Rural stint' programme for all new recruits wherein they will deliver constructive social projects Encourage employee volunteering	All business leadership trainees  50% of employees	In 2010, 97% of our trainees did rural projects. The balance will go in July/August 2011  Our employees contributed more than 78000 hours in volunteering activities in 2010	Leadership Team, HR (Employee Relations)
	Processes (Sales)	Shaping the sustainability agenda by leveraging partnerships	Engage with modern trade on sustainability  Scale up Shakti Entrepreneurs and increase their earnings	Endeavour to drive the sustainability agenda with key modern trade partners  Extend the Shakti programme to 75,000 entrepreneurs and work towards improving their earnings	Implemented activities with two key modern trade customers on hygiene awareness and donations in 2010  Shakti Entrepreneur program will be strengthened with the Shaktimaan project. In 2010 we had 45000 Shakti entrepreneurs	Leadership Team, Customer Development
Ensure sustainable practices at HUL	Brand HUL	Leadership in sustainable sourcing of agri-based products.	Sustainably source key agri-based raw materials like tea, tomato, palm oil as per Unilever goals and plans	Over 50% of tomatoes sourced from India will be from sustainable sources Purchase all palm oil from certified sustainable sources Purchase all tea for our Lipton tea bags from certified sustainable sources	In 2010, 50% of tomatoes sourced from India were from sustainable sources In 2010, 30% of Palm oil was covered through RSPO certificates globally 12% of tea sourced from India is from sustainable sources. By 2010, 44 tea estates were Rainforest Alliance certified in India	Leadership Team, Supply Management
	Employees	Promote sustainable practices at HUL	Drive workplace safety for our employees and sensitise manufacturing business partners on the same  Create awareness of human rights amongst all employees	All HUL and manufacturing business partner units  100% employees including workmen	Reinforced Minimum Mandatory Standards on safety for third party units  Implemented Company wide programme with focus on Human rights in 2010. Also an online training module with focus on human rights was mandated for managers	Environment & Safety Head  Leadership Team, Legal
	Processes (Manufacturing)	Reduce environmental impact of our operations and extend the principles with our business partners	Reduce CO2 from energy  Implement rainwater harvesting in our own sites	Above 25% reduction of CO2 from energy by 2012 in our own factories on per tonne basis against 2004 baseline  In all our own factories where it has the potential to yield results	Reduced CO2 from energy by 29% in 2010 on per tonne basis against 2004 baseline  Rainwater harvesting has been implemented in more than 50% of our own units by 2010 exit	Environment & Safety Head
Responsible leadership	Brand HUL	Conserve water in Indian villages	We will endeavour to harvest rainwater and build awareness and capability on water conservation	Conserve 20 billion litres of water	We have initiated projects in 2010 to conserve more than 50 billion litres of water by 2015	Corporate Responsibility Head
	Future leaders and employees	Build responsible leadership	Enable and encourage social business entrepreneurship through strategic volunteering of employees and mentorship	Support social entrepreneurship programmes in academia	Lever Citizen Action Group proposal approved and will be launched in 2011	Leadership Team HR (Talent development)
	Process (Communication and Engagement)	Engage and communicate with stakeholders in a responsible manner	Communicate sustainability agenda transparently	Institute an external stakeholder panel for HUL	We released our first sustainability report in 2010. We have also formed our foundation through which we will engage with external stakeholders on water conservation	Corporate Responsibility Head





## Board of Directors







1. **Mr. Harish Manwani**  
Chairman
2. **Mr. Nitin Paranjpe**  
Managing Director and  
Chief Executive Officer
3. **Mr. Sridhar Ramamurthy**  
Executive Director, Finance & IT  
and Chief Financial Officer
4. **Mr. D. S. Parekh**  
Independent Director
5. **Mr. A. Narayan**  
Independent Director
6. **Mr. S. Ramadorai**  
Independent Director
7. **Dr. R. A. Mashelkar**  
Independent Director
8. **Mr. Gopal Vittal**  
Executive Director,  
Home & Personal Care
9. **Mr. Pradeep Banerjee**  
Executive Director, Supply Chain





## Management Committee



**Mr. Nitin Paranjpe**  
Managing Director and  
Chief Executive Officer



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



**Mr. Gopal Vittal**  
Executive Director,  
Home & Personal Care



**Mr. Shrijeet Mishra**  
Executive Director, Foods



**Ms. Leena Nair**  
Executive Director,  
Human Resources



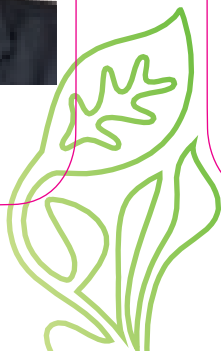
**Mr. Pradeep Banerjee**  
Executive Director,  
Supply Chain



**Mr. Hemant Bakshi**  
Executive Director,  
Sales and Customer Development



**Mr. Dev Bajpai**  
Executive Director,  
Legal and Company Secretary





## Notice of the Annual General Meeting

Notice is hereby given that the 78th Annual General Meeting of Hindustan Unilever Limited will be held on Thursday, 28th July, 2011 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020, to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31st March, 2011, 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, 2011.
3. To elect and appoint Directors in place of the Directors retiring by rotation.
4. To appoint M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2012.
4. In accordance with the Articles of Association of the Company, all Directors (except Mr. Nitin Paranjpe, who has been elected as the Managing Director for a term of 5 years effective from 4th April, 2008), retire every year and, if eligible, offer themselves for re-appointment at the Annual General Meeting. The relevant details of Directors seeking re-appointment under item no. 3 above, are provided at page no. 23 to 27 of this Report.
5. Members holding shares in demat/electronic form are hereby informed that bank particulars registered with their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in demat/electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 12th July, 2011 to Wednesday, 27th July, 2011 (both days inclusive). The book closure date has been fixed in consultation with the Stock Exchanges.
3. The final dividend for the financial year ended 31st March, 2011 as recommended by the Board, if approved at the meeting, will be paid on or after Monday, 1st August, 2011 to those Members whose names appear in the Company's Register of Members as on the book closure dates.
6. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts immediately. Members holding shares in physical form are requested to advise any change of address immediately to M/s. Karvy Computershare Private Limited/ Investors Service Department of the Company.
7. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. **Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this report (also available on our website [www.hul.co.in](http://www.hul.co.in)), with M/s. Karvy Computershare Private Limited / Investors Service Department of the Company.** The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.





Even after registering for E-Communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.

**8. Members are requested to share their valuable feedback by filling 'Shareholders' Satisfaction Survey' given at the end of this report and send it back in the Postage Prepaid Envelope enclosed to this Annual Report. This will help to improve Shareholders' Service Standards of the Company.**

9. Members are requested to note that dividends not encashed/ claimed within seven years from the date of declaration of dividend will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

The status of the dividends remaining unclaimed/ unpaid with the respective due dates of transfer to IEPF is provided at page no. 58 of this Report. Members are requested to contact M/s. Karvy Computershare Private Limited/Investors Service Department of the Company for encashing the unclaimed dividend standing to the credit of their account.

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

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

By Order of the Board

Dev Bajpai  
Executive Director - Legal  
and Company Secretary

9th May, 2011





## Profile of Directors

### and other Directorships

**Mr. Harish Manwani (57)** assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005. He is also President - Asia & Africa, Central & Eastern Europe and a member of the Unilever Executive (UEX).

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

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care and Oral Care Categories and in early 2001, he was appointed as President - Home & Personal Care (HPC), Latin America Business Group. He has also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed President and CEO of the HPC North America Business Group, and in April 2005, was elevated to the Unilever Executive as the President - Asia & Africa. In 2008, Mr. Manwani received the CNBC Asia Business Leader of the Year Award.

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

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

#### Directorship in other Companies

Indian School of Business  
ING Groep NV  
Citigroup India Advisory Board

#### Membership / Chairmanship of Board Committees in other Companies

NIL

**Mr. Nitin Paranjpe (48)** joined the Company as a Management Trainee in 1987. In his early years in the Company, Mr. Paranjpe worked as Area Sales Manager - Detergents and then Product Manager - Detergents. In April 1996, he became the Branch Manager - Chennai and in February 1999 he was appointed as a member of the Project Millennium Team. In 2000, he moved to Unilever London, and was involved in a review of the organisation structure. During 2001, he was an Executive Assistant to the Chairman and Executive Committee in Unilever London.

On his return to India in 2002, Mr. Paranjpe became the Category Head - Fabric Wash and Regional Brand Director (Asia) for several Laundry and Household Cleaning (HHC) Brands. In 2004, he

became Vice President - Home Care (Laundry & HHC) India, responsible for the Home Care business. He was appointed as the Executive Director for the Home & Personal Care business in March 2006.

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

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

#### Directorship in other Companies

Kimberly Clark Lever Private Limited  
Bombay Chamber of Commerce & Industry  
Breach Candy Hospital Trust  
Hindustan Unilever Vitality Foundation  
Bhavishya Alliance Child Nutrition Initiatives

#### Membership / Chairmanship of Board Committees in other Companies

NIL

**Mr. Sridhar Ramamurthy (46)** joined the Company in 1989 and worked in a number of finance and commercial roles in India till December 2002 spanning Internal Audit, Factory Commercial, Post-acquisition Integration of TOMCO with HLL, Supply Chain and Corporate Accounts.

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

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

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

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





#### Directorship in other Companies

Unilever India Exports Limited  
Pond's Exports Limited  
Hindustan Unilever Vitality Foundation

#### Membership / Chairmanship of Board Committees in other Companies

Pond's Exports Limited  
*Audit Committee - Chairman*

**Mr. D. S. Parekh (66)** is the Chairman of Housing Development Finance Corporation Limited. Mr. Parekh has also worked with Grindlays and Chase Manhattan before joining HDFC. Mr. Parekh is a recipient of the Padma Bhushan for his contributions to the national economy and public policy. Indian Industry, Government, International organisations and Media have also honoured him with several awards including Forbes-India person of the year 2010 as 'Institution Builder', Most Inspiring Business Leader Award by NDTV Profit 2010 and Outstanding Business Leader of the year 2008 by CNBC. Internationally, he has been pronounced as the first international recipient of the Institute of Chartered Accountants in England and Wales' Outstanding Achievement Award – 2010. The Republic of France, in 2010, conferred the honour 'Knight in the Order of the Legion of Honour', one of the highest distinction by French Republic. In 2008, he was recognised amongst the 'Stars of Asia' by Business Week and has been listed amongst the top 25 most influential people in business and finance across Asia - Pacific by Asiamoney.

Mr. Parekh is widely consulted by the Government of India on a range of issues of national importance and has been a member of various Government appointed Advisory Committees and Task Forces which include housing, financial services, capital markets and infrastructure sector reforms.

Mr. Parekh is a Commerce Graduate and holds an FCA degree from England and Wales. Mr. Parekh joined the Board of the Company as Independent Director in May 1997. He is the Chairman of the Audit Committee of the Company.

#### Directorship in other Companies

Housing Development Finance Corporation Limited  
Infrastructure Development Finance Company Limited  
GlaxoSmithKline Pharmaceuticals Limited  
HDFC Asset Management Company Limited  
HDFC ERGO General Insurance Company Limited  
HDFC Standard Life Insurance Company Limited

#### Directorship in other Companies (Contd.)

Siemens Limited  
Mahindra & Mahindra Limited  
Hindustan Oil Exploration Company Limited  
Castrol India Limited  
The Indian Hotels Company Limited  
Borax Morarji Limited  
Zodiac Clothing Company Limited  
Bharat Bijlee Limited  
Exide Industries Limited  
Airport Authority of India  
Lafarge India Private Limited  
WNS Global Services Private Limited

#### Membership / Chairmanship of Board Committees in other Companies

Infrastructure Development Finance Company Limited  
*Remuneration Committee - Member*  
GlaxoSmithKline Pharmaceuticals Limited  
*Audit Committee - Chairman*  
*Investors/Shareholders Grievance Committee - Chairman*  
Siemens Limited  
*Audit Committee - Member*  
*Remuneration Committee - Member*  
Mahindra & Mahindra Limited  
*Audit Committee - Chairman*  
Castrol India Limited  
*Audit Committee - Chairman*  
The Indian Hotels Company Limited  
*Audit Committee - Member*

**Mr. A. Narayan (59)** began his career as a Management Trainee with ICI India Limited (now AkzoNobel India Limited) in 1973. He grew through diverse functions and businesses including a role as a Corporate Planning Manager at ICI Group HQ in London. He served as the Managing Director of ICI India during 1996-2003 and then as its Non-Executive Chairman over 2003-2010. He also served as the President & 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 Chairman of the Shareholders/Investors Grievance Committee and the Remuneration Committee and a member of the Audit Committee.

#### Directorship in other Companies

Mahle Filter Systems (India) Limited  
LIC Nomura Mutual Fund Asset Management Company Limited

#### Membership / Chairmanship of Board Committees in other Companies

Mahle Filter Systems (India) Limited  
*Audit Committee - Chairman*

LIC Nomura Mutual Fund Asset Management Company Limited  
*Audit Committee - Member*

**Mr. S. Ramadorai (66)** is the Vice - Chairman of Tata Consultancy Services Limited. Mr. Ramadorai was conferred the esteemed Padma Bhushan by the President of India in recognition of his contributions to IT industry of the Country. In 2008, Mr. Ramadorai was recognised as the 'International CEO of the Year' at the 14th Annual LT Bravo Business Awards and the 'Asia Talent Management of the Year' at CNBC's 7th Asia Business Leader Award. In April 2009, Mr. Ramadorai was awarded the CBE (Commander of the Order of the British Empire) by Her Majesty Queen Elizabeth II for his contribution to the Indo-British economic relations. In 2011, Mr. Ramadorai has been appointed as the Advisor to the Prime Minister in the National Skill Development Council in the rank of Cabinet Minister.

Mr. Ramadorai's academic credentials include a Bachelor's degree in Physics from Delhi University, a Bachelor of Engineering degree in Electronics and Telecommunications from Indian Institute of Science, Bangalore and a Masters Degree in Computer Science from the University of California, USA. Mr. Ramadorai attended the MIT Sloan School of Management's highly acclaimed Senior Executive Development Program 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 Remuneration Committee of the Company.

#### Directorship in other Companies

Tata Industries Limited  
Tata Elxsi Limited  
Tata Technologies Limited  
CMC Limited

#### Directorship in other Companies (Contd.)

Piramal Healthcare Limited  
Tata Consultancy Services Limited  
Tata America International Corporation  
Tata Teleservices (Maharashtra) Limited  
Computational Research Laboratories Limited  
Tata Communications Limited  
Tata Advanced Systems Limited  
Bombay Stock Exchange Limited  
Asian Paints Limited  
IKP Investment Management Company Private Limited  
Tata Communications International Pte. Limited  
ACCION Technical Advisors India

#### Membership / Chairmanship of Board Committees in other Companies

Tata Consultancy Services Limited  
*Ethics and Compliance Committee – Member*  
*Executive Committee - Member*  
*Shareholders/Investors Grievance Committee – Member*  
*Remuneration Committee - Member*  
*Risk Management Committee - Member*

Tata Industries Limited  
*Remuneration Committee - Member*

Tata Technologies Limited  
*Audit Committee - Chairman*  
*Compensation and Remuneration Committee - Chairman*

CMC Limited  
*Executive Committee – Chairman*  
*Governance Committee – Member*

Piramal Healthcare Limited  
*Nomination Committee - Member*  
*Remuneration Committee - Member*

Tata Elxsi Limited  
*Audit Committee – Member*  
*Remuneration Committee – Member*  
*Nomination Committee – Member*  
*Executive Committee – Chairman*

Tata Teleservices (Maharashtra) Limited  
*Audit Committee – Member*  
*Executive Committee – Member*  
*Ethics and Compliance Committee– Member*





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

Computational Research Laboratories Limited

*Audit Committee – Chairman*

*Remuneration Committee – Member*

Tata Advanced Systems Limited

*Remuneration Committee – Chairman*

*Audit Committee – Chairman*

Bombay Stock Exchange Limited

*Audit Committee – Member*

*Share Allotment & Shareholders/Investors Grievance Committee – Chairman*

*HR & Remuneration Committee – Chairman*

*Compensation Committee – Member*

*Ethics Committee – Member*

*Surveillance Committee – Member*

*Defaulters' Committee – Member*

Tata Communications International Pte. Limited

*Compensation Committee - Chairman*

**Dr. R. A. Mashelkar (68)**, CSIR Bhatnagar Fellow, is presently also the President of Global Research Alliance, a network of publicly funded R&D institutes from Asia - Pacific, Europe and USA. He served as the Director General of Council of Scientific and Industrial Research (CSIR) for over eleven years. He was also the President of Indian National Science Academy and the Institution of Chemical Engineers (UK). Dr. Mashelkar is only the third Indian engineer to have been elected as the Fellow of Royal Society (FRS), London in the twentieth century. He is the first Indian to have been elected as the Foreign Fellow of Australian Technological Science and Engineering Academy.

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

Dr. Mashelkar has won over 50 awards and medals in the field of science and technology and was honoured by the President of India with the Padma Shri (1991) and with the

Padma Bhushan (2000), in recognition of his contribution to nation building. He has also won the 'Punyabhushan Award' at the hands of the legendary Dr. A. P. J. Abdul Kalam.

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

### Directorship in other Companies

ICICI Knowledge Park

Reliance Industries Limited

Tata Motors Limited

Thermax India Limited

Piramal Lifesciences Limited

KPIT Cummins Infosystems Limited

Sakal Papers Limited

Reliance Gene Medix PLC

IKP Centre for Technologies in Public Health

Vyome Bioscience Private Limited

### Membership / Chairmanship of Board Committees in other Companies

Tata Motors Limited

*Audit Committee – Member*

KPIT Cummins Infosystems Limited

*Remuneration Committee – Member*

Reliance Industries Limited

*Audit Committee – Member*

Piramal Lifesciences Limited

*Remuneration Committee – Member*

Vyome Bioscience Private Limited

*Scientific Advisory Board – Chairman*

**Mr. Gopal Vittal (44)** has 21 years experience in Marketing & Sales in the FMCG market, including Skin Care, Soaps and Laundry. He has worked both in India and Asia for Unilever for over 18 years. Mr. Vittal has also served as the Marketing Director at Bharti Airtel, leading the Marketing and Distribution strategy for the group. He rejoined the Company in July 2008 as the Executive Director for Home & Personal Care business.

Mr. Vittal is an alumnus of Madras Christian College and has completed his MBA from IIM, Kolkata.





#### Directorship in other Companies

Kimberly Clark Lever Private Limited  
The Advertising Standards Council of India (ASCI)  
Indian Soap & Toiletry Makers Association (ISTMA)  
St. Jude India Childcare Centres

#### Membership / Chairmanship of Board Committees in other Companies

NIL

**Mr. Pradeep Banerjee (52)** 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 and 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's Degree in Engineering (Chemical) from IIT Delhi.

#### Directorship in other Companies

NIL

#### Membership / Chairmanship of the Committees of the Board of Directors

NIL

### DIRECTORS' INTEREST

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

Name of the Director	No. of Shares	% Holding
Harish Manwani	22,130	0.0010
Nitin Paranjpe	51,631	0.0024
Sridhar Ramamurthy	2,610	0.0001
D. S. Parekh	38,250	0.0018
Aditya Narayan	NIL	NA
S. Ramadorai	35	0.0000
R. A. Mashelkar	NIL	NA
Gopal Vittal	9,405	0.0004
Pradeep Banerjee	10,787	0.0005





# **Directors' Report** And Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 78th Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2011.

## 1. FINANCIAL PERFORMANCE (STANDALONE)

### 1.1 Results

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Turnover, net of excise	19,401.11	17,523.80
Profit before tax	2,730.18	2,707.07
Net profit	2,305.97	2,202.03
Dividend (including tax on distributed profits)	(1641.96)	(1,655.97)
Transfer to General Reserve	(230.60)	(220.20)
Profit & Loss Account balance carried forward	1235.60	802.19

### 1.2 Category wise Turnover

Rs. Crores

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Sales	Others*	Sales	Others*
Soaps and Detergents	8,683.88	107.68	8,180.29	85.35
Personal Products	5,750.68	93.42	4,969.36	78.54
Beverages	2,309.23	34.74	2,119.44	22.99
Processed Foods	890.33	12.24	713.97	16.81
Ice creams	271.95	2.63	228.94	2.06
Exports	1093.12	6.53	1000.15	5.10
Others	401.92	36.11	315.50	31.22
Less: Inter segment revenue	—	—	(3.85)	—
<b>Total</b>	<b>19,401.11</b>	<b>293.35</b>	<b>17,523.80</b>	<b>242.07</b>

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



### 1.3 Summarised Profit and Loss Account

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Net sales</b>	19,401.11	17,523.80
Other operational income	334.09	201.53
<b>Total</b>	<b>19,735.20</b>	<b>17,725.33</b>
Operating Costs and expenses	<b>(17,035.90)</b>	<b>(14,975.36)</b>
<b>PBDIT</b>	2,699.30	2,749.97
Depreciation	(220.83)	(184.03)
<b>PBIT</b>	<b>2,478.47</b>	<b>2,565.94</b>
Interest Income (net)	251.71	141.13
<b>PBT</b>	<b>2,730.18</b>	<b>2,707.07</b>
Taxation	(576.93)	(604.39)
<b>PAT (before exceptional items)</b>	<b>2153.25</b>	<b>2,102.68</b>
Exceptional/Extraordinary items (net of tax)	152.72	99.35
<b>Net profit</b>	<b>2,305.97</b>	<b>2,202.03</b>
<b>Basic EPS (Rs.)</b>	<b>10.58</b>	<b>10.10</b>

## 2. DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs.3.50 per equity share of the face value of Re.1/- for the year ended 31st March, 2011. The interim dividend of Rs.3.00 per equity share was paid on 15th November, 2010.

The final dividend, subject to approval at the AGM on 28th July, 2011, will be paid to the shareholders whose names appear in the Register of Members as on the date of book closure i.e. from Tuesday, 12th July, 2011 to Wednesday, 27th July, 2011 (inclusive of both dates).

The total dividend for the financial year including the proposed final dividend amounts to Rs. 6.50 per equity share and will absorb Rs. 1,641.80 Crores including Dividend Distribution Tax of Rs. 231.34 Crores.

## 3. BUY-BACK OF EQUITY SHARES

The Board of Directors in their meeting held on 11th June, 2010 approved the buy-back of Company's fully paid-up equity shares of Re. 1/- each, at a price not exceeding Rs. 280/- per equity share, up to an aggregate maximum amount of Rs. 630 Crores, i.e. within the limit of 25% of the total paid-up equity share capital and free reserves of the Company as on 31st March, 2010. The approval of the shareholders for the buy-back was obtained through postal ballot, the results of which were declared on 26th July, 2010.

The buy-back was made out of free reserves and the share premium account of the Company through open market purchases through

the Bombay Stock Exchange Limited and National Stock Exchange of India Limited using their nationwide electronic trading facilities, as per the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998. The buy-back offer was open from 23rd August, 2010 to 28th March, 2011.

The cumulative number of Equity Shares bought back under the scheme is 2,28,83,204 equity shares for a total consideration of Rs. 625.30 Crores, at an average price of Rs. 273.26 per share. The paid-up capital of the Company after the extinguishment of shares bought back under the scheme stood at Rs. 215.94 Crores comprising of 2,15,94,36,598 equity shares of Re.1/- each.

## 4. RESPONSIBILITY STATEMENT

The Directors confirm that:

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





provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

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

## 5. MANAGEMENT DISCUSSION AND ANALYSIS

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

### 5.1 Economy and Markets

The world economy continues to face challenges on the road to sustained recovery, including the recent developments in the Middle East. In the context of the slow recovery in the developed markets, the focus of the world is on the developing and emerging economies, including India. According to the Economic Survey of the Government of India (2010-11), the Indian economy has recovered considerably and rapidly from the slowdown caused by the Global Financial Crisis in 2007-09. India was not as affected as some of the matured economies, owing to a robust regulatory system and a domestic demand driven economy. After a dip in 2008-09 with a lower GDP growth rate of 6.7%, the economy registered a V-shaped recovery, witnessing 8% growth (Quick Estimates) in 2009-10 and then 8.6% growth (Advanced Estimates) in 2010-11.

The economy experienced a more balanced and positive growth in 2010-11, aided by a solid recovery in agriculture and continued good performance of industry and services. There has, however, been a deceleration in industrial growth in the second half of the year and a further deceleration in the last quarter of 2010-11. This sluggishness is a matter of concern.

The inflation rate measured in terms of year-on-year change in the WPI is 8.31% for February 2011, compared to 8.23% in January 2011. This increase is attributed to a surge in the prices of non-food items, despite a moderation in the inflation of primary articles, particularly due to a decline in prices of food articles and minerals. In fact, inflation for non-food articles increased from 23.9% in January 2011 to 29.8% in February 2011.

The price of crude oil, which was hovering below USD 80 per barrel till September 2010, skyrocketed to over USD 100 per barrel in March 2011, and is expected to remain volatile.

The FMCG markets in India grew in low double digits during the last quarter of 2010-11. As the price increases take effect,

mix of growth is being shifted from volume driven growth to balanced growth, driven by both price and volume. The competitive environment remains intense in the FMCG market. Input cost inflation continues to be high and volatile, despite recent corrections in crude and palm oil.

Your Company's performance for the year 2010-11 has to be viewed in the context of the aforesaid economic and market environment.

### Performance of Businesses and Categories

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

### 5.2 Home & Personal Care Business (HPC)

The HPC business consists of Fabric Wash, Household Care, Personal Wash and Personal Care which includes categories like toothpaste, shampoo, skin care, deodorants and colour cosmetics. During the year, the HPC business saw double digit volume growth and a value growth of 9.8%.

The opportunity for growth in India continues to be immense across all HPC categories and your Company believes that market development is critical for sustained growth. The year was a landmark in terms of market development. In addition, there was acceleration in innovation, with almost 35% of turnover coming through innovations. As a result, growth was broad-based across core categories as well as new categories. This growth was delivered in the face of significantly enhanced competitive intensity, with marketing and trade investments also being maintained at competitive levels throughout the year.

Rural markets present a tremendous growth opportunity considering relatively lower penetration in these markets. Your Company rolled out one of the most ambitious cross-category rural marketing efforts through 'Khushiyan Ki Doli' programme which touched almost 25 million consumers.

Volatile and rapidly changing commodity markets posed a major challenge in the latter half of 2010, where both vegetable oil and crude oil prices increased significantly. The impact of cost inflation was felt in inputs such as Palm oil, laundry chemicals, packaging and freight cost. The business was managed dynamically with increased frequency of cost and pricing review, and aggressive cost saving programmes, which helped to minimise price impact.

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





### 5.2.1 Soaps and Detergents

While there was strong volume growth in the Soaps and Detergents category, value grew by 6.1% due to price corrections taken in laundry business in the early part of 2010.

Fabric wash recorded its highest volume growth on the back of brand innovations (*Wheel*) and a significant strengthening of *Rin*. The category witnessed significant competitive action and your Company has responded strongly to defend and grow its market share in this critical portfolio. Particularly satisfying was the acceleration of *Rin* growth, a brand that plays in the crucial mid-market segment of the detergents market, which is poised to grow strongly as India becomes more affluent. During the year, the Company rolled out *Comfort*, the fabric conditioner, following its successful test market in the South.

Margins were under pressure due to rising input cost prices, and price increases were initiated in the latter part of the financial year. The Company's cost-effective programmes delivered exceptionally well to neutralise part of the impact.

Your Company will continue to focus on laundry driving innovation and relevant communication, even as costs are controlled across the value chain.

Household products recorded double digit volume growth during the period. *Vim* bar continues to perform well. *Domex* continued on its journey to provide better and germ free toilets to the Indian consumer. During the year, the Company launched *OK* bar in parts of India, where the penetration of dish wash bars is low.

Personal Wash category recorded good growth during the year. This was driven through innovations across the portfolio (Re-launch of *Lifebuoy* and *Hamam*, launch of *Lux* variants) backed by strong micro marketing and market development. Through strong use of market mix modeling and focus on cost-effectiveness, the Company was able to grow the category, despite stiff competition and volatile commodity costs. As a result, growth was broad-based across every segment of the category. Vegetable oil prices, which had dropped to extremely low levels in 2009, began rising in 2010 and increased steeply towards the end of 2010. During the period of falling commodity prices, your Company had passed on the lower vegetable oil prices as extra fill in the form of consumer promotion and higher grammage packs. However, towards the end of 2010, with the increase in

material costs, these were discontinued, in line with the approach followed by rest of the industry.

### 5.2.2 Personal Products

Personal Products categories comprise Hair Care, Skin Care, Oral Care, Deodorants and Colour cosmetics. The Personal Products category grew by 15.7% during the year.

Hair Care continues to be an attractive category with high volume growth, driven through increased consumption and value growth through premiumisation. Your Company had a strong year, strengthening its position by gaining share across shampoos and conditioners. *Dove* led the premiumisation agenda with a comprehensive re-stage in the second half of the year. The brand continues to be the fastest growing brand in the category, thus gaining rapid market share. *Clinic Plus* strengthened its leadership position and continued to be the largest Shampoo brand in the category. The re-positioning of the brand on the platform of being ideal for strong and long hair platform has been received well for the brand. *Sunsilk* continued to grow with superior product quality and packaging backed by the distinctive proposition of 'co-created by experts'. Your Company continued its focus on market development by investing strongly behind the nascent but emerging high potential hair conditioners segment, thus driving aggressive growth.

The Skin Care category holds very strong potential as the country becomes more affluent. In this context, the category delivered strong double digit growth, led by a very powerful innovation programme and strong market development efforts. *Fair & Lovely* continued to grow well on the back of a re-launch of the brand. *Pond's White Beauty* continued its strong growth momentum in the year, growing well ahead of the market. *Vaseline* successfully entered many new Skin Care categories during the year including Skin creams, Male grooming, Premium jelly and Lip formats, apart from strengthening its core body lotions portfolio. *Pond's Talcum Powder* was re-launched in February 2011 and received good response.

Your Company embarked on a plan to accelerate Oral Care business growth and the planned actions were put into market during the financial year. *Pepsodent Germ Kill* credentials were further strengthened with the launch of a focused and engaging '*Pappu & Pappa*' campaign. *Closeup* continued to build its freshness credentials and grew in line with the market. The toothbrush market has witnessed intense competition during the year and your Company has put in place robust actions to compete in this fast growing market.





With key launches of 2010 continuing to perform as per business plans, the Colour Cosmetics category witnessed stable growth during the year. Some of the key forays have been the re-launch of *Elle 18* in the youth space and entry of *Lakmé* into the largest skin sub segment – 'Fairness' with the launch of *Perfect Radiance* Skin Lightening Compact and Foundation, combining skin benefit with fairness.

Deodorants business continued to witness growth. During the year, your Company strengthened its position in anti-perspirants category with the launch of *Sure* brand both in roll-on and aerosol spray format. Your Company continued to drive new innovations across *Dove* and *Axe* led by 'Go Fresh' range of *Dove* and launch of *Axe Musicstar* Campaign. Your Company has leveraged digital media to build over a million fans for *Axe* on Facebook and has leveraged gaming and viral campaigns to drive high levels of interaction between the target audience and the brand. The category has significant potential for growth in future. Your Company is now poised to capitalise in this emerging category with its portfolio of *Axe*, *Dove* and *Sure*.

#### **Kimberly Clark Lever Private Limited (KCLL)**

KCLL is a Joint Venture between your Company and Kimberly-Clark Corporation, USA. The Infant Care business continued to grow strongly and registered high double-digit growth in the year. New packs were introduced across the portfolio as the business focused on driving affordability and building acceptability in this category. On Feminine Care, the joint venture is focused on building an innovation pipeline, aligned to its long-term strategic ambition for this category.

### **5.3 Foods**

The Foods portfolio of your Company comprises Beverages (Tea and Coffee), Processed Foods (*Kissan*, *Knorr* and *Annapurna* range of products), Ice Creams and Bakery products (Modern Foods).

The Foods business has delivered strong double-digit growth across the portfolio during the year. Consumer and Customer needs have been translated into many relevant and successful innovations in beverages, ice creams and packaged foods segments. Your Company has continued its focus on micro-marketing initiatives in core categories to increase consumption and penetration. Packaged food represents a significant consumer and business opportunity, given changing demographic profiles, rapid urbanisation, dramatic shifts in income pyramid and need for products with health benefits. This segment is being developed through products,

which combine taste and nutrition and also provide cooking convenience.

Your Company has proactively managed multiple challenges, which include:

- ✿ High competitive intensity from MNC, National as well as local players in many categories; your Company has responded through increased brand investments and value-enhancing innovations.
- ✿ Significant food inflation across the spectrum leading to market slowdown and downtrading; your Company has countered this challenge through consumer-centric value packs, judicious price increases and aggressive cost saving programmes.

#### **5.3.1 Processed Foods**

*Kissan* continues to remain one of the most trusted brands among Indian consumers. All the categories under *Kissan* registered strong growths. By the end of the year, *Kissan* achieved volume leadership in the Ketchups category by participating in multiple benefit and price segments.

*Kissan* also forayed into new market segments in three big categories and the initial response from the consumers is encouraging. Your Company has launched *Kissan Fruit & Soya*, a delicious blend of fruit juice and soya milk, which enjoys a differentiated proposition in this market. The brand has also entered into the Indian (non-sweet) spreads market with the launch of *Kissan Creamy Spread* across key towns. *Kissan Nutrismart* has also been launched in Tamil Nadu and Andhra Pradesh as a test market.

Your Company maintained its value leadership in the soups segment through *Knorr*. The segment has registered impressive growth in the year, backed by an increase in volume share across all the regions. *Knorr* soups continued its objective of positioning itself as a healthy evening snack to drive soup drinking habit and thus lead market growth and category expansion.

*Knorr Soupy Noodles* has been the highlight of the Packaged Foods business in 2010-11. The All India launch of this mix was completed in 2010 and the product has received good response from consumers across all the markets. Your Company will continue to invest in this category and focus on consumer relevant innovations in future.

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





Your Company continued its focus on institutional sales of the foods products to restaurants, hotel chains etc. Although nascent, the business is progressing well by leveraging the supply chain and product development capabilities of the Foods Division.

### **Bakery (Modern Foods)**

Bakery (bread and cakes) sustained its growth momentum and continued to deliver strong underlying profits from enhanced scale and better operational efficiencies. The new products (Chapati and Cream Rolls), launched during the year, were well received in the market place.

### **5.3.2 Beverages**

The market witnessed downtrading in Tea segment and the overall growth in the discounted segment of the market is becoming larger. Notwithstanding such a competitive context, the business has witnessed strong turnover growth, while maintaining satisfactory volumes. Commodity inflation continues unabated in the Tea segment, driven by both local as well as international factors. During the year, Coffee prices have also increased significantly (at 14 year high) and are rising further. Spiraling costs continued to exert pressure on margins, which were mitigated through pricing and supply chain cost savings.

In Tea, given the faster growth of the discount segment within the market, a strong participation at the bottom end of the pyramid was undertaken through *Brooke Bond Sehatmand* and *Ruby*. *3 Roses* continued to perform exceptionally well and has demonstrated significant growth, strengthening its competitiveness in southern part of India. *Red Label* grew in volumes very strongly throughout the year. Both *3 Roses* and *Red Label* were re-launched with a new proposition of health benefits from flavonoid in tea.

*Taj Mahal* grew well in the premium end and also registered good growth in the tea bags segments. The consumption of tea bags was encouraged through media campaigns and a large sampling initiative carried out with leading airlines. *Taaza* sales picked up after a slow start with robust growth in the latter part of the year.

Despite commodity price pressure, your Company was able to register strong volume growth in Coffee. In Instant Coffee segment, *Bru* had a new thematic campaign on 'Discover something new' over conversations and coffee. This was backed by strong media campaigns and trade activation programmes. *Bru Lite* was introduced in few markets and the initial response has been encouraging. In conventional coffee, your Company has achieved good volume growth.

The ensuing year is expected to be very challenging for coffee business given the commodity price pressures. Your Company will take pro-active steps towards ensuring sustained growth.

The out-of-home business continues to have high growth potential and has made very good progress during the year. Investments are being stepped up in the business and the Company will be expanding the business into new geographies.

### **5.3.3 Ice Creams**

The Kwaliti Walls business has had another good year, continuing its consistent growth trajectory. The three key platforms – *Cornetto*, *Paddle Pop* and *Selection Take Home Tubs*, which are popular with youth, children and families respectively – continued to drive growth for the category. *Cornetto Double Chocolate*, the mid price *Cornetto* launched this year, has been extremely well received by consumers. *Cornetto* also launched *Cornetto Luv Reels*, India's first internet and mobile based, crowd sourced movie talent hunt. The campaign has been voted amongst India's most successful Internet campaigns across all categories, winning three awards at the prestigious Goa Advertising Festival. In *Paddle Pop*, where it is critical to have a portfolio across all kid-friendly price points, your Company had four very successful launches - *Fun Mango*, *Strawberry Jelly Kick*, *Rainbow Punch* and *Twister Ninja*. *Paddle Pop Gaming League*, has become amongst the largest gaming leagues for children in the world. Your Company also launched two popular flavours in the premium *Selection range* - *Black Forest* and *Dutch Choco Nut* – continuing to strengthen the theme of the family weekend moment as an occasion for ice cream consumption.

Your Company is also expanding the *Swirl's* parlours, a well loved concept of creating and enjoying personalised ice cream. There were over 130 functional *Swirl's* parlours at the end of the year.

During the year, input costs have put a significant pressure on profitability. The robust and well rounded portfolio across Impulse and take-home packs, strong innovations and well known brands have helped the business to take prudent price increases and manage its profitability in an inflationary environment. Availability and visibility being the most important drivers of growth for the category, investments continue to be made to enhance availability through more freezer deployment, and using information technology and analytics to drive better asset utilisation.





#### 5.4 Exports Business

The exports business continued to focus on growth of profitable turnover during the year. Despite a sluggish recovery in most overseas markets, turnover grew by 9.3%. A robust value analysis and cost savings programme enabled improve margins, thereby driving profit growth ahead of turnover growth. The business maintained high levels of customer service and product quality, and rationalised working capital levels, thereby improving cash generation.

The Home & Personal Care segment witnessed an outstanding year driven primarily by Skin Care and Hair Care categories. The Pears business continued its excellent growth after its re-launch last year while sales of *Lakmé* nearly doubled, albeit on a small base.

The Foods & Beverages segment witnessed an excellent year. The flagship Tea bags category grew with strong sales to Australia and Japan. Instant Tea also recorded a significant growth, riding on higher sales to Europe. Sales of Instant Coffee were steady, with tough market conditions in Russia. Profits for the overall segment grew significantly, with export incentives being extended to conventional Tea, Instant Tea and recently Instant Coffee.

The Marine exports segment reported a positive contribution in a year, which saw both significant appreciation of the Rupee against the Euro and increasing raw material prices. The Rice business also reported profits, despite lower turnover caused by sluggish demand in Gulf markets.

To fully exploit the opportunity in export markets and to provide necessary focus, flexibility and speed to the business, the Board of Directors has decided to demerge FMCG exports business of the Company into its wholly owned subsidiary Unilever India Exports Limited (UIEL). Your Company will continue to provide the necessary support to UIEL to drive the growth of exports business. The Demerger of the FMCG Exports Business shall be subject to necessary approvals of Shareholders, Statutory Authorities and Hon'ble High Court.

##### **Leather (Pond's Exports Limited)**

The Leather business performed well to maintain operating profitability, despite severe pressures on margins, consequent to a strong appreciation of the Rupee against the Euro for most part of the year. Turnover grew, riding on excellent customer service and flexibility to service small orders.

#### 5.5 Water

*Pureit* is a unique in-home drinking water purification system that offers protection to children and families from waterborne diseases. *Pureit* has a special Germ Kill Kit that removes

harmful viruses, bacteria and parasites to give drinking water that is 'as safe as boiled water'. Most notably, *Pureit* complies with 'virus kill' and 'bacteria kill' criteria of the Environmental Protection Agency (EPA), the regulatory agency in the USA. Leading national and international medical, scientific and public health institutions have tested *Pureit's* performance. *Pureit* provides this high level of protection without the need for boiling and without electricity or continuous tap water supply. It also has an 'End-of-life' indicator and an 'Auto shut-off' system, which further ensures water safety for consumers.

In line with *Pureit's* mission of protecting lives from waterborne diseases, the product was launched nationally in 2008 at a very affordable price. In January 2010, your Company achieved another milestone in its mission of making safe drinking water available to every Indian with the launch of *Pureit* Compact at a price of just Rs. 1,000. This has now enabled your Company to help safeguard lives in the segment of society with lower purchasing power, where the incidence of waterborne diseases is the highest. During the course of the year, *Pureit* highlighted its safe water credentials with a communication campaign highlighting the fact that *Pureit* is the only purifier that can kill one crore viruses in a litre of water, without needing electricity, pressurised water, and with an auto shut-off safety system. Also during the year, your Company launched a new model, *Pureit* *Marvella*. This is being marketed as India's first fully automatic purifier, as consumers do not need to start, stop, fill or wait to pour water out of it. These initiatives have led to sustained turnover growth with improved margins, in line with business plans.

*Pureit* has already protected more than four million homes across India in just three years of its national launch. During this period, *Pureit* has received multiple awards, which reflect the high regard in which the brand is held by the scientific community and by the public at large. Key amongst these are the prestigious British Government Award for Consumer Product Innovation, the Golden Peacock Award and the Product of the Year Award.

#### 5.6 Hindustan Unilever Network

Your Company has accelerated the process of re-engineering the business from a mass market to a Premium Personal Care and Health Care Channel. In line with this strategy, the business has started inducting right profile business partners (who are capable of buying and selling premium products) into the business and launched new innovations which serve to differentiate the business in the premium Beauty & Wellness space, such as *Aviance Perfect Radiance* Beauty Capsules and Serums. This re-engineering should help in driving the top-line in a profitable manner, going forward.





### 5.7 Beauty & Wellness

Lakme Lever Private Limited (LLPL), a wholly owned subsidiary of HUL, expanded the network of *Lakmé Beauty Salons* during the year with the opening of 11 Company owned and managed salons, along with 18 franchisee salons. The expansion was focused on metros as well as tier I cities which offer a substantial potential for expert beauty services. Based on lessons learnt during the year, the business is now poised for an accelerated expansion in the coming year. In order to ensure adequate supply of quality talent of hairdressers and beauticians to meet its growth ambition, LLPL has entered into an agreement with Pivot Point, USA, a world leader in beauty education, to set up training academies.

## 6. CUSTOMER MANAGEMENT

The year 2010-11 has been a landmark in terms of customer management initiatives. During the year, your Company restructured the front-end selling system. The process commenced at the beginning of 2010 and has been fully executed through a number of carefully crafted steps by the end of the year. This helped streamline the footprint for the entire portfolio ensuring that all categories (excluding Colour Cosmetics) can be sold in every store that is on coverage and has led to a sharp increase in distribution for our brands, especially in Food and in niche categories.

Building further on customer initiatives, your Company launched Customer Differentiation Tool that measures a customer's performance on sales and execution parameters aligned to business objectives and reward them accordingly. This also provides a framework for the Company's personnel to review each customer's performance in a transparent manner, discuss future plans and guide them to perform better in the market place. The CEO personally felicitated the top 100 customers at a special function.

The next-generation technology deployed last year has improved execution significantly and translated into business benefits in urban markets. This capability has, therefore, been extended to rural markets as well. This technology is now supported with improved back-end analytical models for sharp recommendations and intelligent, scientific and outlet-specific execution that help improve on-shelf availability and hence 'throughputs' per outlet. The on-shelf availability was supported with an extensive merchandising and visibility programme. The programme has tripled the scale of operations, and is significantly more reliable, well-managed and measurable, thus improving the in-store presence of your Company's products.

Apart from investing in infrastructure and setting up cutting-edge processes, your Company had also embarked on an enormous coverage expansion project, in rural and urban businesses. With

the help of geo-spatial analysis, potential markets were identified. The coverage expansion was well-supported by the required infrastructure and the project exceeded its ambition. The urban coverage was increased by 20%, while the rural coverage was tripled. Today, your Company has more than 1.5 million outlets under direct coverage, doubling the coverage in the last two years.

### 6.1 Project Shakti

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

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

By the end of 2010, there were more than 23,000 *Shaktimaan*, and the *Shakti* programme had spread to an astounding 5,00,000 outlets, adding another dimension to your Company's distribution and contributing to tripling the rural footprint.

## 7. SUPPLY CHAIN

Your Company has made further progress in creating value by delivering world-class service to our customers and superior quality products to our consumers in a responsive, cost competitive and sustainable manner. Supply Chain service levels as measured by CCFOT (Customer Case Fill on Time) were maintained at the high levels ensuring product availability. 'Speed' is the new currency and was strongly driven through SAP based IT solutions for logistics, planning and distribution. To improve customer centricity, the team is driving cost propositions for every category and product and has re-designed Sales and Operation Planning Process (S&OP) to drive a cross-functional and collaborative model aimed at delivering continuous improvement.

The factories have enhanced TPM (Total Productivity Management) capabilities and shown positive momentum and continuous improvement on the journey of manufacturing excellence. 'Throughput' from existing assets has been improved through the use of TPM techniques, thus reducing costs. Your Company has developed long-term manufacturing strategy and a capacity





augmentation plan aligned to the business growth. All capacity creation projects were completed on schedule with flawless ramp-up and smooth delivery during the year. The success of 'LeverCare' has enabled a world-class consumer connect system to help consumers reach the Company, and equally to help our brands reach out to consumers.

During the year, the Supply Chain team worked on a strong Cost Effectiveness Programme to deliver savings throughout the supply chain, by various means including identification of further opportunities for waste elimination. This has facilitated the business to achieve a significant cost reduction (around 6% of supply chain costs), the highest ever in the recent past.

The energy conservation measures across all manufacturing sites have helped to reduce specific energy consumption. In addition, sustainable alternative routes of Bio-fuels are being introduced. This has also helped reduce energy costs and carbon emissions. Your Company is committed to a new strategic approach that incorporates sustainability as an integral part of the business and a long-term plan has been drawn up for the purpose. The buying function of the Company has focused on reducing lead time, procurement cost and developing reliability in the supply of RM and PM by fully leveraging benefits of scale and synergy through Unilever's global buying network.

## 8. RESEARCH, DEVELOPMENT AND INNOVATIONS

The R&D Centre started in Mumbai in 1958 by your Company, continues to produce a stream of high value technologies which differentiate our brands with strong consumer propositions. The R&D Centre has now undergone significant expansion with more than 700 highly qualified scientists and technologists working at the R&D laboratories in Mumbai and Bangalore. The R&D programme in India is strongly aligned with Unilever's global R&D priorities and geared towards delivering bigger, better and faster innovations with a robust pipeline of radically new technologies with innovative consumer propositions in Health and Hygiene, Laundry, Skin Care, Water Purification, Tea, Ice Cream and Naturals segments.

On the back of strong R&D initiatives, a number of new products were launched successfully in the market in 2010-11. In Skin Care, *Vaseline Men* range with moisturising and skin lightening benefits was launched with distinctive packaging and formats. *Pond's Gold Radiance* range and *Lakmé Perfect Radiance* range of skin care products were introduced during the year. *Dove* and *Sunsilk* hair conditioners were launched to meet the needs of different segments of the market for hair care. *Lifebuoy* soap and *Close-Up* toothpaste were re-launched with new, distinctive benefits. During the year, *Rin* powder was re-launched with shading dye

technology. *Surf* and *Wheel* range of detergents were re-launched with improved product propositions. New designs of *Pureit* were developed by the R&D to cater to needs of consumers at different segments. Variants of *Pureit* were launched for the mass market and premium consumers.

Foods R&D made significant contribution in 2010 to the Company's Foods & Beverages portfolio by delivering several innovations to the market. Among them was *Knorr Soupy Noodles*, which is not just a unique product with a differentiated taste, but also meets the healthy choice guidelines laid down by Choices International. The Foods R&D team continues to support the Company's vitality mission by providing a scientific and technological framework, leading to the launch of healthy beverages, such as *Brooke Bond Sehatmand* - a fortified tea for consumers at the bottom of the pyramid with 50% of RDA of B Vitamins being delivered through 3 cups of tea. In addition, the R&D team has provided the science behind the re-launch of *Brooke Bond Red Label*, which links the goodness of flavanoids to tea, for the first time in a branded tea. In the conventional coffee segment, *Bru Select* - a premium R&G coffee with 85% coffee and 15% chicory was launched with technology to deliver premium taste and packaging. In ice cream segment several new and innovative products were launched like the *Cornetto Choco Disc* and the *Badami* using a combination of innovative formulations and processing. R&D has further contributed to the sustainability agenda of the Company by enabling significant reduction in packaging material consumption through several material efficiency initiatives.

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

The details of expenditure on Scientific Research and Development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2011 are as under:

- Capital Expenditure : Rs. 1.84 Crores
- Revenue Expenditure : Rs. 26.44 Crores





## 9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company continued to focus on the vision of being an 'Injury Free' and 'Zero Environment Incident' organisation. The behavioural safety programme has now been in place for more than six years and continues to deliver better safety statistics and leading indicators are becoming more rooted than ever before. During the year, the Company defined three key thrust areas for safety, namely; road safety, hand-in-machine and equipment engineering controls. These thrust areas have strengthened all safety systems and processes across the organisation. Safety monitoring and compliance audits were conducted in distribution centres and co-packers to ensure systems implementation and to raise the benchmarks. With all these initiatives, the Total Recordable Frequency Rate (TRFR) of your Company, in 2010, was significantly reduced by 27% from 2009 baseline.

Your Company has adopted a progressive and pro-active stance on environmental issues like education of Green House Gases (GHG), Water conservation and Waste reduction across the value chain. Your Company believes that the impact of the business goes beyond the factory gate and extends to sourcing of raw materials and the use of products by the consumer. These principles are clearly articulated in the Unilever Sustainable Living Plan (USLP), details of which are provided on page no.16 of this report.

Your Company has taken steps to reduce the CO<sub>2</sub> emission from its operations significantly. The CO<sub>2</sub> emissions were reduced by 1% from 2009 and 30% from 2004 baseline in our own factories on a per tonne basis. On the energy front, the Company's operations achieved 5% reduction from 2009 and 41% reduction from 2004 baseline. Your Company has also increased the use of renewable resources like bio-mass and spent coffee/tea and the renewable energy proportion has touched 9% of total energy consumption in 2010.

India accounts for only 4% of the world's water resources, which is utilised by a population estimated to be around 18% of the world's total. Access to potable water is a significant concern in large parts of the Country. Your Company has adopted 4R strategy (Reduce-Reuse-Recycle-Recharge) to contribute to water conservation. This multi-pronged approach guides in monitoring water consumption at all stages, benchmarking specific consumption, undertaking programmes to reduce water consumption across manufacturing units, maximising water recycle, recharging groundwater through Rainwater Harvesting and watershed projects in the communities. Fifty six percent of our own manufacturing sites already have rainwater harvesting facilities – to reuse/ recharge the rain water. These measures enabled your Company to conduct operations without increasing water consumption during the year, despite significant volume growth.

Your Company actively pursues a two-pronged approach to waste management. One is to reduce waste generation through technical interventions and optimisation of processes like CIP (cleaning in place), sludge digester and filter press at Effluent Treatment Plant. The second is to dispose waste in a sustainable manner. Over 96% of the waste generated during the year was liquidated through sustainable recycling. The vermi-composting project has been initiated at three sites to treat the Effluent Treatment Plant waste into manure, which is being used for gardening.

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

## 10. HUMAN RESOURCES

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

In the first half of 2010, a comprehensive Talent and Organisation Assessment was undertaken to understand their readiness to partner the business ambition in the medium term and a holistic people strategy was drawn up, which was the basis of the work done in the key areas mentioned above. This Human Resource agenda not only looks at the current needs of the business, but also enhances the Company's preparedness for the future.

Your Company is widely acclaimed for its people development practices and has further reinforced its position in this area in 2010-11. Your Company's ability to attract the best talent gives a competitive edge to the organisation. Through 2010, the Company's Employer Brand, was further strengthened and it continued to retain the top spot as 'Dream Employer' for the top business schools, for the second successive year. The Company adopted an integrated performance management process that builds greater stretch and alignment in targets across the organisation with greater focus on development planning and performance-linked reward for employees.

Your Company has identified Beauty, Foods and Modern Trade as key capabilities in order to 'win' in the future and our investment in capability building is focused on these in addition to our 'core' capabilities in Marketing, Sales and Distribution. The Company under took intensive training programmes through a combination of face-to-face and virtual learning approaches and over 35,000 e-learning registrations took place, indicating that the spirit of 'learn where you are' is imbibed in employees of the Company.





The Company participates in a Global People Survey every 2 years, which is a leading indicator of employee morale and motivation, with Employee Engagement being one of the key dimensions measured. For the current year, the employee participation rate for this survey was over 99% (with an employee base of approximately 15000) and your Company were ranked among the top performing companies across Unilever globally in all dimensions. This was on account of a number of proactive and innovative initiatives to engage our employees, the most significant being continuous and consistent business linked engagement, a vision for the future of the business and clarity and transparency to individuals on their own careers. We also transitioned to a new head office campus in Mumbai in the first half of 2010. This change also brought an opportunity to create a workplace with a more vibrant and open culture that supports flexibility for employees.

The Company spearheaded a major change in practices for shop floor employees. The year saw 31 workers and staff being promoted to the supervisory cadres on merit. Significant training and development inputs, combined with a robust, standardised performance appraisal system and an IT enabled training and development system aimed exclusively at workmen across the Country, supported this process and strengthened our edge in people development processes and tools.

In line with the growth ambition, new units and capacities were added at Haridwar (Personal Products and Water), Rajpura (Foods) and Baddi (Soaps). The continued volume expansion witnessed a total of 673 new workers being recruited through a scientific recruitment process.

The focus on proactive and employee centric shop floor practices, quick grievance resolution mechanisms and alignment to overall business goals ensured that there was practically no loss of man days due to industrial issues in 2010 – the third successive year in a row for this record. Eleven productivity linked long-term settlements were signed through the process of collective bargaining involving over 2,200 employees. All these settlements were signed with zero disruption to business activity reflecting the collective maturity of our workforce.

While the Dharwad Tea Unit went through a process of restructuring, your Company focused on minimising disruption to employment. Most workmen in the unit were gainfully redeployed in four other locations. This process has been significant because the paradigm this time was very different from the earlier restructuring programmes. Your Company had worked on the basis that, to the maximum extent possible, there would be no separation of workmen; instead, the Company would encourage them to relocate to other sites requiring trained workforce. Business Linked Engagement and TPM Edge programmes continued with full focus and rigour during the year and delivered significant improvement in factory operations.

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

## 11. INFORMATION TECHNOLOGY

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

The enterprise-wide SAP platform forms the backbone of IT and encompasses all core business processes in the Company and for collaboration with our suppliers and customers. It provides a comprehensive data warehouse with analytics capability that helps in better and speedier decisions. Supply chain optimisation, enabled by the IT capability, remains a source of significant value.

Your Company has institutionalised an extensive IT capability for customer development function to support execution in the front-end. All distributors run a standard distributor management system. The distributors' salesmen use handheld devices for accepting retail orders which enable faster tracking and real-time sales information. Your Company has enhanced this capability for analytics and intelligent sales calls to improve front-end execution. In 2010, an extensive programme was undertaken to enhance direct distribution and coverage, especially in rural India. This significantly leverages IT capability for geo-spatial analysis and mobile-based solutions. Your Company has put in place an enabled consumer interaction centre for addressing complaints and suggestions from consumers, retailers and distributors.

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 used Software as a service to provide agile, cost-effective IT capabilities in select areas.

As the IT systems become more sophisticated and mission critical, there is a continuous focus on IT security and reliable disaster recovery management processes. These are periodically reviewed and tested for efficacy and adequacy.

## 12. FINANCE AND ACCOUNTS

Your Company's continued focus on cash generation resulted in a strong operating cash flow during the year; driven by good business performance, efficiencies and cost savings across the supply chain and greater focus on working capital management. Your Company managed investments prudently by deploying cash



surplus in a balanced portfolio of safe and liquid instruments. Capital Expenditure during the year was at Rs. 311.31 Crores (during the year ended 31st March, 2010 - Rs. 572 Crores). This was primarily in the areas of capacity expansion, consolidation of operations, information technology, energy and other cost savings.

The Company has not accepted any fixed deposits during the year. There was no outstanding towards unclaimed deposit payable to depositors as on 31st March, 2011.

In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 3.74 Crores of unpaid/unclaimed dividends, interest on debentures and deposits were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2011 are given below:

Particulars	2006	2007	Period ended 31st March, 2009	2009-10	2010-11
Return on Net Worth (%)	68.1	80.1	103.6 *	88.2	74.0
Return on Capital Employed (%)	67.0	78.0	107.5 *	103.7	87.5
Basic EPS (after exceptional items) (Rs. )	8.41	8.73	11.46 **	10.10	10.58

\* Annualised numbers for proportionate period

\*\* for fifteen month period

### Segment-wise results

Your Company has identified seven 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) Foods, including culinary and branded staples, (v) Ice Creams, (vi) Exports, and (vii) Others, including Water. The audited financial results of these segments are given as part of financial statements.

### 13. EMPLOYEE STOCK OPTION PLAN (ESOP)

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

No employee has been issued share options, during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 29th May, 2006, the Company adopted the '2006 HLL Performance Share Scheme'. The Scheme has been registered with the Income Tax authorities in compliance with the relevant provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. As per the terms of the Performance Share Plan, employees are eligible for the award of conditional rights to receive equity shares of the

Company at the face value of Re. 1/- per share. These awards will vest only on the achievement of certain performance criteria measured over a period of 3 years. 168 employees, including Whole-time Directors, were awarded conditional rights to receive a total of 3,08,455 equity shares at the face value of Re. 1/- each. The above mentioned comprises of conditional grants made to eligible managers covering performance period 2011-13.

### 14. CORPORATE GOVERNANCE

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

A separate report on Corporate Governance is provided on page no. 48 of this report together with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s). A certificate of the CEO and CFO of the Company in terms of sub-clause (v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed.

The Ministry of Corporate Affairs, Government of India introduced the Corporate Governance Voluntary Guidelines, 2009. These guidelines have been issued with the view to provide Corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business.





The recommendation of the Voluntary Guidelines pertaining to separation of offices of the Chairman and the CEO, constitution of Audit Committee and Remuneration Committee, Risk Management framework, are already practised by your Company. Your Company has been in substantial compliance of these guidelines. Some of these guidelines are in the process of being implemented. During the year a Secretarial Audit was carried out; the detailed report is given at page no. 66 of this report.

#### 14.1 Risk and Internal Adequacy

Your Company manages cash and cash flow processes assiduously involving all parts of the business. There was a net cash surplus of Rs. 1640.01 Crores as on 31st March, 2011. The Company's debt equity ratio is very low which provides ample scope for gearing the Balance Sheet should that need arise. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. Company accounts for 'mark-to-market' gains or losses at every quarter end in line with the requirements of AS-11.

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

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

#### 14.2 Outlook

India's GDP growth for 2011-12 is projected at 8.5%. In Q1 and Q2 of 2011-12, the GDP growth is projected at 8.4 and 8.5% respectively, which is lower than the growth rate of 8.9% in the first two quarters of 2010-11. This is essentially due to the expected slowdown in industry and services. In the second half of 2011-12, however, the GDP growth rate is projected to touch 8.6%. The macroeconomic assessment places the

overall GDP growth, in constant prices, at 8.5% in 2011-12. Wholesale Price Index (WPI) based inflation rate is projected at 6.8%, which is a slightly optimistic figure given the prevailing rate of inflation.

FMCG markets are expected to grow, though there would be change in the mix of volume and price. Input costs will continue to remain high, with the added challenge of volatility. The competitive environment is also expected to remain intense. Your Company's strategy and focus remains consistent to robustly defend and strengthen leadership positions, and concurrently lead market development of categories and channels of future. Your Company will ensure that it remains competitive, in market and in costs, and will manage the business even more dynamically.

#### 14.3 Cautionary Statement

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

### 15. SUBSIDIARY COMPANIES

During the year, the Board of Directors agreed to divest 43.31% stake in Hindustan Field Services Private Limited (HFS) in favor of Smollan Group (the JV partner). Your Company will continue to hold 7.69% shareholding in HFS. HFS will, accordingly, cease to be a subsidiary of the Company post completion of the divestment.

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 and the Auditors' Reports thereon for the financial year ended 31st March, 2011 along with the Reports of the Board of Directors of the Company's subsidiaries have not been annexed. The Annual Accounts and related documents of the Subsidiary Companies shall be kept for inspection at the Registered Office of the Company. The Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. However, as directed by the said circular, the financial data of the Subsidiaries have been furnished under 'Subsidiary Companies Particulars' forming part of the Annual Report (Refer page no. 146). Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the





Company in this Annual Report includes the financial information of its subsidiaries.

## 16. CORPORATE SOCIAL RESPONSIBILITY

Your Company's strategy is to integrate the social, economic and environmental agenda in the fabric of its business and operations. This requires the business, to identify the relevant impact areas and define strategies that drive consumer preference, and in parallel, address these issues i.e. strategies that do well by doing good. The reasons for growing the business sustainably are compelling and your Company sees no conflict between promoting sustainable development and business growth.

Your Company's vision is to increase the positive impact in the social agenda by improving health and well being, reduce the environmental impact from greenhouse gases, water and waste and work towards prosperity of India and business by enhancing livelihoods amongst farmers through sustainable sourcing and expanding our small distributor model.

During the year, Unilever launched the 'Unilever Sustainable Living Plan' globally. The Unilever Sustainable Living Plan (USLP) has three significant outcomes by 2020:

- ✿ Help more than a billion people take action to improve their health and well-being
- ✿ Halve the environmental impact of the making and use of Unilever products
- ✿ Enhance the livelihoods of thousands of people in Unilever's supply chain

The first outcome is to help more than a billion people to take action to improve their health and well-being. Our everyday use products like soap, spreads and toothpaste can make a meaningful difference to people's lives. The *Lifebuoy* handwashing education programme has already reached over 124.7 million people in India and South Asia. Clinical trials reveal that washing hands at key moments helps in significantly reducing the risk of diarrhoeal disease – one of the biggest reasons for fatalities among children.

Today, nearly 1 billion people do not have access to safe drinking water. The UN estimates that nearly one-and-a-half million children die each year from water related diseases. A few years ago your Company decided that there had to be a better, cheaper, more sustainable way to provide safe drinking water. The product developed to address this is *Pureit*, a water purification system. The water it produces is as safe to drink as boiled water, tastes a whole lot better than water purified with chlorine based sachets, and is a fraction of the price of bottled water. It is easy to operate and safe to use.

To make this product affordable to low income groups, your Company works with NGOs and Women's Self-Help Organisations to

facilitate the availability of low-interest micro-loans. Today, *Pureit* is protecting around 20 million people with clean, safe drinking water. After the success of the product in India, Unilever has decided to introduce *Pureit* across other countries in South - East Asia, Latin America and sub-Saharan Africa.

The second outcome is to halve the environmental impact of the making and use of our products. This means halving water, waste and greenhouse gases across the lifecycle of the products. The Company has reduced water usage in manufacturing operations by 36% since 2004 (measured on per tonne basis). Fifty six percent of our own manufacturing sites now have rainwater harvesting facilities and five of the sites have potential to return more water to the ground than their consumption.

The products/business life cycle impact analysis shows that your Company's direct impact is relatively small; it is the sourcing of raw materials and usage of the products that accounts for a much larger impact. This means that the Company has to design products, which allow consumers to get better results with less energy and less water consumption.

The third outcome is to enhance the livelihoods of thousands of people in Unilever's supply chain. Your Company works with many small holding farmers, small-scale distributors and micro-entrepreneurs (for example Project *Shakti* in India) helping them improve their skills and increase productivity.

The outcomes that Unilever has committed to itself are ambitious and challenging and each person at Unilever is willing to stretch, given the excitement for and the belief that it is the right way to go; for our business, for the society and for the environment.

Our products touch the lives of 2 out of 3 Indians everyday, hence changes made to the way the products are designed, sourced and used will have a far reaching impact in making consumption sustainable.

Your Company released its first 'Sustainable Development Report' at the Annual General Meeting held on 27th July, 2010. Your Company's Sustainable Development Report presented the Company's Corporate Responsibility (CR) framework which integrates the social, economic and environmental agenda with business priorities. An update on progress on our commitments made under the CR strategy of the Company is provided at page no. 17 of the Annual Report.

## 17. BOARD OF DIRECTORS AND MANAGEMENT COMMITTEE

There are no changes in the Board of Directors and Management Committee of the Company during the year.

In accordance with the Articles of Association of the Company, all other Directors, except for Managing Director, will retire at the





ensuing Annual General Meeting and being eligible offer themselves for re-election.

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

#### 18. AUDITORS

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

#### 19. APPRECIATIONS AND ACKNOWLEDGEMENTS

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

Your Directors would also like to acknowledge the excellent contribution by Unilever to your Company in providing with the latest innovations, technological improvements and marketing inputs

across almost all categories in which we operate. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products and introduction of new products.

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

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

On behalf of the Board

**Harish Manwani**  
Chairman

Mumbai  
9th May, 2011



# Annexure

To the Directors' Report

## DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Canned and processed fruits and vegetables		For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>A) POWER AND FUEL CONSUMPTION</b>			
<b>1) Electricity</b>			
a) Purchased			
Unit	Lakh KWH	30.04	31.77
Total Amount	Rs. Lakhs	174.31	166.71
Rate / Unit	Rs.	5.80	5.25
b) Own Generation			
i) Through own generator			
Unit	Lakh KWH	0.82	1.17
Unit per ltr of diesel oil	KWH	2.75	3.11
Cost per unit	Rs.	14.79	10.84
ii) Through steam turbine / generator		NIL	NIL
<b>2) Furnace oil</b>			
Quantity	KL	747.32	791.49
Total Cost	Rs. Lakhs	255.80	219.64
Average Rate	Rs. / KL	34,228.21	27,749.83
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
Electricity	Kwh/Tonne	222.12	245.24
Furnace Oil	Lts/Tonne	55.26	61.10

## 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

Rs. Crores

3. Expenditure of R&D		For the year ended 31st March, 2011	For the year ended 31st March, 2010
a) Capital		5.79	8.04
b) Recurring		93.57	81.08
c) Total		99.36	89.12
d) Total R & D Expenditure as a percentage of total turnover		0.51%	0.51%

## TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

The Company maintains interaction with Unilever internationally.  
This is facilitated through a well co-ordinated management exchange programme.

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

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

### 3. Imported Technology:

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



Continuous import from Unilever under technical collaboration agreement

Rs. Crores

FOREIGN EXCHANGE EARNINGS & OUTGO		For the year ended 31st March, 2011	For the year ended 31st March, 2010
Foreign Exchange Earnings		1,428.24	1,300.26
Foreign Exchange Outgo		2,424.60	2,101.13





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

**2001 HLL Stock Option Plan**

	2001	2002	2003	2004	2005
a) Options granted	24,75,100 equity shares of Re. 1/- each valued at Rs. 53.82 crores	32,33,601 equity shares of Re. 1/- each valued at Rs. 68.02 crores	42,76,090 equity shares of Re. 1/- each valued at Rs. 58.16 crores	16,30,450 equity shares of Re. 1/- each valued at Rs. 20.95 crores	15,47,700 equity shares of Re. 1/- each valued at Rs. 20.44 crores
b) The pricing formula	Closing market price as on the date of option grant - 24.07.2001  Rs. 217.45	Closing market price as on the date of option grant - 23.04.2002  Rs. 210.35	Closing market price as on the date of option grant - 24.04.2003  Rs. 136.00	Average of highs and lows for two week period preceding the date of option grant- 30.06.2004  Rs. 128.47	Closing market price, prior to the date of meeting of the Board of Directors in which the options were granted-26.05.2005  Rs. 132.05
c) Options vested	Options vested after three years from date of grant (24.07.2001)	Options vested after three years from date of grant (23.04.2002)	Options vested after three years from date of grant (24.04.2003)	Options vested after three years from date of grant (30.06.2004)	Options vested after three years from date of grant (27.05.2005)
d) Options exercised (as at March 31, 2011)	11,26,800 equity shares of Re. 1/- each	15,30,332 equity shares of Re. 1/- each	29,21,945 equity shares of Re. 1/- each	9,32,506 equity shares of Re. 1/- each	8,67,400 equity shares of Re. 1/- each
e) The total number of shares arising as a result of exercise of option	11,26,800 equity shares of Re. 1/- each	15,30,332 equity shares of Re. 1/- each	29,21,945 equity shares of Re. 1/- each	9,32,506 equity shares of Re. 1/- each	8,67,400 equity shares of Re. 1/- each
f) Options lapsed (as at March 31, 2011)	8,65,900 equity shares of Re. 1/- each	9,04,320 equity shares of Re. 1/- each	6,18,345 equity shares of Re. 1/- each	3,33,500 equity shares of Re. 1/- each	2,66,900 equity shares of Re. 1/- each
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	Reduction in exercise price by Rs. 8.76 per share	NA	NA
h) Money realised by exercise of options during the year	Rs. 1.57 crores	Rs. 1.85 crores	Rs. 1.22 crores	Rs. 0.62 crores	Rs. 1.23 crores
i) Total number of options in force (as at March 31, 2011)	4,82,400 equity shares of Re. 1/- each	7,98,949 equity shares of Re. 1/- each	7,35,800 equity shares of Re. 1/- each	3,64,444 equity shares of Re. 1/- each	4,13,400 equity shares of Re. 1/- each





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

**2006 HLL Performance Share Scheme**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
a) Options granted	Conditional grant of 3,49,750 equity shares of Re.1/- each valued at Rs. 3.49 lakhs	Conditional grant of 2,35,950 equity shares of Re.1/- each valued at Rs. 2.35 lakhs	Conditional grant of 2,06,250 equity shares of Re.1/- each valued at Rs.2.06 lakhs	Conditional grant of 3,33,811 equity shares of Re.1/- each valued at Rs.3.33 lakhs	Conditional grant of 2,82,310 equity shares of Re.1/- each valued at Rs.2.82 lakhs	Conditional grant of 3,08,455 equity shares of Re.1/- each valued at Rs.3.08 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
c) Options vested	2,55,166 options vested on 01.11.2009	2,66,180 options vested on 01.05.2010	1,57,455 options vested on 20.03.2011	Options will vest after 3 years from the date of grant (11.05.2009)	Options will vest after 3 years from the date of grant (29.03.2010)	Options will vest after 3 years from the date of grant (29.03.2011)
d) Options exercised (as at March 31, 2011)	2,55,166 equity shares of Re.1/ each	2,64,530 equity shares of Rs.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 Rs.1/ each	NIL	NIL	NIL	NIL
f) Options lapsed (as at March 31, 2011)	NIL	1,650 equity shares of Re. 1.- each	48,805 equity shares of Re. 1.- each	NIL	NIL	NIL
g) Variation of terms of options	NA	NA	NA	NA	NA	NA
h) Money realised by exercise of options during the year	NIL	2.65 lakhs	NIL	NIL	NIL	NIL
i) Total number of options in force (as at March 31, 2011)	NIL	NIL	1,57,455 equity shares of Re. 1/- each	Conditional grant of 3,33,811 equity shares of Re.1/- each	Conditional grant of 2,82,310 equity shares of Re.1/- each	Conditional grant of 3,08,455 equity shares of Re.1/- each





**Details of Options granted during the year ended 31st March, 2011 under Performance Share Plan 2011.**

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 2011, Nitin Paranjpe-Managing Director & CEO was awarded 27,140 shares (8.8%) and Sridhar Ramamurthy-Executive Director (Finance & IT) and CFO was awarded 16,380 shares (5.3%). |
| 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. 10.56 |
|----|--|-----------|

- |    |      |  |   |
|----|------|--|---|
| l) | i)   | Method of calculation of employee compensation cost  | The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2006 HLL Performance Share Scheme". |
|    | ii)  | Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options | Gain of Rs. 0.59 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 2010-11 is presented below:  |

Net Income		Rs. Crores
As reported		2305.97
Add: Difference between Intrinsic value and Fair Value Calculation		0.59
Adjusted Net Income		2306.56

Earnings Per Share (Basic and Diluted)		(Rs.)	
		Basic EPS	Diluted EPS
As reported		10.58	10.56
As adjusted		10.58	10.57



**Details of Options granted during the year ended 31st March, 2011 under Performance Share Plan 2011 (Contd.)**

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

**Assumptions**

Risk free rate	6.68% for 2010 and 7.78% for 2011
Expected life of options	3.125 years for each plan
Volatility	33.89% for 2010 and 30.86% for 2011
Expected Dividends	Rs. 6.50 per share
Closing market price of share on date of option grant	Rs.238.50 for 2010 and Rs. 276.70 for 2011

**Notes:**

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

<b>Name</b>	<b>Performance shares awarded</b>
Nitin Paranjpe	27,140
Sridhar Ramamurthy	16,380
Gopal Vittal	12,285
Shrijeet Mishra	7,807
Leena Nair	7,807
Pradeep Banerjee	4,461
Hemant Bakshi	7,807
Dev Bajpai	3,346





## Corporate Governance



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

**– William Hesketh Lever**



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

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

To succeed, we believe, requires the highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to sustainable, profitable growth 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 of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to the best governed companies across the globe.

### THE BOARD OF DIRECTORS

The Board of Directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Management Committee of the Company is headed by the Managing Director and Chief Executive Officer and has business/functional heads as its members, which looks after the management of the day-to-day affairs of the Company. The details of each member of Board along with number of Directorships/Committee Memberships and date of joining of the Board are provided in this report.

### Appointment & Tenure

The Directors of the Company are appointed by shareholders at the General Meetings. All Directors, except for the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company.

The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company. As per the Company policy, the Independent Directors do not seek re-appointment on attaining the age of 70 years. The Company also follows the policy of having a ceiling of nine years on the term of office of Independent Directors after revised Clause 49 of Listing Agreement has come into effect in October 2004.

### Composition

As on date, the Board consists of nine Directors comprising four Executive Directors, one Non-Executive Director and four Independent Directors. The Company has taken effective steps to appoint an Independent Director to fill the vacancy caused by the unfortunate demise of Prof. C. K. Prahalad. The Company is hopeful of filling the vacancy in the near future. The Chairman of the Board



is a Non-Executive Director. The Board represents an optimal mix of professionalism, knowledge and experience. The detailed profile of the members of the Board of Directors are provided on page no. 23 to 27 of the Annual Report.

### Composition and Directorships/Committee Memberships as on 31st March, 2011

Name	Date of Joining the Board	Directorships in other Companies <sup>#</sup>	Membership of Committees of other Companies <sup>##</sup>	Chairmanship of Committees of other Companies <sup>##</sup>
<b>Non-Executive Chairman</b> Harish Manwani	29.04.2005	–	–	–
<b>Managing Director and CEO</b> Nitin Paranjpe	01.06.2007	–	–	–
<b>Executive Director (Finance &amp; IT) and CFO</b> Sridhar Ramamurthy	03.07.2009	2	1	1
<b>Executive Directors</b> Gopal Vittal	01.09.2008	–	–	–
Pradeep Banerjee	01.03.2010	–	–	–
<b>Independent Directors</b> D. S. Parekh	16.05.1997	11	6	4
A. Narayan	29.06.2001	2	2	1
S. Ramadorai	20.05.2002	12	8	4
R. A. Mashelkar	04.04.2008	6	2	–

<sup>#</sup> Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

<sup>##</sup> Includes only Audit Committee and Shareholders/Investors Grievance Committee.

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

### Board Meetings

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business. The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedules 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 circulating the resolution, which is ratified in the next Board meeting.

The agenda for the Board / Committee meetings is generally accompanied by background notes and other material information which is circulated to Directors in advance to facilitate discussion for taking an informed decision.

During the financial year ended 31st March, 2011, seven Board meetings were held i.e. on 25th May, 2010, 11th June, 2010, 27th July, 2010, 25th October, 2010, 20th December, 2010, 25th January, 2011 and 30th March, 2011. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

### Attendance of Directors at Board Meetings

Name	Attendance
Harish Manwani	6 of 7
Nitin Paranjpe	7 of 7
Sridhar Ramamurthy	7 of 7
D. S. Parekh	4 of 7
A. Narayan	7 of 7
S. Ramadorai	5 of 7
R. A. Mashelkar	7 of 7
Gopal Vittal	6 of 7
Pradeep Banerjee	7 of 7

Attendance is expressed as number of meetings attended out of number eligible to attend.

The last Annual General Meeting of the Company held on 27th July, 2010 was attended by all the members of the Board of Directors.

### Independent Directors' Meetings

The Non-Executive Independent Directors meet amongst themselves and separately meet the Chairman, without any of the Executive Directors being present, to discuss issues and concerns, if any.





The Non-Executive Independent Directors met four times during the financial year ended 31st March, 2011 on 25th May, 2010, 26th July, 2010, 25th October, 2010 and 25th January, 2011. In addition to these formal meetings, regular interaction take place between the Chairman and Independent Directors.

### Board Business

The normal business of the Board includes:

- ✿ strategies for shaping of portfolio and direction of the Company and in corporate resource allocation;
- ✿ corporate annual plan and operating framework;
- ✿ quarterly business performance reports;
- ✿ Board remuneration policy and individual remuneration packages of Directors;
- ✿ convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place;
- ✿ declaration / recommendation of dividend;
- ✿ review of functioning of the Board and its Committees;
- ✿ review of functioning of the subsidiary companies;
- ✿ annual review of accounts for adoption by shareholders;
- ✿ quarterly and annual results announcements;
- ✿ merger, acquisition, joint venture or disposals, if any;
- ✿ recruitment and remuneration of senior management;
- ✿ litigation review including materially important show cause, demand, prosecution and penalty notices;
- ✿ fatal or serious accidents or dangerous occurrences;
- ✿ any materially significant effluent or pollution problems;
- ✿ details of any joint venture or collaboration agreement;
- ✿ significant labour issues and their proposed solutions;
- ✿ significant development in the human resources and industrial relations fronts;
- ✿ risk evaluation and control;
- ✿ details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement; and
- ✿ compliance with all relevant legislations and regulations.

### Board Support

The Company Secretary of the Company attends all the meetings of Board and advises/assures the Board on Compliance and Governance principles.

### Board Induction and Training

Upon appointment, Directors receive a comprehensive Directors' Induction Manual which includes Company's historical background, business profiles, organisation structure, codes and policies of the Company, internal controls and risk management systems and their roles, responsibility as Directors of the Company. Strategy meetings are held where business and functional heads share with the Board their short-term and long-term plans, major activities, likely risks and challenges with actions to mitigate them in their respective areas. The Board's suggestions and comments are incorporated in the business plans of the Company.

### Board Independence

Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures from the Directors and on evaluation of relationships disclosed, all Non-Executive Directors other than the Chairman are independent in terms of Clause 49 of the Listing Agreement. Mr. Harish Manwani, who is a member of Executive Committee of Unilever, the parent Company, is not considered as an Independent Director.

### COMMITTEES OF THE BOARD

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

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

#### Audit Committee

The Company has an Independent Audit Committee which is headed by Mr. D. S. Parekh and comprises of Mr. S. Ramadorai, Mr. A. Narayan and Dr. R. A. Mashelkar as its Members. All the current members of the Committee have relevant experience in financial matters and the Chairman of the Committee, Mr. D. S. Parekh, is the financial expert for the Committee.

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

- ✿ overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- ✿ recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- ✿ reviewing with management the quarterly financial results before submission to the Board;
- ✿ reviewing with management the annual financial statements before submission to the Board;
- ✿ reviewing with management the annual financial statements of the subsidiary companies;
- ✿ reviewing with management, external auditors and internal auditors, the adequacy of internal control systems;



- ✿ reviewing the adequacy of internal audit function;
- ✿ discussing with internal auditors any significant finding and reviewing the progress of corrective actions on such issues;
- ✿ reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- ✿ discussing with external auditors, before the audit commences, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- ✿ reviewing the Company's financial and risk management policies; and
- ✿ examining reasons for substantial default in the payment to shareholders (in case of non-payment of declared dividends) and creditors, if any.

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

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

The Audit Committee met six times during the financial year ended 31st March, 2011 on 25th May, 2010, 2nd June, 2010, 26th July, 2010, 25th October, 2010, 20th December, 2010 and 25th January, 2011

#### Attendance of Members at Audit Committee Meetings

Name	Attendance
D. S. Parekh (Chairman)	5 of 6
A. Narayan	5 of 6
S. Ramadorai	5 of 6
R. A. Mashelkar	5 of 6

Attendance is expressed as number of meetings attended out of number eligible to attend.

#### 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 audit teams.

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

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

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

#### Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises of Independent Directors, Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar. Mr. A. Narayan is the Chairman of the Remuneration and Compensation Committee of the Company. In addition to the above Independent Directors, Mr. Harish Manwani and Mr. Nitin Paranjpe are members of the Compensation Committee. The Compensation Committee administers Stock Option Plan and Performance Share Plan of the Company and determines eligibility of employees for Stock Options.

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

The Remuneration Committee met twice during the financial year ended 31st March, 2011 on 25th October, 2010 and 30th March, 2011.

#### Attendance of Members at Remuneration Committee Meetings

Name	Attendance
A. Narayan (Chairman)	2 of 2
S. Ramadorai	2 of 2
R. A. Mashelkar	2 of 2

Attendance is expressed as number of meetings attended out of number eligible to attend.





## Reward Policy

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

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

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

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

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

The Non-Executive Directors, who continuously serve minimum three terms of three years each, are also entitled for a cash retirement commission of Rs. 10 lakhs at the time of retirement.

Your Company benefits from the professional expertise of the Independent Directors in their individual capacity as competent professionals / business executives and through their invaluable experience in achieving corporate excellence. During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any Stock Options to any of its Non-Executive Directors.

The Non-Executive Chairman of the Company does not receive any sitting fees or other reward from the Company.

## Details of Remuneration of Executive Directors for the financial year ended 31st March, 2011

Rs. Lakhs

Name	Salary	Bonus/Commission	Contribution to PF	Perquisites	Total
Nitin Paranjpe	168.75	218.73	21.61	382.51	791.60
Sridhar Ramamurthy	159.18	68.47	10.59	37.02	275.26
Gopal Vittal	106.15	71.06	11.54	25.59	214.34
Pradeep Banerjee	106.21	42.66	10.32	42.36	201.55

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

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

Name	Outstanding as at 31st March, 2010		Options / Grants Exercised during the year		Grant under Performance Share Scheme during the year	Balance as at 31st March, 2011	
	Stock Options	Performance Shares	Stock Options	Performance Shares		Stock Options	Performance Shares
Nitin Paranjpe	57,348	46,761	–	9,900*	27,140	57,348	67,301
Sridhar Ramamurthy	25,408	20,950	–	–	16,380	25,408	37,330
Gopal Vittal	–	21,085	–	–	12,285	–	33,370
Pradeep Banerjee	85,855	–	–	–	4,461	85,855	4,461

\*PSP 07 shares awarded 6,600, shares finally vested 9,900



**Details of Remuneration of Non-Executive Directors for the Financial Year Ended 31st March, 2011**

Rs. Lakhs

Name	Sitting Fee	Commission#	Perquisites	Total
D. S. Parekh	1.80	10.00	–	11.80
A. Narayan	3.20	10.00	–	13.20
S. Ramadorai	2.40	10.00	–	12.40
R. A. Mashelkar	2.80	10.00	–	12.80

# The Commission for the financial year ended 31st March, 2011 will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 28th July, 2011.

**Shareholders / Investors Grievance Committee**

The Shareholders/Investors Grievance Committee comprises of Mr. A. Narayan as Chairman with Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee. The Committee is entrusted with the responsibility to address the shareholders and investors complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and ensures an expeditious share transfer process in line with the proceedings of the Share Transfer Committee. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company, and also provides continuous guidance to improve the service levels for investors. During the financial year ended 31st March, 2011, the Committee met twice on 25th October, 2010 and 30th March, 2011.

**Attendance of the Members at Shareholders / Investors Grievance Committee Meetings**

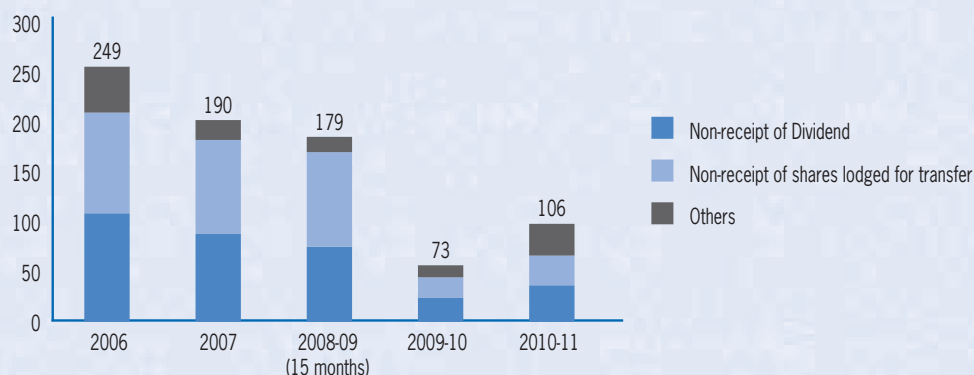
Name	Attendance
A. Narayan (Chairman)	2 of 2
Nitin Paranjpe	2 of 2
Sridhar Ramamurthy	2 of 2

Attendance is expressed as number of meetings attended out of number eligible to attend.

During the financial year ended 31st March, 2011, 106 complaints were received from the shareholders. All the complaints have been redressed to the satisfaction of shareholders / investors and none of them were pending as on 31st March, 2011.

**Details of Shareholders / Investors Complaints received and redressed**

Nature of Complaint	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	40	40
Non-Receipt of Shares lodged for Transfer	33	33
Others (e.g. non-receipt of Annual Report)	33	33
<b>Total</b>	<b>106</b>	<b>106</b>

**Trend of Complaints Received During Last 5 Years:**






### Share Transfer / Transmission Committee

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

The Committee comprises of three Directors of the Board and it considers applications for transfer, splitting up, consolidating share certificates and to order for cancellation of any share certificate and comply with provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate either 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 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 ESOP Committee comprises of three Directors of the Board. The Committee is specially constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme'.

### Other Functional Committees

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

### Routine Business Matter Committee

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

### Committee for approving Disposal of Surplus Residential Assets

The Committee for approving Disposal of Surplus Residential Assets comprises of 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.

## 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 the employees are expected to observe in their business endeavors. It forms the benchmark against which the world at large is invited to judge the Company's activities. The Code reflects the Company's commitment to principles of integrity, transparency and fairness. The copy of the Code of Business Principles can be accessed at the website of the Company [www.hul.co.in](http://www.hul.co.in).

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

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

The complaints, issues and concerns received under CoBP framework are duly investigated and reviewed by the CoBP Committee(s). Appropriate actions are taken subsequent to completion of investigation. The Company periodically cascades the principles embodied under CoBP across the organisation. During the financial year 2010-11, several cascades were organised to create awareness amongst new employees and to provide clarifications, resolve dilemmas and queries of the employees.

### Preventing Conflict of Interests

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

The members of the Board and the Senior Management Team annually confirm the compliance of the Code of Conduct to the Board. The Code is in addition to the Code of Business Principles of the Company. A copy of the said



Code of Conduct is available on the website of the Company [www.hul.co.in](http://www.hul.co.in). In addition, the members of the Board also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and the same are placed before the Board. Transactions with any of the entities referred above are placed before the Board for approval. Details of all related party transactions are placed before the Audit Committee on an annual basis.

### **Whistle Blower Policy**

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

### **Share Dealing Code**

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

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

### **UN Global Compact**

The Company is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN Global Compact which cover human rights, labour practices, environment

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

### **AFFIRMATION AND DISCLOSURE**

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2011 and a declaration to that effect, signed by the Managing Director and CEO, is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors for the financial year ended 31st March, 2011 that may have a potential conflict with the interests of the Company at large.

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

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

### **DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE**

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

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

### **COMPLIANCE WITH THE GOVERNANCE FRAMEWORK**

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





## SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Audit for the year 2010-11 which, inter alia, includes audit of compliance with Companies Act, 1956 and Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by Securities and Exchange Board of India. The Secretarial Audit Report is given on page no. 66 of this report.

## SHAREHOLDER INFORMATION

### General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein

Financial Year Ended	Date and Time	Venue	Special Resolutions passed
31st December, 2007	4th April, 2008 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration structure for Managing Director/Wholetime Directors of the Company w.e.f. 1st April, 2008, in order to modify the maximum limit of remuneration and authorising the Board to fix remuneration for each Managing Director/Wholetime Director within such limit.
31st March, 2009	3rd July, 2009 2.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	No Special Resolution was passed at this meeting.
31st March, 2010	27th July, 2010 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration to be paid by way of commission on profits to Non-Executive Directors of the Company, for a period of five years commencing from 1st January, 2011 and authorising the Board to determine the amount upto a maximum of Rs. 90 lakhs in aggregate or 1% of Net Profits, whichever is lower.

### Postal Ballot

During the year, the Special Resolution for Buy-back of equity shares from the open market through Stock Exchange route was passed by the shareholders of the Company. The Board appointed Mr. S. R. Tata, partner of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the scrutinizer to conduct the postal ballot process.

The results of the postal ballot were declared on 26th July, 2010. Details of the voting pattern were as under:

Description of Resolution	No. of valid Postal Ballot Forms received	Votes Cast	
		For	Against
Approval under Section 77A of the Companies Act, 1956 for Buy-back of shares of the Company.	14,203	131,68,72,659	1,06,09,222

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



### Annual General Meeting 2011

Date	Thursday, 28th July, 2011
Venue	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020
Time	3.30 p.m.
Book Closure Date for Final Dividend	Tuesday, 12th July, 2011 to Wednesday, 27th July, 2011 (both days inclusive)
Last Date of receipt of Proxy Forms	Tuesday, 26th July, 2011 before 3.30 p.m. at the Registered Office of the Company.

### Calendar of financial year ended 31st March, 2011

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2011 were held on the following dates:

First Quarter Results	27th July, 2010
Second Quarter and Half yearly Results	25th October, 2010
Third Quarter Results	25th January, 2011
Fourth Quarter and Annual Results	9th May, 2011

### Tentative Calendar for financial year ending 31st March, 2012

The tentative dates of Meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2012 are as follows:

First Quarter Results	28th July, 2011
Second Quarter and Half yearly Results	31st October, 2011
Third Quarter Results	20th January, 2012
Fourth Quarter and Annual Results	10th May, 2012

### Dividend

The Board of Directors at their meeting held on 9th May, 2011 recommended a final dividend of Rs. 3.50 per share, on equity share of face value of Re. 1/- each, for the financial year ended 31st March, 2011. Together with the interim dividend of Rs. 3.00 per share, paid on 15th November, 2010 the total dividend for the year works out to Rs. 6.50 per share on equity share of face value of Re. 1/- each. Final dividend, if approved by shareholders, will be paid on or after 1st August, 2011.

### Unclaimed Dividends/Shares

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

The unpaid/ unclaimed dividends upto Final Dividend 1995 (39-F) had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend 2003 (48-I) to the IEPF. The unclaimed Final Dividend of 2003 and Interim Dividend of 2004, (i.e. 48F & 49I), is due for transfer in July, 2011 and August, 2011 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.

In accordance with newly inserted Clause 5A of Listing Agreement, the Company has identified 4,209 folios comprising of 7,48,260 equity shares of face value of Re.1/- each, which are unclaimed as on 31st March, 2011. The Company is in the process of sending reminders to the concerned shareholders in accordance with the said clause.





#### Due Dates for Transfer of Unclaimed Dividend to IEPF

Year	Dividend	Dividend rate per share (Rs.)	Date of Declaration	Number of Warrants			Dividend Amount (Rs. Lakhs)			Due Date
				Issued	Unclaimed as on 31st March, 2011	%	Dividend	Unclaimed as on 31st March, 2011	%	
2003	48-F	3.000	29-06-2004	3,58,576	15,962	4.45	66,037.31	213.63	0.32	28-07-2011
2004	49-I	2.500	29-07-2004	3,75,081	18,600	4.96	55,031.09	221.82	0.40	27-08-2011
2004	49-F	2.500	24-06-2005	3,50,630	18,566	5.30	55,031.22	230.39	0.42	22-07-2012
2005	50-I	2.500	30-07-2005	3,39,914	18,300	5.38	55,031.22	253.94	0.46	27-08-2012
2005	50-I (VDL)	2.500	10-04-2006	65,899	16,848	25.57	86.16	6.35	7.38	08-05-2013
2005	50-F	2.500	29-05-2006	3,76,477	32,689	8.68	55,121.36	278.64	0.51	26-06-2013
2006	51-I	3.000	30-07-2006	3,92,889	31,243	7.95	66,172.23	327.60	0.50	27-08-2013
2006	51-F	3.000	18-05-2007	4,14,086	35,754	8.63	66,204.96	358.11	0.54	15-06-2014
2007	52-I	3.000	29-07-2007	4,11,422	35,484	8.62	66,212.86	356.15	0.54	26-08-2014
2007	52-S	3.000	31-10-2007	3,85,973	33,807	8.76	66,057.83	370.99	0.56	28-11-2014
2007	52-F	3.000	04-04-2008	3,64,081	35,403	9.72	65,337.74	359.35	0.55	03-05-2015
2008-09	53-I	3.500	25-07-2008	3,55,307	31,739	8.93	76,242.09	381.53	0.50	23-08-2015
2008-09	53-F	4.000	03-07-2009	3,43,946	32,899	9.57	87,202.84	468.73	0.54	31-07-2016
2009-10	54-I	3.000	31-10-2009	3,37,953	34,316	10.15	65,426.94	362.42	0.55	28-11-2016
2009-10	54-F	3.500	27-07-2010	3,46,967	33,971	9.79	76,373.00	435.83	0.57	24-08-2017
2010-11	55-I	3.000	25-10-2010	3,44,009	36,932	10.74	65,463.59	396.70	0.61	22-11-2017

F – Final I – Interim S – Special

#### Due Dates for Transfer of Unclaimed Bonus Debentures Interest / Redemption Amount to IEPF

Year and nature of payment	Date of Payment	Number of Warrants			Redemption/Interest Amounts (Rs. Lakhs)			Due Date
		Issued	Unclaimed as on 31st March, 2011	%	Net Amount	Unclaimed as on 31st March, 2011	%	
2004 Interest	01-07-2004	3,49,823	21,328	6.10	10,692.44	57.40	0.54	30-06-2011
2005 Interest	01-01-2005	3,46,555	20,766	5.99	5,336.17	23.26	0.44	31-12-2011
2005 Redemption	01-01-2005	3,46,555	19,136	5.52	132,074.62	548.84	0.42	31-12-2011

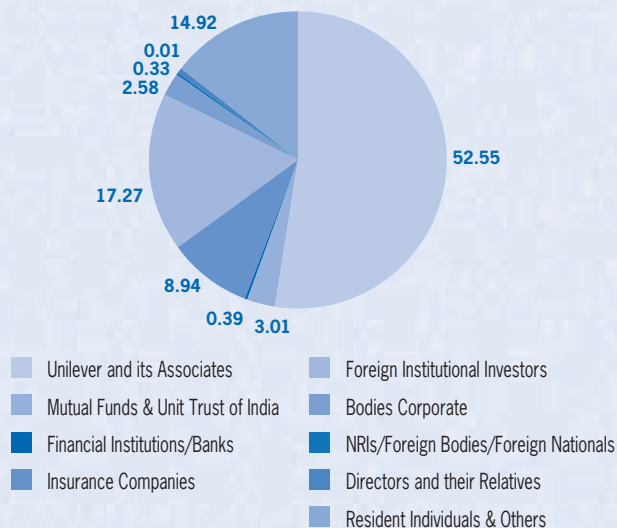
#### Distribution of shareholdings as on 31st March, 2011

Holding	Shareholders		Shares	
	Number	%	Total Shares	% of Shares
1 – 5000	3,29,932	95.93	17,03,14,072	7.89
5001 – 10000	8,289	2.41	5,81,66,228	2.69
10001 – 20000	3,648	1.06	5,02,11,823	2.33
20001 – 30000	902	0.26	2,17,49,065	1.01
30001 – 40000	351	0.10	1,21,03,283	0.56
40001 – 50000	180	0.06	80,85,048	0.37
50001 – 100000	248	0.07	1,68,42,526	0.78
100001 and above	375	0.11	182,19,99,923	84.37
<b>Total</b>	<b>3,43,925</b>	<b>100.00</b>	<b>215,94,71,968</b>	<b>100.00</b>



**Categories of Shareholders as on 31st March, 2011**

Category	No. of Folios	Shares held (Nos.)	% of holdings
Unilever and its Associates	9	113,48,49,460	52.55
Mutual Funds & Unit Trust of India	212	6,50,92,620	3.01
Financial Institutions/Banks	157	84,97,806	0.39
Insurance Companies	22	19,31,11,609	8.94
Foreign Institutional Investors	427	37,28,06,669	17.27
Bodies Corporate	2,951	5,56,03,214	2.58
NRIs/Foreign Bodies/Foreign Nationals	4,131	71,80,228	0.33
Directors and their Relatives	22	1,34,848	0.01
Resident Individuals & Others	3,35,994	32,21,95,514	14.92
<b>Total</b>	<b>3,43,925</b>	<b>215,94,71,968</b>	<b>100.00</b>

**Numbers of Shares Held (%)**

**Top 10 Shareholders as on 31st March, 2011 (Other than promoters)**

Name	Holding	%
1 Life Insurance Corporation of India	10,74,09,265	4.97
2 Oppenheimer Developing Markets Fund	4,67,19,677	2.16
3 The New India Assurance Company Limited	2,53,64,777	1.17
4 Aberdeen International India Opportunities Fund (Maritus) Limited	2,40,00,000	1.11
5 Bajaj Allianz Life Insurance Company Limited	2,39,62,782	1.11
6 LIC of India - Market Plus	2,14,54,412	0.99
7 National Insurance Company Limited	1,73,40,892	0.80
8 General Insurance Corporation of India	1,69,61,303	0.79
9 Aberdeen Global - Emerging Markets Equity Fund	1,66,89,599	0.77
10 Abu Dhabi Investment Authority	1,41,21,548	0.65
<b>Total</b>	<b>31,40,24,255</b>	<b>14.52</b>

**Bifurcation of shares held in physical and demat form as on 31st March, 2011**

Particulars	No. of Shares	%
<b>Physical Segment</b>		
Unilever and its Associates	113,48,49,460	52.55
Others	7,54,66,867	3.50
<b>Demat Segment</b>		
NSDL	92,42,63,286	42.80
CDSL	2,48,92,355	1.15
<b>Total</b>	<b>215,94,71,968</b>	<b>100.00</b>

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

**Listing Details**

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

The listing fee for the financial year ended 31st March, 2011 has been paid to the above Stock Exchanges.





### Share Price Data

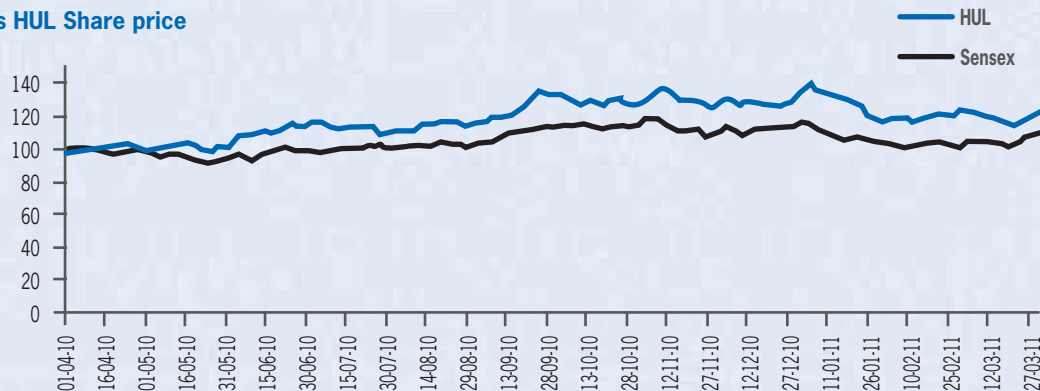
The monthly high and low prices and volumes of shares of the Company at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2011 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-10	243.20	<b>220.70</b>	68,47,073	244.00	<b>220.70</b>	6,25,43,283
May-10	243.00	225.25	41,51,566	257.00	226.25	3,54,49,776
June-10	273.45	232.40	75,50,879	274.35	232.35	5,00,50,871
July-10	273.50	249.90	37,82,358	273.50	249.60	3,28,92,701
Aug-10	275.00	251.10	44,94,134	275.00	250.00	3,09,02,286
Sep-10	319.65	263.70	87,77,368	319.55	264.00	5,98,11,112
Oct-10	313.60	290.05	55,86,170	313.50	289.10	4,79,72,182
Nov-10	320.70	291.10	47,97,105	320.85	290.00	4,94,58,597
Dec-10	315.25	282.60	35,97,466	315.80	282.35	3,77,72,727
Jan-11	<b>329.45</b>	266.50	73,78,300	<b>329.90</b>	266.40	5,19,33,270
Feb-11	289.25	267.10	27,55,903	289.40	267.00	3,84,41,918
Mar-11	292.00	264.50	39,52,793	292.00	264.45	4,24,30,990

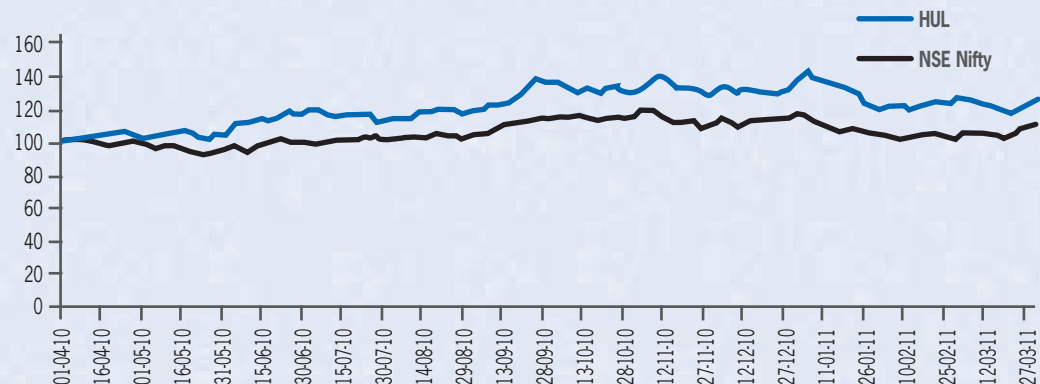
Source: BSE and NSE website

**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



### NSE Nifty vs HUL Share price





### 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
01-01-2001	200.00	57%	3,955.00	420%	194.56	61%	1,254.30	391%
01-01-2002	220.50	42%	3,246.00	533%	215.10	46%	1,055.30	483%
01-01-2003	181.65	72%	3,390.00	507%	177.15	77%	1,100.15	460%
01-01-2004	212.60	47%	5,915.00	248%	209.49	49%	1,912.25	222%
03-01-2005	144.35	117%	6,679.00	208%	142.29	120%	2,115.00	191%
02-01-2006	195.20	60%	9,390.00	119%	192.11	63%	2,835.95	117%
02-01-2007	216.45	45%	13,942.00	47%	213.08	47%	4,007.40	54%
01-01-2008	218.10	44%	20,300.00	1%	218.45	43%	6,144.35	0%
01-01-2009	250.75	25%	9,903.46	108%	250.75	25%	3,033.45	103%
04-01-2010	264.70	18%	17,558.73	17%	264.70	18%	5,232.20	18%
03-01-2011	313.15	–	20,561.05	–	313.15	–	–	0%

Source: BSE and NSE website

All comparisons are with respect to 3rd January, 2011 (the reference date).

### Communication to Shareholders

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

The quarterly, half-yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Hindu Business Line. These results are also made available on the website of the Company [www.hul.co.in](http://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 investors section of the Company's website provides more than 50 frequently asked questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

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

### Investor Services

#### Web-based Query Redressal System

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

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

#### Alternative Dispute Redressal

##### Consumers

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 chose to continue with litigation, they are free to do so. These meetings were held in all the four regions and





achieved reasonable success. Your Company believes that such independent dispute resolution mechanism will further reinforce our commitment and credibility with our 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.

### Shareholders

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

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

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

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

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

### Address for Correspondence

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

The Company's dedicated e-mail address for Investors' Complaints is [hllshare.cmpt@unilever.com](mailto:hllshare.cmpt@unilever.com)

### Karvy Computershare Private Limited

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

### Investor Service Department

Hindustan Unilever Limited  
165/166, Backbay Reclamation  
Mumbai - 400020  
Phone : +91 - 22 - 22855633 /  
22850546  
Fax : +91 - 22 - 28249457  
Website : [www.hul.co.in](http://www.hul.co.in)

### Compliance Officer

Mr. Dev Bajpai  
Executive Director - Legal and Company Secretary  
E-mail : [hllshare.cmpt@unilever.com](mailto:hllshare.cmpt@unilever.com)  
Phone : +91 - 22 - 39832557/  
32358 / 32532 / 32312



## Mergers & Demergers

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

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

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

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

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

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

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

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

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

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





## Plant Locations

As mentioned at page nos. 148 & 149 of this Report.

## Information pursuant to Clause 32 of the Listing Agreement

Loans and advances in the nature of loan to subsidiaries:

Rs. Crores

Name of the Company	Balance as at 31st March, 2011	Maximum outstanding during the year
Lakme Lever Private Limited	11.40	26.20
Brooke Bond Real Estate Private Limited	0.40	0.40
Pond's Export Limited	2.50	2.50

## 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, 2011 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  
9th May, 2011

**Nitin Paranjpe**  
Managing Director and  
Chief Executive Officer

**Sridhar Ramamurthy**  
Executive Director – Finance & IT and  
Chief Financial Officer



## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of  
**Hindustan Unilever Limited**

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended March 31, 2011, 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  
9th May, 2011

For **Lovelock & Lewes**

Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**

Partner  
Membership no. 43229





## Secretarial Audit Report

The Board of Directors  
**Hindustan Unilever Limited**  
 Mumbai

We have examined the registers, records and documents of Hindustan Unilever Limited ("the Company") for the financial year ended on 31st March, 2011 for compliances of provisions of:

1. The Companies Act, 1956 and the Rules made under that Act;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
3. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999
  - d) The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.
4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act; and
5. The Equity Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made thereunder the Act and the Memorandum and Articles of Association of the Company, with regard to:

- a) maintenance of various statutory registers and documents and making necessary entries therein;
- b) closure of the Register of Members;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- d) service of documents by the Company on its Members and the Registrar of Companies;
- e) Notice of Board Meetings and Committee meetings of Directors;

- f) minutes of the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g) Notice and convening of the 77th Annual General Meeting held on 27th July, 2010;
- h) minutes of proceedings 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 / Committees 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) transfers and transmissions of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
- n) declaration and payment of dividends including interim dividend;
- o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
- p) satisfaction of charges 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) contacts, common seal, registered office and publication of name of the Company; and
- s) generally, all other applicable provisions of the Act and the Rules made under that Act.

We further report that:

- a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture 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.



## Secretarial Audit Report (Contd.)

- c) the Company has obtained all necessary approvals under the various provisions of the Act.
- d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

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

We further report that:

- a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

- c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of 2006 HLL Performance Shares Scheme, 2001 HLL Stock Option Plan, grant of options and other related aspects.
- e) the Company has complied with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 with regard to buyback of shares of the Company.

**S. N. ANANTHASUBRAMANIAN & CO**  
**Company Secretaries**

**S N ANANTHASUBRAMANIAN**  
**Proprietor**  
CP No. 1774

May 20, 2011  
Mumbai





# Significant Accounting Policies

## BASIS FOR PREPARATION OF ACCOUNTS

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

## REVENUE RECOGNITION

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

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

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

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

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

## EXPENDITURE

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

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

## FIXED ASSETS

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

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

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

## GOODWILL AND OTHER INTANGIBLE ASSETS

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

## IMPAIRMENT OF ASSETS

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

## INVESTMENTS

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

## INVENTORIES

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

## SUNDRY DEBTORS AND LOANS AND ADVANCES

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

## PROVISIONS

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



## Significant Accounting Policies (Contd.)

### RETIREMENT / POST RETIREMENT BENEFITS

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

### TAXES ON INCOME

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

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

### FOREIGN CURRENCY TRANSLATIONS

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

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the resultant gain/loss is dealt in the Profit and Loss account.

### OPERATING LEASES

Lease Payments under operating leases have been recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

### SEGMENT REPORTING

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

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





# Profit and Loss Account

For the year ended 31st March, 2011

Figures in brackets represent deductions  
Rs. Crores

	Notes	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>			
Sales (net of excise)	1	19,401.11	17,523.80
Other income	2	586.04	349.64
<b>Total</b>		<b>19,987.15</b>	<b>17,873.44</b>
<b>EXPENDITURE</b>			
Operating expenses	3 - 5	(17,035.90)	(14,975.36)
Depreciation		(220.83)	(184.03)
Interest	6	(0.24)	(6.98)
<b>Total</b>		<b>(17,256.97)</b>	<b>(15,166.37)</b>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL / EXTRAORDINARY ITEMS</b>		<b>2,730.18</b>	<b>2,707.07</b>
Taxation for the year – current tax		(545.78)	(626.23)
– deferred tax		(28.09)	(22.13)
Taxation adjustments of previous years (net)	15	(3.06)	43.97
<b>PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL / EXTRAORDINARY ITEMS</b>		<b>2,153.25</b>	<b>2,102.68</b>
Exceptional/Extraordinary items (net of tax)	9	152.72	99.35
<b>NET PROFIT</b>		<b>2,305.97</b>	<b>2,202.03</b>
Balance brought forward		802.19	531.66
Profit and Loss Balance of Bon Limited (note 10)		–	(55.33)
<b>Available for distribution</b>		<b>3,108.16</b>	<b>2,678.36</b>
<b>Dividends :</b>			
On equity shares:			
Interim - Rs. 3.00 per share - declared on 25th October, 2010 (2009-10: Rs. 3.00 per share) (includes Rs. 0.14 Crores on Final Dividend for 2009-10)		(654.78)	(654.35)
Final - Rs. 3.50 per share - proposed (2009-10: Rs. 3.50 per share)		(755.82)	(763.59)
Tax on distributed profits (includes Rs. 0.02 Crores on Final Dividend for 2009-10)		(231.36)	(238.03)
Transfer to General Reserve		(230.60)	(220.20)
<b>Balance carried forward</b>		<b>1,235.60</b>	<b>802.19</b>
<b>Earnings Per Share (Rs.) - Basic (Face value of Re. 1 each)</b>		<b>10.58</b>	<b>10.10</b>
<b>- Diluted (Face value of Re. 1 each)</b>		<b>10.56</b>	<b>10.08</b>

For notes, statements, additional information, segment information, related party disclosures and accounting policies  
See pages: 68, 69, 74 to 77, 93 to 97 and 99 to 107

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229  
Mumbai : 9th May, 2011

Signatures to pages : 68 to 70, 74 to 77, 93 to 97 and 99 to 107

**Nitin Paranjpe**  
Managing Director and CEO

**D.S Parekh**  
Chairman - Audit Committee

**Vivek Subramanian**  
Group Controller  
Mumbai : 9th May, 2011

**Sridhar Ramamurthy**  
Executive Director (Finance & IT)  
and CFO

**Dev Bajpai**  
Executive Director Legal &  
Company Secretary



# Balance Sheet

As at 31st March, 2011

Figures in brackets represent deductions  
Rs. Crores

	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital	1	215.95	218.17
Reserves and surplus	2	2,417.97	2,365.35
		2,633.92	2,583.52
		<b>2,633.92</b>	<b>2,583.52</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		3,759.62	3,581.96
Depreciation and impairment loss		(1,590.46)	(1,419.85)
Net block	3	2,169.16	2,162.11
Capital work-in-progress		299.08	273.96
		2,468.24	2,436.07
<b>Investments</b>	4	1,260.68	1,264.08
<b>Deferred Tax</b>			
Deferred Tax Assets	12	399.00	451.13
Deferred Tax Liabilities	13	(189.34)	(202.31)
		209.66	248.82
<b>Current assets, loans and advances</b>			
Inventories	5	2,811.26	2,179.93
Sundry debtors	6	943.20	671.60
Cash and bank balances	7	1,640.01	1,892.21
Other current assets	8	35.36	16.62
Loans and advances	9	665.36	607.40
		<b>6,095.19</b>	<b>5,367.76</b>
<b>Current liabilities and provisions</b>			
Liabilities	10	(6,074.87)	(5,291.66)
Provisions	11	(1,324.98)	(1,441.55)
		<b>(7,399.85)</b>	<b>(6,733.21)</b>
<b>Net current assets</b>		(1,304.66)	(1,365.45)
		<b>2,633.92</b>	<b>2,583.52</b>

For schedules, contingent liabilities, additional information, segment information, related party disclosures and accounting policies  
See pages: 68, 69, 78 to 92 and 99 to 107

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229  
Mumbai : 9th May, 2011

Signatures to pages : 68, 69, 71, 78 to 92 and 99 to 107

**Nitin Paranjpe**  
Managing Director and CEO

**D.S Parekh**  
Chairman - Audit Committee

**Vivek Subramanian**  
Group Controller  
Mumbai : 9th May, 2011

**Sridhar Ramamurthy**  
Executive Director (Finance & IT)  
and CFO

**Dev Bajpai**  
Executive Director Legal &  
Company Secretary





# Cash Flow Statement

For the year ended 31st March, 2011

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before taxation and exceptional / extra-ordinary items	<b>2,730.18</b>	<b>2,707.07</b>
Adjustments for :		
Depreciation	220.83	184.03
Surplus on disposal of investments (net)	(60.21)	(19.54)
Deficit on disposal of fixed assets (net)	5.93	7.19
Interest income	(115.68)	(93.91)
Dividend income	(76.06)	(34.65)
Interest expenditure	0.24	6.98
	(24.95)	50.10
Operating Profit before Working Capital Changes	2,705.23	2,757.17
Adjustments for :		
Trade and Other Receivables	(319.06)	(7.47)
Inventories	(631.33)	348.92
Trade Payables and Other Liabilities	796.96	1,096.14
	(153.43)	1,437.59
Cash generated from operations	2,551.80	4,194.76
Taxes paid (net of refunds)	(652.41)	(661.74)
<b>Cash flow before exceptional / extraordinary items</b>	<b>1,899.39</b>	<b>3,533.02</b>
<b>Exceptional :</b>		
Compensation paid under Voluntary Separation Schemes (previous year includes amount paid for an industrial dispute relating to a closed factory)	(0.86)	(84.97)
Transitional cost due to consolidation of offices / factories	–	(6.65)
Amounts paid for other restructuring activities	(7.96)	(0.38)
<b>Net Cash from Operating Activities .....A</b>	<b>1,890.57</b>	<b>3,441.02</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(309.65)	(570.08)
Sale of fixed assets	10.46	13.27
Purchase of investments	(15,658.70)	(6,128.94)
Investment in subsidiary Company	(10.10)	(5.15)
Advances to subsidiaries	(18.30)	(9.65)
Advances repaid by subsidiaries	–	1.00
Sale of investments	15,743.54	5,207.15
Interest received	97.00	96.55
Dividend received	76.06	34.65
<b>Cash flow before exceptional / extraordinary items</b>	<b>(69.69)</b>	<b>(1,361.20)</b>



# Cash Flow Statement

For the year ended 31st March, 2011 (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Exceptional :</b>		
Consideration received on disposal of unused land and building (including residential properties)	160.41	100.77
Consideration received on disposal of a long term investment	44.27	91.13
Consideration received on sale of a business to a subsidiary (including non-compete fees)	–	3.30
Consideration received on disposal of a subsidiary	–	19.89
<b>Net Cash from Investing Activities .....B</b>	<b>134.99</b>	<b>(1,146.11)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividends paid	(1,420.03)	(1,523.27)
Tax on distributed profits	(235.58)	(259.39)
Interest paid	(0.24)	(6.98)
Bank overdrafts, etc (net)	–	(49.37)
Proceeds from share allotment under Employee Stock Option Scheme	6.51	31.27
Payment towards Buyback of Shares	(625.30)	–
Repayments of borrowings	–	(372.58)
<b>Exceptional :</b>		
Costs incurred for Share buyback activity	(3.11)	–
<b>Net Cash used in Financing Activities .....C</b>	<b>(2,277.75)</b>	<b>(2,180.32)</b>
<b>Net Increase in Cash and Cash equivalents..... (A+B+C)</b>	<b>(252.19)</b>	<b>114.59</b>
<b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>	<b>1,892.21</b>	<b>1,777.35</b>
<b>Cash and Cash equivalents as at 1st April, 2009 of Bon Limited</b> (Refer note 10 to Profit and Loss account)	<b>–</b>	<b>0.27</b>
<b>Cash and Cash equivalents as at period end (Closing Balance)</b>	<b>1,640.01</b>	<b>1,892.21</b>
<b>Cash and Cash equivalents comprise:</b>		
Cash on hand	1.02	1.06
Cheques on hand	1.35	49.11
Balance with Scheduled banks	1,637.64	1,842.04
	<b>1,640.01</b>	<b>1,892.21</b>

For notes  
See page : 98

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229  
Mumbai : 9th May, 2011

Signatures to pages : 72, 73 and 98

**Nitin Paranjpe**  
Managing Director and CEO

**D.S Parekh**  
Chairman - Audit Committee

**Vivek Subramanian**  
Group Controller  
Mumbai : 9th May, 2011

**Sridhar Ramamurthy**  
Executive Director (Finance & IT)  
and CFO

**Dev Bajpai**  
Executive Director Legal &  
Company Secretary





## Notes

### To Profit and Loss Account

	Rs. Crores	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>		
<b>1 Sales</b>		
Less: Excise duty	20,305.54 (904.43)	18,220.27 (696.47)
	<b>19,401.11</b>	<b>17,523.80</b>
Sales include duty drawback and licence premium on exports	20.10	22.12
<b>2 Other income</b>		
Income from services rendered	293.35	242.07
Interest income - bank and other accounts (gross) (Tax deducted at source Rs. 9.08 Crores; 2009-10: Rs. 12.79 Crores)	113.76	89.07
Interest income - non trade (gross)	0.01	4.10
Interest income - Subsidiary - current (gross) (Tax deducted at source Rs. 0.10 Crores; 2009-10: Rs. 0.10 Crores)	1.91	0.75
Dividend income - trade - long term (gross)	5.99	8.27
Dividend income - non trade - current (gross)	44.31	5.58
Dividend income - Subsidiaries - long term (gross) (Tax deducted at source Rs. 1.28 Crores ; 2009-10: Rs. 1.03 Crores)	25.76	20.80
Surplus on disposal of current investments (net)	60.21	19.54
Miscellaneous income (Refer note 7)	40.74	(40.54)
	<b>586.04</b>	<b>349.64</b>
<b>OPERATING EXPENSES</b>		
<b>3 Materials consumed and Purchase of goods</b>		
Raw materials consumed	5,864.16	5,252.26
Packing materials consumed	1,665.10	1,356.61
Purchase of goods	2,818.13	2,291.74
<b>4 General expenditure</b>		
Salaries, wages, bonus, etc.	831.39	816.50
Contribution to provident and other funds	55.87	57.03
Workmen and staff welfare expenses	74.01	62.77
Processing charges	196.43	179.35
Consumption of stores and spare parts	146.94	103.36
Repairs and maintenance - Buildings	12.35	7.44
- Plant & Machinery	85.93	75.05
- Others	8.37	7.16
Power, light, fuel and water	274.74	244.34
Rent	186.07	188.98
Rates and taxes	83.94	53.76
Insurance	4.65	4.29
Advertising and sales promotion	2,764.23	2,391.43
Carriage and freight	1,045.15	867.62
Agents' commission and brokerage	2.17	3.07
Provision / (write back) for doubtful debts and advances (net)	(22.44)	(1.33)
Bad debts / Advances Written off	27.20	14.79



## Notes

### To Profit and Loss Account (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Travelling and motor car expenses	156.10	129.02
Deficit on fixed assets sold, scrapped, etc. (net)	5.93	7.19
Royalty	268.89	157.79
Miscellaneous expenses	771.91	728.58
Expenses shared by subsidiary companies for use of common facilities	(0.79)	(0.72)
<b>5 Stocks</b>		
Opening stocks : - Work-in-progress	247.82	186.56
- Processed chemicals	—	1.75
- Finished goods	1,059.42	1,099.46
Closing stocks : - Work-in-progress	(290.15)	(247.82)
- Finished goods	(1,312.17)	(1,059.42)
Excise Duty on Increase/ (Decrease) of Finished goods	4.55	(3.25)
	<b>17,035.90</b>	<b>14,975.36</b>

**6** Interest paid on bank and other accounts Rs. 0.24 Crores (2009-10: Rs. 6.98 Crores), including on fixed period loan Rs. Nil (2009-10: Rs. 3.62 Crores)

- 7** i) The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled / appropriate rates applicable at the year end) credited to the Profit and Loss Account is Rs. 36.56 Crores (2009-10: debit Rs. 50.85 Crores).
- ii) The above includes gain of Rs. 22.33 Crores (2009-10: loss of Rs. 56.33 Crores) included under miscellaneous income on account of mark to market valuation of open forward contracts and monetary items (viz. foreign currency receivables and payables) in line with AS-11

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>8 Operating expenses include</b>		
<b>A) Auditors' remuneration and expenses</b>		
i) Audit fees	2.76	2.76
ii) Tax audit fees	0.69	0.69
iii) Fees for other services	1.93	2.01
iv) Reimbursement of out-of-pocket expenses	0.24	0.15
<b>B) Payments to Cost auditors</b>		
i) Cost audit fees	0.10	0.10
ii) Reimbursement of out-of-pocket expenses	0.01	0.01
<b>C) Research and Development expenses</b>	93.57	81.08





## Notes

### To Profit and Loss Account (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>9 Exceptional / Extraordinary Items</b>		
<b>A) Exceptional Items</b>		
i) Profit arising from disposal of unused land and building (including residential properties)	141.05	91.01
ii) Profit arising on disposal of a long term trade investment	40.63	91.10
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes, mainly due to higher interest rates (Previous year - net of impact on account of revised gratuity limits)	39.04	53.36
iv) Profit on sale of business to a subsidiary (including non-compete fees)	–	2.20
<b>Total exceptional income</b>	<b>220.72</b>	<b>237.67</b>
v) Expenses related to buyback of shares	(4.10)	–
vi) Restructuring costs across businesses comprising:		
a) Compensation under Voluntary Separation Schemes (previous year includes amount payable for an industrial dispute relating to a closed factory).	(1.81)	(174.38)
b) Transitional cost due to consolidation of offices / factories	–	(7.46)
c) Other Costs	(7.98)	(0.38)
<b>Total exceptional expenditure</b>	<b>(13.89)</b>	<b>(182.22)</b>
<b>Net</b>	<b>206.83</b>	<b>55.45</b>
Taxation on the above		
- Credit / (Charge) on current tax	(43.04)	(28.09)
- Credit / (Charge) on deferred tax	(11.07)	16.11
<b>Total tax credit / (charge) - net</b>	<b>(54.11)</b>	<b>(11.98)</b>
<b>Exceptional items (net of tax)</b>	<b>152.72</b>	<b>43.47</b>
<b>B) Extraordinary Items</b>		
i) Profit on disposal of a subsidiary (Shamnagar Property)	–	4.89
ii) Reversal of provision against advance and diminution in value of investments in a subsidiary, consequent to amalgamation (note 10)	–	52.10
<b>Total extraordinary income</b>	<b>–</b>	<b>56.99</b>
<b>Net</b>	<b>–</b>	<b>56.99</b>
Taxation on the above		
- Credit / (Charge) on current tax	–	(1.11)
<b>Total tax credit / (charge) - net</b>	<b>–</b>	<b>(1.11)</b>
<b>Extraordinary items (net of tax)</b>	<b>–</b>	<b>55.88</b>
<b>Total of Exceptional / Extraordinary Items (A+B)</b>	<b>152.72</b>	<b>99.35</b>

- 10** Pursuant to the Scheme of amalgamation of erstwhile subsidiary Bon Limited with the Company, as sanctioned by the Honourable High Court of Bombay on 16th April, 2010 the assets and liabilities of Bon Limited were transferred to and vested in the Company with effect from 1st April, 2009. The Scheme was accordingly given effect to, using the pooling of interest method in March 2010 accounts, in accordance with Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India.



## Notes

### To Profit and Loss Account (Contd.)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>11 Earnings Per Share has been computed as under:</b>		
Net Profit (Rs. Crores)	2,305.97	2,202.03
Weighted average number of Equity shares outstanding	2,180,310,319	2,180,819,678
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	10.58	10.10
Weighted average number of Equity shares (including dilutive) outstanding	2,183,105,312	2,183,954,984
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	10.56	10.08

- 12** Total revenue expenditure (net of recoveries) included in note 8(c), eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs. 26.44 Crores (2009-10: Rs. 27.55 Crores). The details are:

Rs. Crores

Location of the R&D facility	Bangalore	Mumbai
Revenue expenditure eligible u/s 35 (2AB)		
a) Salaries & Wages	6.95 (6.46)	10.63 (11.73)
b) Materials, Consumables and Spares	0.34 (1.00)	2.81 (2.39)
c) Other expenditure directly related to R&D	2.29 (2.66)	3.42 (3.31)

(figures in brackets pertain to 2009-10)

- 13** The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the Profit and Loss account (refer Note 4).

- 14** For information on Joint Venture refer Schedule 20 to the Balance Sheet.

- 15** Taxation adjustments of previous years include interest, etc.

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





## Schedules

### To Balance Sheet

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>1 CAPITAL</b>		
<b>Authorised</b>		
2,250,000,000 equity shares of Re. 1 each	225.00	225.00
<b>Issued and subscribed</b>		
2,159,471,968 (2009-10: 2,181,686,781) equity shares of Re. 1 each fully called and paid up	215.95	218.17
Of the above shares		
i) 1,134,849,460 Shares of Re. 1 each are held by Unilever PLC., the holding company, and its subsidiaries including 794,806,750 shares of Re. 1 each held by Unilever PLC.		
ii) 795,379,675 Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.		
iii) 1,316,854,620 Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.		
	<b>215.95</b>	<b>218.17</b>

#### Note:

- The Company has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st March, 2011 are 2,794,993 (2009-10: 3,135,306). Of these 482,400 (2009-10: 545,005) options have vested in 2004, 798,949 (2009-10: 874,597) have vested in 2005, 735,800 (2009-10: 810,160) have vested in 2006, 364,444 have vested in 2007 (2009-10: 403,744) and 413,400 have vested in 2008 (2009-10: 501,800). During the year 668,391 (2009-10: 1,810,704) options were exercised and equivalent shares were issued.
- During the year 22,883,204 equity shares have been bought back pursuant to the buy back programme [Refer note (e) of Schedule 2]

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserves</b>				
Capital Reserve	4.22			4.22
Capital Subsidy	5.04			5.04
Capital Redemption Reserve	4.17 (e)	2.29		6.46
Share Premium Account	71.18 (d)	11.84 (e)	(82.16)	0.86
Revaluation Reserve	0.67			0.67
Other Reserves (c)	2.51			2.51
Employee Stock Options (f)	3.16		(0.22)	2.94
<b>Total Capital Reserves</b>	<b>90.95</b>	<b>14.13</b>	<b>(82.38)</b>	<b>22.70</b>



## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
<b>2 RESERVES AND SURPLUS (Contd.)</b>				
<b>Revenue Reserves</b>				
Export Profit Reserve	12.22			12.22
Development Allowance Reserve	0.27			0.27
General Reserve	1,459.72	(a) 230.60	(e) (543.14)	1,147.18
<b>Total Revenue Reserves</b>	<b>1,472.21</b>	<b>230.60</b>	<b>(543.14)</b>	<b>1,159.67</b>
<b>Profit and Loss Account Balance</b>	802.19	(a) 1,235.60	(b) (802.19)	1,235.60
<b>Total Reserves - 31st March, 2011</b>	<b>2,365.35</b>	<b>1,480.33</b>	<b>(1,427.71)</b>	<b>2,417.97</b>
<b>Total Reserves - 31st March, 2010</b>	<b>1,843.52</b>	<b>1,054.38</b>	<b>(532.55)</b>	<b>2,365.35</b>

- a) Transfer from Profit and Loss account
- b) Transfer to Profit and Loss account
- c) Not available for capitalisation / declaration of dividend / share valuation.
- d) Represents additions arising from allotment of shares under Employees Stock Option / Performance Share Plan Rs. 11.62 Crores (2009-10: Rs. 31.10 Crores) and a transfer as stated in (f) below (2009-10: Rs. 0.89 Crores).
- e) Pursuant to the shareholders' approval for buy back of equity shares under section 77A of the Companies Act, 1956, the Company has bought back 22,883,204 equity shares through open market transactions for an aggregate amount of Rs. 625.30 Crores, by utilizing Share Premium and General Reserve to the extent of Rs. 82.16 Crores and 540.85 Crores respectively. Capital redemption reserve has been created out of general reserve for Rs. 2.29 Crores being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.
- f) Employee Stock Options:

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
Employee Stock Options Outstanding	7.52	–	–	7.52
Less:- Transfer to share premium on exercise of options	(4.36)	–	(0.22)	(4.58)
<b>Employee Stock Options</b>	<b>3.16</b>	<b>–</b>	<b>(0.22)</b>	<b>2.94</b>





## Schedules

To Balance Sheet (Contd.)

	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost/ Valuation as at 1st April, 2010	Additions	Deduct- ions/ Transfers (d)	Cost/ Valuation as at 31st March, 2011	As at 1st April, 2010	Additions	Deduct- ions/ Transfers (d)	As at 31st March, 2011	As at 31st March, 2010
<b>3 FIXED ASSETS</b>									
<b>Tangibles</b>									
Land – Freehold (b)	76.43	0.85	(4.16)	73.12	–	–	–	73.12	76.43
– Lease Hold	32.58	24.24	(0.02)	56.80	4.05	0.64	(0.02)	52.13	28.53
Buildings (a)	908.91	61.34	(23.09)	947.16	170.39	26.62	(7.43)	757.58	738.52
Plant & machinery (e)	2,122.32	173.43	(54.08)	2,241.67	943.01	(f) 171.13	(40.23)	1,167.76	1,179.31
Railway sidings	0.01	–	–	0.01	0.01	–	–	–	–
Furniture, Fixtures & Office Equipments	175.39	13.17	(13.72)	174.84	91.40	12.06	(11.62)	83.00	83.99
Motor Vehicles	2.67	0.01	(0.31)	2.37	2.56	0.06	(0.29)	0.04	0.11
<b>Intangibles</b>									
Trade Marks	144.85	–	–	144.85	144.85	–	–	–	–
Goodwill	11.82	–	–	11.82	11.82	–	–	–	–
Software	106.98	–	–	106.98	51.76	19.69	–	35.53	55.22
<b>Total- 31st March, 2011</b>	<b>3,581.96</b>	<b>273.04</b>	<b>(95.38)</b>	<b>3,759.62</b>	<b>1,419.85</b>	<b>230.20</b>	<b>(59.59)</b>	<b>2,169.16</b>	<b>2,162.11</b>
<b>Total- 31st March, 2010</b>	<b>2,881.73</b>	<b>769.78</b>	<b>(69.55)</b>	<b>3,581.96</b>	<b>1,274.95</b>	<b>184.03</b>	<b>(39.13)</b>	<b>2,162.11</b>	
<b>Capital Work-in-Progress</b>								<b>(f) 299.08</b>	<b>273.96</b>

### Notes:

- Buildings include Rs. 0.02 Crores (2009-10: Rs. 0.02 Crores) being the value of shares in co-operative housing societies.
- The title deeds of Freehold Land aggregating Rs. 8.77 Crores (2009-10: Rs. 14.19 Crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
- Capital expenditure commitments - Rs. 173.96 Crores (2009-10: Rs. 190.31 Crores)
- Deletion in previous year includes transfers, pursuant to the scheme of arrangement for demerger of Lakme Lever Private Limited
- Additions in capital expenditure of Rs. 0.77 Crores (2009-10: Rs. 0.59 Crores) and Rs. 1.07 Crores (2009-10: Rs. 0.46 Crores) incurred at Company's inhouse R&D Facilities at Mumbai and Bangalore respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961
- Impairment charge of Rs. 22.52 Crores (2009-10: Nil) has been included in Miscellaneous Expenses in the Profit and Loss account.



## Schedules

To Balance Sheet (Contd.)

			Rs. Crores	
			As at 31st March, 2011	As at 31st March, 2010
<b>4 INVESTMENTS</b>				
(Long term, Unquoted, unless otherwise stated)				
<b>A. INVESTMENTS IN GOVERNMENT SECURITIES</b>				
7 Year National Savings Certificates - II Issue			0.01	0.01
7.55% Government of India Stock of Face Value Nil (2009-10: Rs. 50 Crores) (Stock aggregating Face Value of Nil purchased during the year) (Stock aggregating Face Value of Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)			–	51.26
Treasury Bills of Face Value aggregating Nil (2009-10: Rs. 346.89 Crores) (Bills aggregating Face Value of Rs. 1279.84 Crores purchased during the year) (Bills aggregating Face Value of Rs. 1626.73 Crores sold during the year) (Current Investments) (Quoted)			–	341.07
<b>Total - A</b>			<b>0.01</b>	<b>392.34</b>
<b>B. INVESTMENTS IN SUBSIDIARY COMPANIES AT COST</b>				
<b>SHARES</b>				
Unilever India Exports Limited	2,510,000	Equity shares of Rs. 10 each fully paid	2.51	2.51
Levers Associated Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05
Levindra Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05
Hindlever Trust Limited	50,000	Ordinary shares of Rs. 10 each fully paid	0.05	0.05
Unilever Nepal Limited	736,560	Equity shares of Nepalese Rs. 100 each fully paid	4.60	4.60
Pond's Exports Limited	19,900,147	Equity shares of Rs. 10 each fully paid (10,100,000 shares added during the year)	19.90	9.80
Lakme Lever Private Limited	20,000,000	Equity shares of Rs. 10 each fully paid (14,800,000 shares purchased during the year)	20.00	5.20
Daverashola Estates Private Limited	221,700	Equity shares of Rs. 10 each fully paid	4.51	4.51
Jamnagar Properties Private Limited	5,000,000	Equity shares of Rs. 10 each fully paid	5.00	5.00
Brooke Bond Real Estates Private Limited	12,946,000	Equity shares of Rs. 10 each fully paid	12.95	12.95
Hindustan Field Services Private Limited	637,500	Equity shares of Rs. 10 each fully paid	0.64	0.64
<b>Total - B</b>			<b>70.26</b>	<b>45.36</b>





## Schedules

### To Balance Sheet (Contd.)

				Rs. Crores	
				As at 31st March, 2011	As at 31st March, 2010
<b>4 INVESTMENTS (Contd.)</b>					
(Long term, Unquoted, unless otherwise stated)					
<b>C. TRADE INVESTMENTS AT COST</b>					
<b>SHARES</b>					
Tata Chemicals Limited	3,833,619	Equity shares of Rs. 10 each fully paid (Quoted)	11.66	15.31	
		(1,198,381 shares sold during the year)			
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs. 100 each fully paid (Cost Rs. 5,000)	0.00	0.00	
Hi Tech Surfactants Limited	58,400	Equity shares of Rs. 10 each fully paid	0.06	0.06	
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs. 100 each fully paid	2.66	2.66	
	913,000	7% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid	9.13	9.13	
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00	
Kimberly Clark Lever Private Limited	36,250,000	Equity shares of Rs. 10 each fully paid	36.25	36.25	
Coffee Futures India Exchange Limited	1	Equity share of Rs. 10,000 each fully paid (Cost Rs. 10,000)	0.00	0.00	
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs. 100 each fully paid	0.02	0.02	
<b>Total - C</b>			<b>59.78</b>	<b>63.43</b>	
<b>D. NON-TRADE INVESTMENTS AT COST</b>					
<b>SHARES, DEBENTURES, BONDS &amp; OTHERS</b>					
Comfund Financial Services India Limited	240,000	Equity shares of Rs. 10 each fully paid	0.24	0.24	
Hindustan Unilever Vitality Foundation	2,500	Ordinary shares of Rs. 10 each fully paid (Cost Rs. 25000)	0.00	–	
Assam Bengal Cereals Limited	8,284	Equity shares of Rs. 10 each fully paid	0.01	0.01	
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs. 1,000 : Cost Rs. 14,000)	0.00	0.00	
Woodlands Hospital and Medical Research Centre Limited	1	5% Non-redeemable Registered Debenture stock (Face value Rs. 100 : Cost Rs. 591)	0.00	0.00	
	44	1/2% Debentures of Rs. 100 each (Face value Rs. 100 : Cost Rs. 26,009)	0.00	0.00	
Shillong Club Limited	56	5% Debentures of Rs. 100 each (Cost Rs. Nil)	0.00	0.00	
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs. 100 each fully paid (Cost Rs. 20,000)	0.00	0.00	
Biotech Consortium India Limited	100,000	Equity shares of Rs. 10 each fully paid	0.10	0.10	
Scooters India Limited	10,000	Equity shares of Rs. 10 each fully paid (Quoted)	0.01	0.01	
Annamallais Ropeway Company Limited	1,150	Ordinary shares of Rs. 100 each fully paid (Cost Rs. Nil)	0.00	0.00	
Saraswat Co-operative Bank Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00	
Rural Electrification Board	–	5.50% Capital Gains Bonds of Rs. 10,000 each (2009-10: 500 bonds) (500 bonds Redeemed during the year)	0.00	0.50	



## Schedules

To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2011	As at 31st March, 2010
<b>4 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS</b>			
Certificate of Deposits			
– State Bank of Bikaner & Jaipur of the Face Value of Rs. 25.00 Crores (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)		24.09	24.59
– State Bank of Mysore of the Face Value of Rs. 25.00 Crores (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)		24.04	24.62
– Canara Bank of the Face Value of Nil (2009-10: Rs. 45.00 Crores) (Nil purchased during the year) (Rs. 45.00 Crores sold during the year) (Current Investments) (Quoted)		–	44.39
– Bank of India of the Face Value of Nil (2009-10: Nil) (Rs. 100.00 Crores purchased during the year) (Rs. 100.00 Crores sold during the year) (Current Investments) (Quoted)		–	–
– Bank of Baroda of the Face Value of Nil (2009-10: Rs. 25 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 75.00 Crores sold during the year) (Current Investments) (Quoted)		–	24.42
– Standard Chartered Bank of the Face Value of Nil. (2009-10: Rs. 175 Crores) (Rs. 25.00 Crores purchased during the year) (Rs. 200.00 Crores sold during the year) (Current Investments) (Quoted)		–	173.22
– ICICI Bank of the Face Value of Rs. 105 Crores (2009-10: Rs. 50.00 Crores) (Rs. 330.00 Crores purchased during the year) (Rs. 275.00 Crores sold during the year) (Current Investments) (Quoted)		102.17	49.08
– Citi Bank of the Face Value of Nil (2009-10: Rs. 25.00 Crores) (Nil purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)		–	24.90





## Schedules

### To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2011	As at 31st March, 2010
<b>4 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS (Contd.)</b>			
Certificate of Deposits	<ul style="list-style-type: none"> <li>State Bank of Travancore of the Face Value of Nil. (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 75.00 Crores sold during the year) (Current Investments) (Quoted)</li> <li>State Bank of India of the Face Value of Rs. 250.00 Crores (2009-10: Nil) (Rs. 1800.00 Crores purchased during the year) (Rs. 1550.00 Crores sold during the year) (Current Investments) (Quoted)</li> </ul>	–	24.75
Birla Sun Life Mutual Fund	<ul style="list-style-type: none"> <li>Units Birla Sun Life Cash Plus - Institutional Premium Plan - Daily Div (3,654,052,495 Units Purchased, 10,071,387 Units cumulated, 3,664,123,882 Units sold during the year) (Current Investments) (Quoted)</li> <li>(2009-10: 123,285,363) (Units Birla Sun Life Ultra Short Term Fund - IP - Dly Dividend (418,772,947 Units Purchased, 2,819,904 Units cumulated, 544,878,214 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	–	–
ICICI Prudential Mutual Fund	<ul style="list-style-type: none"> <li>(2009-10: 5,298,004) (Units ICICI Prudential FRF - Plan D - Daily Dividend (6,698,593 Units Purchased, 131,964 Units cumulated, 12,128,561 Units sold during the year) (Current Investments) (Quoted)</li> <li>Units ICICI Prudential Liquid - Super IP - Daily Div (403,809,885 Units Purchased, 1,206,676 Units cumulated, 405,016,561 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	–	52.99
51,753,429	Units ICICI Prudential Liquid - Super IP - Growth (51,753,429 Units Purchased during the year) (Current Investments) (Quoted)	750.00	–



## Schedules

To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2011	As at 31st March, 2010
<b>4 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS (Contd.)</b>			
IDFC Mutual Fund	<ul style="list-style-type: none"> <li>Units IDFC Cash Fund - Plan C - Super I P - Daily Div (753,311,672 Units Purchased, 4,899,147 Units cumulated, 758,210,819 Units sold during the year) (Current Investments) (Quoted)</li> <li>(2009-10: 144,868,017) (Units IDFC Money Manager - Invest Plan - Plan B - Dly Dividend (173,240,140 Units Purchased, 2,843,287 Units cumulated, 320,951,444 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	—	—
Kotak Mahindra Mutual Fund	<ul style="list-style-type: none"> <li>(2009-10: 60,028,309) (Units Kotak Floater - LT - Daily Dividend (408,738,269 Units Purchased, 2,867,091 Units cumulated, 471,633,669 Units sold during the year) (Current Investments) (Quoted)</li> <li>Units Kotak Liquid - Inst Premium Plan - Daily Dividend (995,657,543 Units Purchased, 4,452,303 Units cumulated, 1,000,109,846 Units sold during the year) (Current Investments) (Quoted)</li> <li>Units Kotak Liquid - Inst Premium Plan - Growth (65,418,680 Units Purchased, 65,418,680 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	—	145.09
Reliance Mutual Fund	<ul style="list-style-type: none"> <li>(2009-10: 60,028,309) (Units Kotak Floater - LT - Daily Dividend (408,738,269 Units Purchased, 2,867,091 Units cumulated, 471,633,669 Units sold during the year) (Current Investments) (Quoted)</li> <li>Units Kotak Liquid - Inst Premium Plan - Daily Dividend (995,657,543 Units Purchased, 4,452,303 Units cumulated, 1,000,109,846 Units sold during the year) (Current Investments) (Quoted)</li> <li>Units Kotak Liquid - Inst Premium Plan - Growth (65,418,680 Units Purchased, 65,418,680 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	—	60.51
	<ul style="list-style-type: none"> <li>Units Reliance Medium Term Fund - Daily Dividend (196,538,351 Units Purchased, 1,129,058 Units cumulated, 197,667,409 Units sold during the year) (Current Investments) (Quoted)</li> </ul>	—	—
<b>Total - D</b>		<b>1,140.45</b>	<b>772.77</b>
<b>Total - A+B+C+D</b>		<b>1,270.50</b>	<b>1,273.90</b>
Provision for diminution in value of Long term investments		(9.82)	(9.82)
<b>Total</b>		<b>1,260.68</b>	<b>1,264.08</b>
Aggregate book value of investments	Unquoted	108.93	84.51
	Quoted - Market Value Rs. 1279.49 Crores ; (2009-10:Rs. 1335.52 Crores)	1,151.75	1,179.57
<b>Total</b>		<b>1,260.68</b>	<b>1,264.08</b>
	Long Term	120.60	99.84
	Current	1,140.08	1,164.24
<b>Total</b>		<b>1,260.68</b>	<b>1,264.08</b>





## Schedules

To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2011	As at 31st March, 2010
<b>5 INVENTORIES</b>		
<b>(at lower of cost and net realisable value)</b>		
Stores and spare parts, etc.	48.12	45.74
Raw materials (Includes in transit - Rs. 49.99 Crores, 2009-10: Rs. 51.65 Crores)	1,002.40	745.31
Packing materials (Includes in transit - Rs. 0.26 Crores, 2009-10: Rs. Nil)	157.93	81.15
Work-in-progress	290.15	247.82
Finished goods (Includes in transit - Rs. 63.25 Crores, 2009-10: Rs. 63.86 Crores)	1,312.17	1,059.42
Property Development Activity - Work-in-progress	0.49	0.49
	<b>2,811.26</b>	<b>2,179.93</b>
<b>6 SUNDRY DEBTORS (unsecured)</b>		
Considered good		
Over 6 months old	114.56	61.57
Others	828.64	610.03
	943.20	671.60
Considered doubtful		
Over 6 months old	49.91	71.87
Others	—	—
	<b>49.91</b>	<b>71.87</b>
	<b>993.11</b>	<b>743.47</b>
Less: Provision for doubtful debts	(49.91)	(71.87)
	<b>943.20</b>	<b>671.60</b>
<b>7 CASH AND BANK BALANCES</b>		
Cash on hand	1.02	1.06
Cheques on hand	1.35	49.11
With Scheduled banks		
- on current accounts	279.54	181.20
- on deposit accounts	1,358.10	1,660.84
	<b>1,640.01</b>	<b>1,892.21</b>
<b>8 OTHER CURRENT ASSETS</b>		
Income accrued on investments and deposits	31.78	13.10
Fixed assets held for sale (at lower of cost and net realisable value)	3.58	3.52
	<b>35.36</b>	<b>16.62</b>



## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>9 LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances and loans to subsidiaries		
Considered good	34.11	30.29
Considered doubtful	6.70	6.70
	40.81	36.99
Less: Provision for doubtful advances	(6.70)	(6.70)
	34.11	30.29
Advances recoverable in cash or in kind or for value to be received including:-	499.25	446.18
Rs. 103.32 Crores (2009-10: Rs. 117.14 Crores) not due within one year		
Considered doubtful	35.05	35.54
	534.30	481.72
Less: Provision for doubtful advances	(35.05)	(35.54)
	499.25	446.18
Deposits with Customs, Port Trust, Excise, etc.	125.01	130.93
Current taxation (payments in excess of provision, including tax on distributed profits)	6.99	-
	<b>665.36</b>	<b>607.40</b>
<b>10 LIABILITIES</b>		
Acceptances	1,281.90	849.28
Sundry creditors (Schedule 19)	4,726.23	4,373.71
Security advances	16.52	16.78
Dividends declared pending payment / encashment	50.22	51.89
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund	<b>6,074.87 *</b>	<b>5,291.66 *</b>
<b>11 PROVISIONS</b>		
Provision for retirement/post retirement benefits and other employee benefits	530.20	569.35
Proposed dividend	755.82	763.59
Current taxation (provisions in excess of payments) including tax on distributed profits	-	58.52
Miscellaneous provisions (Schedule 17)	38.96	50.09
	<b>1,324.98</b>	<b>1,441.55</b>
<b>12 DEFERRED TAX ASSETS</b>		
Provision for Post Retirement Benefits and other employee benefits	192.20	223.68
Provision for Doubtful Debts and Advances	27.57	35.68
Expenses allowable for tax purposes when paid	96.72	107.19
Other timing differences	82.51	84.58
	<b>399.00</b>	<b>451.13</b>
<b>13 DEFERRED TAX LIABILITIES</b>		
Depreciation	189.34	202.31
	<b>189.34</b>	<b>202.31</b>





## Schedules

### To Balance Sheet (Contd.)

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

### 15 DEFINED BENEFIT PLANS

As per Actuarial Valuation as on 31st March, 2011 and recognised in the financial statements in respect of Employee Benefit Schemes:  
Rs. Crores

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>I Components of Employer Expense</b>								
(a) Current Service Cost	7.71	6.19	8.90	12.41	0.89	1.13	0.88	1.13
(b) Interest Cost	9.71	6.71	36.45	35.12	1.71	1.75	12.23	9.60
(c) Expected Return on Plan Assets	(6.80)	(5.64)	(7.57)	(7.03)	(4.78)	(4.57)	—	—
(d) Curtailment Cost/(Credit)	—	—	—	—	—	—	—	—
(e) Settlement Cost/(Credit)	—	—	—	—	—	—	—	—
(f) Past Service Cost	—	31.54	—	—	—	—	—	—
(g) Acquisition/Divestiture (Gain)/Loss	—	—	—	—	—	—	—	—
(h) Actuarial (Gain)/Loss	(2.78)	(14.61)	(37.60)	(66.48)	3.53	(5.99)	2.76	4.44
<b>(i) Total expense/(gain) recognised in the Profit &amp; Loss Account</b>	<b>7.84</b>	<b>24.19</b>	<b>0.18</b>	<b>(25.98)</b>	<b>1.35</b>	<b>* (7.68)</b>	<b>15.87</b>	<b>15.17</b>
Note: * ((Gain) not recognised in Profit and Loss account as the funds are lying in an Income Tax approved irrevocable trust fund)								
<b>II Net Asset /(Liability) recognised in Balance Sheet as at 31st March, 2011</b>								
(a) Present Value of Obligation as at 31st March, 2011	134.12	123.21	436.45	476.85	19.07	23.10	170.35	159.31
(b) Fair Value of Plan Assets as at 31st March, 2011	(126.28)	(99.02)	(103.93)	(108.50)	(64.84)	(70.22)	—	—
(c) (Asset)/Liability recognised in the Balance Sheet (Refer note)	7.84	24.19	332.52	368.35	— *	— *	170.35	159.31
Note: * The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund.								
<b>III Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2011</b>								
(a) Present Value of Obligation as at 31st March, 2010	123.21	101.78	476.85	545.88	23.10	27.98	159.31	148.52
(b) Current Service Cost	7.71	6.19	8.90	12.41	0.89	1.13	0.88	1.13
(c) Interest Cost	9.71	6.71	36.45	35.12	1.71	1.75	12.23	9.60
(d) Curtailment Cost/(Credit)	—	—	—	—	—	—	—	—



## Schedules

To Balance Sheet (Contd.)

### 15 DEFINED BENEFIT PLANS (Contd.)

Rs. Crores

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2011	2010	2011	2010	2011	2010	2011	2010
(e) Settlement Cost/(Credit)	–	–	–	(0.09)	–	–	–	–
(f) Plan Amendments	–	31.54	–	–	–	–	–	–
(g) Acquisitions	–	–	–	(3.76)	–	(0.18)	–	–
(h) Actuarial (Gain)/Loss	6.39	(11.22)	(34.42)	(50.91)	2.48	(4.14)	1.67	4.44
(i) Benefits Paid	(12.90)	(11.79)	(51.33)	(61.80)	(9.11)	(3.44)	(3.74)	(4.38)
<b>(j) Present Value of Obligation as at 31st March, 2011</b>	<b>134.12</b>	<b>123.21</b>	<b>436.45</b>	<b>476.85</b>	<b>19.07</b>	<b>23.10</b>	<b>170.35</b>	<b>159.31</b>
<b>IV Changes in the Fair value of Plan Assets</b>								
(a) Present Value of Plan Assets as at 31st March, 2010	99.02	101.78	108.50	115.00	70.22	67.42	–	–
(b) Acquisition Adjustment	–	–	–	–	–	(0.18)	–	–
(c) Expected Return on Plan Assets	6.80	5.64	7.57	7.03	4.78	4.57	–	–
(d) Actuarial Gain/(Loss)	9.17	3.39	3.18	11.80	(1.05)	1.85	(1.08)	–
(e) Assets distributed on settlements	–	–	–	(0.09)	–	–	–	–
(f) Actual Company Contribution	24.19	–	36.01	36.56	–	–	4.82	4.38
(g) Benefits Paid	(12.90)	(11.79)	(51.33)	(61.80)	(9.11)	(3.44)	(3.74)	(4.38)
<b>(h) Fair Value of Plan Assets as at 31st March, 2011</b>	<b>126.28</b>	<b>99.02</b>	<b>103.93</b>	<b>108.50</b>	<b>64.84</b>	<b>70.22</b>	<b>–</b>	<b>–</b>
<b>V Actuarial Assumptions</b>								
(a) Discount Rate (per annum)	8.15%	7.75%	8.15%	7.75%	8.15%	7.75%	8.15%	7.75%
(b) Expected Rate of Return on Assets (per annum)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	12.00%	12.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.								
<b>VI Effect of Increase or Decrease in Healthcare costs</b>								
Effect of 1% increase in Healthcare Costs on								
– the aggregate of service cost and interest cost							1.26	1.12
– Defined Benefit Obligation							15.33	14.34
Effect of 1% decrease in Healthcare Costs on								
– the aggregate of service cost and interest cost							(1.27)	(1.16)
– Defined Benefit Obligation							(14.07)	(13.15)





## Schedules

To Balance Sheet (Contd.)

### 15 DEFINED BENEFIT PLANS (Contd.)

Rs. Crores

	Gratuity		Management Pension		Officers Pension		Post Retirement Medical Benefits	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>VII Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2011</b>								
(a) Government of India Securities	12.00%	16.00%	—	—	—	—	—	—
(b) Corporate Bonds	8.00%	13.00%	—	—	—	—	—	—
(c) Bank Deposits (Special Deposit Scheme, 1975)	—	—	—	—	—	—	—	—
(d) Administered by Life Insurance Corporation of India	80.00%	71.00%	100.00%	100.00%	100.00%	100.00%	—	—
(e) Others	—	—	—	—	—	—	—	—
<b>VIII Experience Adjustments</b>								
Defined Benefit Obligation	134.12	123.21	436.45	476.85	19.07	23.10	170.35	159.31
Plan Assets	126.28	99.02	103.93	108.50	64.84	70.22	—	—
Deficit/ (Surplus)	7.84	24.19	332.52	368.36	(45.77)	(47.12)	170.35	159.31
Experience adjustments on plan liabilities	5.36	7.17	(30.41)	(33.52)	5.62	(2.26)	2.18	6.34
Experience adjustments on plan assets	9.17	3.39	3.18	11.80	(1.05)	1.85	—	—

### 16 DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2011 are as under :

Currency exchange	GBP/ INR	USD/ INR	THB/ USD	AUD/ USD	EUR/ USD	GBP/ USD	JPY/ USD	CAD/ USD	CHF/ USD	SEK/ USD
a. Number of 'buy' contracts	—	110	—	—	12	13	—	—	3	5
	—	(88)	—	(15)	(18)	(4)	—	(2)	—	(2)
b. Aggregate 'buy' foreign currency amount (Crores)	—	9.98	—	—	0.78	0.09	—	—	0.45	0.83
	—	(7.45)	—	(1.08)	(0.72)	(0.04)	—	(0.04)	—	(0.02)
c. Number of 'sell' contracts	1	26	—	—	7	—	4	—	—	—
	(2)	(45)	—	—	(23)	—	(3)	(1)	—	—
d. Aggregate 'sell' foreign currency amount (Crores)	0.84	2.48	—	—	0.25	—	3.76	—	—	—
	(0.87)	(4.09)	—	—	(0.60)	—	(6.91)	(0.01)	—	—

(figures in brackets pertain to 2009-10)



## Schedules

### To Balance Sheet (Contd.)

The foreign currency exposures not hedged as at the year end are as under:

Currency exchange	GBP	USD	THB	AUD	EUR	JPY	CAD	CHF	SEK
Net Unhedged Exposure in currency (Crores).	0.02 (0.02)	0.01 (0.03)	0.07 -	- (0.01)	0.00 (0.02)	0.45 (0.09)	0.00 (0.01)	0.01 (0.01)	0.02 (0.01)

(figures in bracket pertain to 2009-10)

Rs. Crores

	As at 1st April, 2010	Provision made during the year	Amounts utilised / reversed during the year	As at 31st March, 2011
<b>17 PROVISIONS</b>				
Miscellaneous provisions	50.09	—	(11.13)	38.96
<b>2009-10</b>	57.48	6.13	(13.52)	<b>50.09</b>

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

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>18 CONTINGENT LIABILITIES</b>		
Claims made against the Company not acknowledged as debts		
Income-tax matters	490.61	295.29
Sales tax matters-gross Rs. 124.89 Crores (2009-10: Rs. 178.25 Crores) net of tax	83.34	119.04
Excise and Customs duty matters-gross Rs. 77.39 Crores (2009-10: Rs. 67.69 Crores) net of tax	51.64	45.20
Other matters-gross Rs.56.07 Crores (2009-10: Rs. 13.42 Crores) net of tax	37.41	8.96

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

### 19 MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.





## Schedules

To Balance Sheet (Contd.)

### 20 INTEREST IN JOINT VENTURE

The Company's interest, as a venturer, in a jointly controlled entity (Incorporated Joint Venture in India) is:

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2011	Percentage of ownership interest as at 31st March, 2010
Kimberly - Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Long Term Investment (Schedule 4) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of, the effect of transactions between the Company and the joint venture) related to its interest in this joint venture, based on director certified financial statements are:

Rs. Crores			
	As at 31st March, 2011	As at 31st March, 2010	
<b>I ASSETS</b>			
1 Fixed Assets (including CWIP)	18.22	18.58	
2 Current Assets, Loans and Advances			
a) Inventories	26.93	17.00	
b) Sundry Debtors	3.04	3.91	
c) Cash and Bank Balances	41.49	35.59	
d) Other Current Assets	1.19	0.93	
e) Loans and Advances	6.19	4.90	
f) Debit balance in P&L Account	5.44	-	
<b>II LIABILITIES</b>			
1 Secured Loans	-	-	
2 Deferred Tax Net	(1.08)	(1.29)	
3 Current Liabilities and Provisions			
a) Liabilities	(65.17)	(37.27)	
b) Provisions	-	-	
Rs. Crores			
	For the year ended 31st March, 2011	For the year ended 31st March, 2010	
<b>III INCOME</b>			
1 Sales (net of excise duty)	126.19	93.29	
2 Other Income	3.33	5.30	
<b>IV EXPENSES</b>			
1 Operating Expenses	(139.19)	(97.76)	
2 Depreciation	(2.08)	(2.10)	
3 Provision for Taxation (including deferred taxation)	0.21	0.17	
<b>V OTHER MATTERS</b>			
1 Contingent Liabilities	17.05	-	
2 Capital Commitments	-	1.31	

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



## Statements

Forming part of the Profit and Loss Account

	Licensed / IEM Capacity		Installed Capacity	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
	Tonnes	Tonnes	Tonnes	Tonnes
<b>1 LICENSED/INSTALLED ANNUAL CAPACITIES ON SINGLE SHIFT BASIS (UNLESS OTHERWISE STATED)</b>				
Soaps	397,138	397,138	182,917	170,250
Synthetic detergents (f)	1,209,172	1,209,172	292,680	313,347
Personal products	332,190	307,524	128,524	128,358
Glycerine	15,286	15,286	6,667	6,667
Fabric softener	2,833	2,833	–	–
Fatty acids	96,833	96,833	65,000	81,667
Perfumery and cosmetic products (units) *	299,000,000	299,000,000	55,000,000	55,000,000
Perfumery and cosmetic products *	3,022	3,022	–	–
Packet Tea below 1kg and tea bags *	5,000	5,000	–	–
Instant Tea / Coffee	9,833	9,833	4,553	4,553
Frozen Surimi, Fresh and Frozen fish, Mollusees etc. *	16,500	16,500	16,500	16,500
Ice-cream/Frozen desserts (Million Litres) * (g)	61	61	20	20
Packed Tea *	N.A.	N.A.	137,747	160,750
Packed Coffee *	N.A.	N.A.	22,060	22,060
Scourers	N.A.	N.A.	43,569	43,569
Surface Cleaners (Litres) *	N.A.	N.A.	10,000,000	10,000,000
Water Batteries (Million units)	17	17	4	4
Processed Foods	7,269	7,269	2,417	1,667
Canned and Processed Fruits and Vegetables	42,969	42,969	16,471	14,983

- N.A. - Signifies the Non Scheduled activities for which Industrial License / IEMs are not required.
- Licensed capacities include registered capacities of industrial activities existing prior to the Industries (Development and Regulation) Act, 1951 and capacities as shown in the Industrial Entrepreneurs Memorandum (IEM) filed with the Government pursuant to notification no. 477(E) dt.27.07.1991 under the said act.
- The installed capacities are as per certificate given by a Director on which the auditors have relied.
- The capacity mentioned is annual capacity based on maximum utilisation of plant and machinery.
- Licensed and installed capacities for the year indicated above include capacities of entities post merger and closed units.
- Synthetic detergents includes Laundry Soap Capacities.
- Ice-creams and Frozen Desserts are alternate capacities.
- Figures of Licensed / IEM Capacities have been corrected based on the available Licenses / IEMs.
- \* Represent capacities on 3 shift basis.





## Statements

Forming part of the Profit and Loss Account (Contd.)

	Tonnes	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>2 PRODUCTION</b>		
Soaps ('Million nos.)	3,501 **	3,216 **
Synthetic detergents	936,865 **	789,674 **
Personal Products ('000 nos.)	9,166,942	6,440,022
Glycerine : Refined	—	4,898 **
Packed Tea	94,071 **	90,104 **
Instant Tea	1,347	810
Packed Coffee	15,108 **	13,631 **
Canned and Processed Fruits and Vegetables	48,189 **	36,249 **
Frozen Desserts & Ice cream (Million Litres)	18	16
Water Batteries ('000 units)	2,857	3

\*\* Includes:

**a) Third party processing:**

Soaps - 227 Million Nos. (2009-10: 229 Million Nos.), Synthetic detergents - 422,192 tonnes (2009-10: 367,486 tonnes), Personal Products ('000 Nos.) - 545,687 (2009-10: 618,155) Glycerine: Refined - Nil (2009-10: 2,506 tonnes), Packed Tea - 18,018 tonnes (2009-10: 9,399 tonnes), Packed Coffee - 4,865 tonnes (2009-10: 5,138 tonnes), Canned and Processed Fruits and Vegetables - 27,018 tonnes (2009-10: 21,475 tonnes).

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores
<b>3 SALES (INCLUDING EXPORTS)</b>				
Soaps ('Million nos.)	3,855	3,939.71	3,554	3,727.28
	2 *		17 *	
Synthetic detergents	1,416,766	4,160.10	1,184,997	3,909.23
	455 *		4,004 *	
Personal Products ('000 nos.)	17,296,730	5,926.17	15,027,047	5,107.33
	11,213 *		128,351 *	
Tea	94,719	2,097.50	93,924	1,925.14
	113 *			
Frozen Desserts & Ice Creams (Million Litres)	23	271.95	22	228.94
Processed triglycerides/hydrogenated oils/vanaspati	1,728	15.13	1,683	14.99
Canned and Processed Fruits and Vegetables	53,398	575.71	41,252	427.27
	24 *			
Branded Staple Foods (a)	176,268	338.89	187,214	324.22
Speciality Chemicals (b)	10	1.04	3,075	12.49
			4,782 *	
Others (c)		2,074.91		1,846.91
		<b>19,401.11</b>		<b>17,523.80</b>

**Note:**

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

\* Figures denote quantities used for captive consumption/reprocessing/sales promotion.



## Statements

Forming part of the Profit and Loss Account (Contd.)

	As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores	Tonnes	Rs. Crores
<b>4 CLOSING STOCKS</b> (including processed chemicals)						
Soaps ('Million nos.)	426	345.69	403	306.20	400	270.30
Synthetic detergents	64,775	203.38	62,693	179.34	65,302	180.97
Personal Products ('000 nos.)	1,837,774	411.26	1,409,927	302.48	1,677,502	378.66
Tea	8,683	122.88	7,323	105.87	8,471	109.03
Others		228.96		165.53		162.25
		<b>1,312.17</b>		<b>1,059.42</b>		<b>1,101.21</b>

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores
<b>5 RAW MATERIALS CONSUMED @</b>				
Oils, fats and rosins	246,492	1,163.65	212,851	829.25
Chemicals and perfumes	1,216,780	2,907.06	1,082,781	2,514.26
Tea	92,381	1,112.98	90,756	1,057.62
Others		680.47		851.13
		<b>5,864.16</b>		<b>5,252.26</b>

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

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	%	Rs. Crores	%	Rs. Crores
<b>6 VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED</b>				
Raw materials - Imported	19	1,125.99	19	977.72
- Indigenous	81	4,738.17	81	4,274.54
Spare parts and components (including stores) - Imported	19	28.30	14	14.97
- Indigenous	81	118.64	86	88.39

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>7 VALUE OF IMPORTS ON CIF BASIS</b> (excluding purchases from canalising agencies and imported items purchased locally)		
Raw and packing materials	1,246.19	822.27
Spare parts and components	30.61	14.21
Capital goods	39.08	114.99
	<b>1,315.88</b>	<b>951.47</b>





## Statements

Forming part of the Profit and Loss Account (Contd.)

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Tonnes	Rs. Crores	Tonnes	Rs. Crores
<b>8 PURCHASE OF GOODS</b>				
Processed triglycerides	1,729	11.70	1,682	10.55
Soaps ('Million nos.)	379	394.51	358	366.15
Synthetic detergents	482,438	1,053.05	396,719	868.37
Personal Products ('000 nos.)	8,568,848	808.61	8,447,802	619.76
Frozen Desserts & Ice-creams (Million Ltrs.)	7	35.85	6	23.14
Tea	774	11.23	2,221	20.79
Others (Scourers, edible oils and fats, etc.)		775.66		582.33
Total		<b>3,090.61</b>		<b>2,491.09</b>
Less : Excise duty on purchases		(272.48)		(199.35)
		<b>2,818.13</b>		<b>2,291.74</b>

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>9 EARNINGS IN FOREIGN EXCHANGE</b>		
Exports at FOB (including exports to Nepal and Bhutan)	1,058.92	955.14
Others (income from services, freight, insurance, claims, etc.)	369.32	345.12
	<b>1,428.24</b>	<b>1,300.26</b>

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>10 EXPENDITURE IN FOREIGN CURRENCY</b> (on payment basis) (subject to deduction of tax where applicable)		
Consultancy	27.96	26.32
Royalty	80.71	85.20
Other matters:		
a) Imports of goods for resale	152.04	139.32
b) Others	110.36	104.43
	<b>371.07</b>	<b>355.27</b>

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rs. Crores	USD Crores	Rs. Crores	USD Crores
<b>11 NET DIVIDEND REMITTED IN FOREIGN CURRENCY</b>				
2008-09 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	—	—	453.94	9.17
2009-10 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each	—	—	340.45	7.23
2009-10 Final to 7 shareholders on 1,134,849,460 shares of Re. 1 each	397.20	8.50	—	—
2010-11 Interim to 7 shareholders on 1,134,849,460 shares of Re. 1 each	340.45	7.64	—	—
	<b>737.65</b>	<b>16.14</b>	<b>794.39</b>	<b>16.40</b>

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



## Statements

Forming part of the Profit and Loss Account (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>13 DIRECTORS' REMUNERATION</b>		
Salaries	5.40	11.31
Performance Linked Bonus / Commission to Wholetime Directors	4.01	2.43
Commission to Non-Wholetime Directors	0.40	0.25
Contribution to provident fund	0.54	0.51
Other perquisites	4.87	1.43
	<b>15.22</b>	<b>15.93</b>

**Note:**

- Provisions for contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuations done on an overall Company basis are excluded above.
- Performance bonus is for the year 2010, paid subsequent to year end.

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

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Net Profit after taxation	2,305.97	2,202.03
Add:		
Depreciation and impairment (as per accounts)	243.35	184.03
Directors' remuneration	15.22	15.93
Directors' sitting fees	0.10	0.13
Provision / (write back) for doubtful debts and advances (net)	(22.44)	(1.33)
Book deficit / (surplus) on fixed assets sold, scrapped, etc. (net)	5.93	7.19
Loss / (Surplus) on disposal of current investments (net)	(60.21)	(19.54)
Provision for diminution in value of investment/advances in subsidiaries	–	(52.10)
Profit arising on disposal of a long - term trade investments	(40.63)	(95.99)
Profit arising from disposal of unused land and building (including residential properties)	(141.05)	(91.01)
Profit on disposal of assets of business	–	(2.20)
Taxation for the year (after considering exceptional items)	631.04	617.48
	631.31	562.59
	2,937.28	2,764.62
Less :		
Depreciation	243.35	184.03
Deficit / (Surplus) on disposal of fixed assets (net)	5.93	7.19
	249.28	191.22
Net profit for Section 198 of the Companies Act, 1956	<b>2,688.00</b>	<b>2,573.40</b>
Commission to Non-Wholetime Directors at 1%	26.88	25.73
Commission to Wholetime Directors at 5%	134.40	128.67
Commission payable for the year	4.41	2.68





## Notes

To the Cash Flow Statement for the year ended 31st March, 2011

- 1 The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" notified under Section 211 (3C) of the Companies Act, 1956.
- 2 Figures in brackets indicate Cash Outgo.
- 3 The previous year's figures have been regrouped / restated wherever necessary to conform to this year's classification.



## Segment Information

For the year ended 31st March, 2011

### Information About Primary Business Segments

Rs. Crores

	For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	External	Inter-segment	Total	External	Inter-segment	Total
<b>REVENUE</b>						
Soaps and Detergents	8,791.56		8,791.56	8,265.64		8,265.64
Personal Products	5,844.10		5,844.10	5,047.90		5,047.90
Beverages	2,343.97		2,343.97	2,142.43		2,142.43
Foods	902.57		902.57	730.78		730.78
Ice Creams	274.58		274.58	231.00		231.00
Exports	1,099.65		1,099.65	1,005.25		1,005.25
Other Operations	438.03	–	438.03	342.87	3.85	346.72
<b>Total Segment</b>	<b>19,694.46</b>	<b>–</b>	<b>19,694.46</b>	<b>17,765.87</b>	<b>3.85</b>	<b>17,769.72</b>
Eliminations			–			(3.85)
<b>Total Revenue (see note 3 to Segment Information)</b>			<b>19,694.46</b>			<b>17,765.87</b>
<b>RESULT</b>						
Soaps and Detergents			834.06			1,185.27
Personal Products			1,494.81			1,296.52
Beverages			357.76			319.75
Foods			12.88			4.44
Ice Creams			19.45			12.69
Exports			91.55			58.58
Other Operations			(74.95)			(72.02)
<b>Total Segment</b>			<b>2,735.56</b>			<b>2,805.23</b>
<b>Total Consolidated</b>			<b>2,735.56</b>			<b>2,805.23</b>
Un-allocated expenditure net of un-allocated income			(257.08)			(239.29)
<b>Operating Profit</b>			<b>2,478.48</b>			<b>2,565.94</b>
Interest expense			(0.24)			(6.98)
Interest / dividend income and surplus on disposal of investments			251.94			148.11
Taxation for the year (including adjustments of previous years)			(576.93)			(604.39)
<b>Profit after taxation and before exceptional / extra-ordinary items</b>			<b>2,153.25</b>			<b>2,102.68</b>
Exceptional items - income / (expenditure) - Segment						
Soaps and Detergents		14.09			(119.65)	
Personal Products		9.73			0.27	
Beverages		2.77			(1.15)	
Foods		12.82			(1.20)	
Ice Creams		0.46			(0.09)	
Exports		7.39			(4.67)	
Other Operations		0.66			(0.13)	
			47.92			(126.62)
Exceptional items - income / (expenditure) - Unallocated/ Corporate			158.91			182.07
Extra-ordinary item - income / (expenditure) - Unallocated/ Corporate			–			56.99
Tax charge (net)			(54.11)			(13.09)
<b>Net Profit</b>			<b>2,305.97</b>			<b>2,202.03</b>





## Segment Information

For the year ended 31st March, 2011 (Contd.)

### Information About Primary Business Segments (Contd.)

Rs. Crores

	Segment Assets		Segment Liabilities	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
<b>OTHER INFORMATION</b>				
Soaps and Detergents	2,593.22	2,221.37	(2,969.45)	(2,516.09)
Personal Products	1,492.67	1,317.98	(1,347.65)	(1,163.23)
Beverages	922.41	783.74	(580.24)	(534.09)
Foods	354.29	209.20	(279.13)	(224.50)
Ice Creams	168.98	153.79	(112.83)	(105.22)
Exports	518.77	470.58	(323.16)	(281.66)
Other Operations	108.77	81.20	(137.40)	(131.17)
<b>Total</b>	<b>6,159.11</b>	<b>5,237.86</b>	<b>(5,749.86)</b>	<b>(4,955.96)</b>
Unallocated Corporate Assets / (Liabilities)	4,064.00	4,281.18	(1,839.33)	(1,979.56)
<b>Total Assets / (Liabilities)</b>	<b>10,223.11</b>	<b>9,519.04</b>	<b>(7,589.19)</b>	<b>(6,935.52)</b>

Rs. Crores

	Capital Expenditure		Depreciation		Non - Cash expenses other than depreciation	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Soaps and Detergents	59.11	74.78	80.84	75.42	12.70	32.96
Personal Products	59.81	272.35	59.13	36.46	5.28	19.38
Beverages	23.57	17.21	14.12	8.93	3.27	7.41
Foods	39.15	12.31	1.15	4.00	3.28	7.01
Ice Creams	17.56	10.01	6.85	6.63	0.22	0.81
Exports	6.60	2.77	13.82	14.72	0.22	8.87
Other Operations	10.55	0.20	3.48	0.69	0.39	2.63
Unallocated Corporate Assets / (Liabilities)	94.96	182.05	41.44	37.18	–	–

### Information about Secondary Business Segments

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>REVENUE BY GEOGRAPHICAL MARKET</b>		
India	18,307.99	16,526.93
Outside India	1,386.47	1,238.94
<b>Total</b>	<b>19,694.46</b>	<b>17,765.87</b>
<b>ADDITIONS TO FIXED ASSETS AND INTANGIBLE ASSETS</b>		
India	216.36	389.63
Outside India	–	–
<b>Total</b>	<b>216.36</b>	<b>389.63</b>



## Segment Information

For the year ended 31st March, 2011 (Contd.)

### Information about Secondary Business Segments (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>CARRYING AMOUNT OF SEGMENT ASSETS</b>		
India	6,159.11	5,237.86
Outside India	–	–
<b>Total</b>	<b>6,159.11</b>	<b>5,237.86</b>

#### Notes:

#### 1 Business Segments

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

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

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

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 :

- 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

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Sales	19,401.11	17,523.80
Income from services rendered (included in Other Income)	293.35	242.07
	<b>19,694.46</b>	<b>17,765.87</b>

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





## Related Party Disclosures

For the year ended 31st March, 2011

### A. ENTERPRISES WHERE CONTROL EXISTS

(i) **Holding Company** : Unilever PLC

(ii) **Subsidiaries** : Brooke Bond Real Estates Private Limited

Daverashola Estates Private Limited  
Hindlever Trust Limited  
Hindustan Field Services Private Limited  
Jamnagar Properties Private Limited  
Lakme Lever Private Limited  
Levers Associated Trust Limited  
Levindra Trust Limited  
Pond's Exports Limited  
Unilever India Exports Limited  
Unilever Nepal Limited

(i) **Fellow Subsidiaries (Contd.)**

: Severn Gulf FZE  
Unilever (China) Limited  
Unilever (Malaysia) Holdings Sdn Berhad  
Unilever Algeria  
Unilever Asia Private Limited  
Unilever Australia Export Pty. Limited  
Unilever Australia Limited  
Unilever Best Foods, Vietnam  
Unilever Bestfoods & Elida P/S (Vietnam) Limited  
Unilever Bestfoods Benelux B.V. Netherlands  
Unilever Brasil Limited  
Unilever Canada Inc.  
Unilever Ceylon Limited  
Unilever Cote d'Ivoire  
Unilever De Argentina SA  
Unilever De Mexico De RL  
Unilever Deutschland GmbH  
Unilever Ethiopia  
Unilever Foods Espana, S.A. Division Frigo  
Unilever France S.A.  
Unilever Ghana Limited  
Unilever Gulf Free Zone Establishment, Arabia  
Unilever Hellas  
Unilever Hong Kong Limited  
Unilever Industries Private Limited  
Unilever International Paris  
Unilever Iran P.J.S.C.  
Unilever Japan  
Unilever Kenya Limited  
Unilever Korea  
Unilever Maghreb Export SA, Tunisia  
Unilever Market Development SA  
Unilever Market Limited  
Unilever Mashreq - Foods  
Unilever N.V.  
Unilever New Zealand Limited  
Unilever Nigeria  
Unilever Overseas Holdings AG  
Unilever Overseas Holdings B.V.  
Unilever Pakistan  
Unilever Polska  
Unilever Port Sunlight

### B. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, ETC.

(i) **Fellow Subsidiaries** : Binzagr Lever Limited, Arabia  
Brooke Bond Assam Estates Limited  
Brooke Bond Group Limited  
Brooke Bond South India Estates Limited  
Conopco, Inc.  
Digital Securities Private Limited  
Fine Tea Company  
Fine Tea Egypt  
Hefei Lever Detergents Co. Limited, China  
Lever Arabia Limited  
Lever Brothers Bangladesh Limited  
Lever Brothers Nigeria Limited  
Lever Brothers Pakistan Limited  
Lever Chile S.A.  
Lever Egypt SAE  
Lever Faberge Deutschland GmbH  
Lever Faberge France  
Lever Faberge UK  
Lever Israel  
Lipton Limited (Head Office) /  
Lipton Tea Supply Limited  
Lipton Soft Drinks (Ireland)  
Nippon Lever K.K.  
PT Unilever Indonesia TBK  
Sagit SPA, Italy



## Related Party Disclosures

For the year ended 31st March, 2011 (Contd.)

### (i) Fellow Subsidiaries (Contd.)

Unilever Research Laboratory, Colworth House  
 Unilever Research Laboratory, Port Sunlight  
 Unilever Sanayi ve Ticaret Turk A.S.  
 Unilever Singapore Pte Limited  
 Unilever SNG, Russia  
 Unilever South Africa (Pty.) Limited  
 Unilever South Central Europe  
 Unilever South Korea  
 Unilever Supply Chain Company  
 Unilever Taiwan Limited  
 Unilever Tanzania Limited  
 Unilever Tea Kenya Limited  
 Unilever Thai Holding Limited  
 Unilever Thai Trading Limited  
 Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S.  
 Unilever U.K. Central Resources Limited  
 Unilever Uganda Limited  
 Unilever UK & CN Holdings, UK  
 Unilever Vietnam  
 Unilex Cameroon S.A.  
 Unilever China Investment Company  
 Unilever Andina Bolivia  
 Unilever Andina Colombia Limited  
 Unilever Lipton Ceylon Limited  
 Unilever Mozambique LDA  
 Unilever Peru S.A.  
 Unilever Philipines (Prc), Inc.  
 Unilever Sri Lanka Limited  
 Unilever Trading LLC  
 Unilever Istanbul  
 AL Gurg Unilever LLC  
 Unilever Bangladesh Limited  
 Unilever Australasia

(ii) **Joint Venture** : Kimberly Clark Lever Private Limited

(iii) **Associate** : Capgemini Business Services (India) Limited (upto 25th March, 2010)

(iv) **Key Management Personnel** : Harish Manwani  
 D. Sundaram (upto July, 2009)  
 Leena Nair  
 Hemant Bakshi  
 Dhaval Buch (upto February, 2010)  
 Pradeep Banerjee (from March, 2010)  
 Nitin Paranjpe  
 Ashok Gupta (upto March, 2010)  
 Shrijeet Mishra  
 Sridhar Ramamurthy  
 Gopal Vittal  
 Dev Bajpai (from June, 2010)

(v) **Employees' Benefit Plans where there is significant influence** : Hindustan Lever Gratuity Fund  
 The Hind Lever Pension Fund  
 The Union Provident Fund





## Related Party Disclosures

For the year ended 31st March, 2011 (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2011

Rs. Crores

		For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Holding Company</b>	: Dividend paid	516.62	556.36
	Royalty expense (gross)	265.96	155.27
	Income from services rendered	293.35	238.79
	Outstanding as at the year end :		
	- Receivables	–	12.90
	- Payables	117.26	–
<b>Subsidiaries</b>	: Sale of finished goods / raw materials etc.	18.04	17.54
	Income from services rendered	1.42	0.40
	Sale of fixed assets	0.53	1.45
	Royalty received	0.58	0.14
	Management fees Paid	11.12	7.74
	Non Compete fees received	–	1.10
	Expenses shared by subsidiary companies	0.72	0.72
	Expenses for services received	132.87	51.01
	Consultancy charges	–	0.82
	Dividend received	25.76	20.80
	Deposits transferred to	–	0.78
	Employee loans transferred to	–	0.01
	Employee loans transferred from	–	0.05
	Interest received	1.94	0.75
	Rent received	0.88	0.42
	Purchase of DEPB Licences	0.65	1.44
	Rent paid	0.12	0.12
	Inter Corporate Deposits advanced during the year	3.50	9.65
	Investment in equity shares	24.90	5.15
	Outstanding as at the year end :		
	- Deposits	16.57	16.57
	- Receivables	23.81	18.62
	- Payables	17.37	6.53
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc.	702.50	570.55
	Rent Received	1.10	1.10
	Other recoveries	15.13	16.11
	Expenses shared by fellow subsidiaries	0.08	32.58
	Purchase of finished goods / raw materials etc.	336.14	252.66
	Dividend paid	221.03	238.03
	Royalty expense	2.94	2.60
	Purchase of Tangible Fixed Assets	6.27	–
	Software development and procurement of licenses	4.66	16.61
	Maintenance and support costs for licences and software	2.04	3.42
	Outstanding as at the year end :		
	- Receivables	146.21	97.41
	- Payables	178.83	128.33
<b>Joint Venture</b>	: Purchase of finished goods / raw materials etc.	251.28	199.34
	Other income	4.53	5.13
	Sale of Finished Goods	0.34	–
	Dividend received	–	2.54
	Outstanding as at the year end :		
	- Receivables	29.99	5.09
<b>Associate</b>	: Expenses for services received	–	43.61
<b>Key Management Personnel</b>	: Remuneration	22.47	21.98
	Rent paid	–	0.44
	Dividend paid	0.09	0.08
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	38.33	44.53
	Outstanding receivables at the year end	4.33	6.67



## Related Party Disclosures

For the year ended 31st March, 2011 (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.

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Other income</b>		
Kimberly Clark Lever Private limited	4.53	5.13
<b>Dividend paid</b>		
Unilever PLC	516.62	556.36
<b>Royalty expense (gross)</b>		
Unilever PLC	265.96	155.27
<b>Income from services rendered</b>		
Unilever PLC	293.35	238.79
<b>Expenses for services received</b>		
Hindustan Field Services Private Limited	132.87	50.38
Capgemini Business Services (India) Limited	–	43.61
<b>Consultancy charges</b>		
Lakme Lever Private Limited	–	0.71
Pond's Exports Limited	–	0.11
<b>Remuneration</b>		
Nitin Paranjpe	7.92	3.19
Sridhar Ramamurthy	2.75	1.88
Gopal Vittal	2.14	2.48
Dhaval Buch	–	1.76
D Sundaram	–	6.38
<b>Purchase of DEPB Licences</b>		
Pond's Exports Limited	0.65	1.44
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	2.04	2.39
Unilever Singapore Pte Limited	–	1.03
<b>Software development and procurement of licenses</b>		
Unilever Singapore Pte Limited	–	11.14
Unilever N.V.	4.66	5.47
<b>Employee loans transferred to</b>		
Hindustan Field Services Private Limited	–	0.01
<b>Employee loans transferred from</b>		
Hindustan Field Services Private Limited	–	0.05
<b>Deposits transferred to</b>		
Lakme Lever Private Limited	–	0.78
<b>Contributions during the year</b>		
The Union Provident Fund	20.80	23.93
The Hind Lever Pension Fund	17.53	20.46
Hind Lever Gratuity Fund	–	0.14
<b>Other recoveries</b>		
Unilever Asia Private Limited	15.13	16.11
<b>Outstanding as at the year end – Deposits</b>		
Unilever India Exports Limited	16.57	16.57
<b>Outstanding as at the year end – Receivables</b>		
Unilever PLC	–	12.90
Kimberly Clark Lever Private Limited	29.99	5.09





## Related Party Disclosures

For the year ended 31st March, 2011 (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 (Contd.).

	Rs. Crores	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Outstanding as at the year end – Payables</b>		
Unilever N.V.	48.94	33.78
Unilever Supply Chain Company	56.06	26.67
Unilever Asia Private Limited	8.65	21.43
Unilever Australia Limited	0.68	20.04
Lipton Limited UK	13.43	15.05
Unilever PLC	117.26	–
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Asia Private Limited	91.63	15.23
Unilever Gulf Free Zone Establishment, Arabia	172.43	134.64
Unilever Australia Limited	–	73.96
<b>Sale of fixed assets</b>		
Unilever Nepal	0.53	–
Lakme Lever Private Limited	–	1.42
<b>Expenses shared by subsidiary companies / fellow subsidiary companies</b>		
Unilever Supply Chain Company	–	32.52
Pond's Exports Limited	0.72	0.66
<b>Dividend received</b>		
Unilever Nepal Limited	25.76	20.70
Kimberly Clark Lever Private limited	–	2.54
<b>Interest received</b>		
Pond's Exports Limited	0.69	0.60
Lakme Lever Private Limited	1.23	0.10
<b>Rent received</b>		
Unilever Industries Private Limited	1.10	1.10
Hindustan Field Services Private Limited	0.88	0.42
<b>Royalty received</b>		
Lakme Lever Private Limited	0.58	0.14
<b>Management fees Paid</b>		
Lakme Lever Private Limited	11.12	7.74
<b>Non Compete fees received</b>		
Lakme Lever Private Limited	–	1.10
<b>Purchase of Tangible Fixed Assets</b>		
Unilever De Mexico De RL	0.92	–
Unilever De Argentina SA	2.15	–
Unilever China Investing Company	3.20	–
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private limited	251.28	199.34
Unilever Supply Chain Company	145.70	86.85
Unilever Australia Limited	30.73	64.87
Unilever Asia Private Limited	87.43	49.37
<b>Rent paid</b>		
Ashok Gupta	–	0.43
Unilever India Exports Limited	0.12	0.12
D. Sundaram	–	0.01
<b>Investment in equity shares</b>		
Pond's Exports Limited	10.10	–
Lakme Lever Private Limited	14.80	5.15
<b>Inter Corporate Deposits advanced during the year</b>		
Lakme Lever Private Limited	1.90	9.50
Pond's Exports Limited	1.50	–



# Statement Pursuant to Part IV

of the Companies Act, 1956

## Balance Sheet Abstract and Company's General Business Profile

### I Registration Details

Registration No.

State Code

Balance Sheet Date

### II Capital raised during the year (Amount in Rs. thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

### III Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities

Total Assets

#### Sources of Funds

Paid - up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

#### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Deferred Tax

Miscellaneous Expenditure

Accumulated Losses

### IV Performance of Company (Amount in Rs. thousands)

Turnover (Total Income)

Total Expenditure

Profit/(Loss) Before Tax and Exceptional Items

Profit/(Loss) After Tax and Exceptional Items

Earning per Share (in Rs.)

Dividend Rate (%)

### V Generic Names of three Principal Products / Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description





## Auditors' Report

to the Members of Hindustan Unilever Limited

1. We have audited the attached Balance Sheet of Hindustan Unilever Limited (the "Company") as at 31st March, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Lovelock & Lewes**

Firm Registration Number: 301056E

Chartered Accountants

**Sharmila A. Karve**

Partner

Membership No: 43229

Mumbai: 9th May, 2011



# Auditors' Report

## Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hindustan Unilever Limited on the financial statements for the year ended 31st March, 2011]

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 items at all the locations once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. 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 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 the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax which have not been deposited on account of any dispute, and the particulars of excise duty, sales tax, customs duty, income-tax, service tax and cess as at 31st March, 2011 which have not been deposited on account of a dispute are as follows:





## Auditors' Report

Annexure to the Auditors' Report (Contd.)

Name of the statute	Nature of dues	Amount under dispute not yet deposited Rs. In 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	43.45 63.31 0.11 0.26	1982, 1983, 1985 to 2010 1992 to 2010 1999, 2003 1979 to 1983	Appellate Authority – upto Commissioner's level Tribunal High Court Supreme Court
Central Sales Tax Act and Local Sales Tax Acts (including works contract)	Sales tax including interest and penalty, as applicable	101.45 18.79 43.58 0.12	1985 to 2010 1984, 1985, 1992 to 2009 1976 to 1977, 1998 to 2001, 2003 1995 to 1997, 2000	Appellate Authority – upto Commissioner's level Tribunal High Court Supreme Court
Customs Act, 1962	Customs duty including interest and penalty, as applicable	0.56	1995	Appellate Authority – upto Commissioner's level
Income-tax Act, 1961	Income tax including interest and penalty, as applicable	85.70 127.08 0.32	1979-80, 1995-96 1985-86, 1991-92 2004-05, 2005-06 1988-89	Appellate Authority – upto Commissioner's level Tribunal High Courts
Service Tax (Finance Act, 1994)	Service tax including interest and penalty, as applicable	3.49 3.67	2004 to 2010 2005, 2009	Appellate Authority – upto Commissioner's level Tribunal

10. The Company has no accumulated losses as at 31st March, 2011, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For Lovelock & Lewes**

Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**

Partner

Membership No: 43229

Mumbai: 9th May, 2011



# 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 8.02% for 2010-11 (5.99% for 2009-10).

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

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 7.91% for 2010-11)

(+)

Market risk premium (taken at 11%) (x) Beta variant for the Company, (taken at 0.456) 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 = 7.91% + 11% (x) 0.456 = 12.92%

### What does EVA show?

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

### When will EVA increase?

EVA will increase if:

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

### EVA in practice at Hindustan Unilever Limited

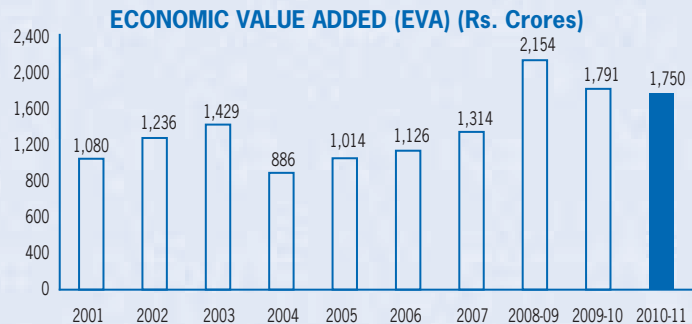
In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

### EVA TRENDS: 2001-2011 (UNAUDITED)

Rs. Crores

Name	2001	2002	2003	2004	2005	2006	2007	2008-09	2009-10	2010-11
<b>Cost of Capital Employed (COCE)</b>										
1) Average Debt	50	45	881	1588	360	163	382	342	119	2
2) Average Equity	2766	3351	2899	2116	2200	2515	2402	1928	2497	3118
3) Average Capital Employed : (1) + (2)	<b>2816</b>	<b>3396</b>	<b>3780</b>	<b>3704</b>	<b>2560</b>	<b>2678</b>	<b>2784</b>	<b>2270</b>	<b>2616</b>	<b>3120</b>
4) Cost of Debt, post-tax %	7.72	6.45	4.88	5.19	3.38	5.90	6.24	3.91	3.95	5.36
5) Cost of Equity %	16.70	14.40	12.95	14.77	15.50	16.38	17.59	14.47	12.51	12.93
6) Weighted Average Cost of Capital % (WACC)	16.54	14.30	11.07	10.66	13.80	15.74	16.03	12.88	12.12	12.92
7) COCE : (3) x (6)	<b>466</b>	<b>486</b>	<b>418</b>	<b>395</b>	<b>353</b>	<b>421</b>	<b>446</b>	<b>*365</b>	<b>317</b>	<b>403</b>
<b>Economic Value Added (EVA)</b>										
8) Profit after tax, before exceptional items	1541	1716	1804	1199	1355	1540	1,743	2501	2103	2153
9) Add : Interest, after taxes	5	6	43	82	12	7	17	17	5	0
10) Net Operating Profits After Taxes (NOPAT)	1546	1722	1847	1281	1367	1547	1760	2518	2108	2153
11) COCE, as per (7) above	466	486	418	395	353	421	446	365	317	403
12) EVA : (10) - (11)	<b>1080</b>	<b>1236</b>	<b>1429</b>	<b>886</b>	<b>1014</b>	<b>1126</b>	<b>1314</b>	<b>2154</b>	<b>1791</b>	<b>1750</b>

\* COCE is computed for 15 months







## Significant Accounting Policies

### BASIS FOR PREPARATION OF ACCOUNTS

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

### REVENUE RECOGNITION

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

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

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

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

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

### EXPENDITURE

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

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

### GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

### IMPAIRMENT OF ASSETS

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### FIXED ASSETS

Fixed assets are stated at cost less depreciation.

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

- ✦ certain employee perquisite-related assets are depreciated over four to six years, the period of the perquisite scheme
- ✦ computers and related assets are depreciated over four years
- ✦ certain assets of the cold chain are depreciated over four / seven years
- ✦ motor vehicles are depreciated over six years and
- ✦ assets of certain subsidiaries are depreciated on the Written Down Value Method (WDV). The difference between the SLM basis and WDV basis is not significant.
- ✦ Certain assets lying at Saloons and Training centres are depreciated over 5 to 9 years on SLM basis. The impact on such differential treatment is not significant.

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

### INVESTMENTS

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

### INTERESTS IN JOINT VENTURES

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

### INVENTORIES

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



## Significant Accounting Policies (Contd.)

### SUNDRY DEBTORS AND LOANS AND ADVANCES

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

### PROVISIONS

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

### RETIREMENT / POST RETIREMENT BENEFITS

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

### TAXES ON INCOME

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

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

### FOREIGN CURRENCY TRANSLATIONS

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses

resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the resultant gain/loss is dealt in the Profit and Loss account.

### OPERATING LEASES

Lease Payments under operating leases have been recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

### SEGMENT REPORTING

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

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





# Profit and Loss Account

For the year ended 31st March, 2011

Figures in brackets represent deductions  
Rs. Crores

	Notes	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>			
Sales (net of excise)	1	19,691.02	17,764.27
Other income	2	589.30	343.97
<b>Total</b>		<b>20,280.32</b>	<b>18,108.24</b>
<b>EXPENDITURE</b>			
Operating expenses	3 - 5	(17,313.93)	(15,188.36)
Depreciation		(229.29)	(191.94)
Interest	6	(1.01)	(7.47)
<b>Total</b>		<b>(17,544.23)</b>	<b>(15,387.77)</b>
<b>PROFIT BEFORE TAXATION AND EXCEPTIONAL / EXTRAORDINARY ITEMS</b>		<b>2,736.09</b>	<b>2,720.47</b>
Taxation for the year		(558.89)	(637.05)
– current tax			
– deferred tax		(30.10)	(20.15)
– adjustments of previous years	14	(2.88)	41.93
<b>PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL / EXTRAORDINARY ITEMS</b>		<b>2,144.22</b>	<b>2,105.20</b>
Exceptional / Extraordinary items (net of tax)	9	162.41	59.41
<b>PROFIT BEFORE MINORITY INTERESTS</b>		<b>2,306.63</b>	<b>2,164.61</b>
Minority Interests		(10.58)	(7.98)
<b>NET PROFIT</b>		<b>2,296.05</b>	<b>2,156.63</b>
Balance brought forward		798.09	518.12
<b>Available for distribution</b>		<b>3,094.14</b>	<b>2,674.75</b>
<b>Dividends :</b>			
On equity shares:			
Interim - Rs. 3.00 per share - declared on 25th October, 2010 (2009-10 : Rs. 3 per share) (includes Rs. 0.14 Crores on Final Dividend for 2009-10)		(654.78)	(654.35)
Final - Rs. 3.50 per share - proposed (2009-10 : Rs. 3.50 per share)		(755.82)	(763.59)
Tax on distributed profits (includes Rs. 0.02 Crores on final dividend for 2009-10)		(231.36)	(238.50)
Transfer to General Reserve		(230.60)	(220.22)
<b>Balance carried forward</b>		<b>1,221.58</b>	<b>798.09</b>
<b>Earnings Per Share (Rs.) - Basic (Face value of Re.1 each)</b>		<b>10.53</b>	<b>9.89</b>
<b>- Diluted (Face value of Re.1 each)</b>		<b>10.52</b>	<b>9.87</b>

For notes, statements, additional information, segment information, related party disclosures and accounting policies  
See pages: 112, 113, 118 to 120 and 136 to 143

In terms of our report of even date

**For Lovelock & Lewes**

Firm Registration No. 301056E  
Chartered Accountants

**Sharmila A. Karve**

Partner

Membership No. 43229

Mumbai : 9th May, 2011

Signatures to pages : 112 to 114, 118 to 120 and 136 to 143

**Nitin Paranjpe**

Managing Director and CEO

**D.S Parekh**

Chairman - Audit Committee

**Vivek Subramanian**

Group Controller

Mumbai : 9th May, 2011

**Sridhar Ramamurthy**

Executive Director (Finance & IT)  
and CFO

**Dev Bajpai**

Executive Director Legal &  
Company Secretary



# Balance Sheet

As at 31st March, 2011

Figures in brackets represent deductions  
Rs. Crores

	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Capital	1	215.95	218.17
Reserves and surplus	2	2,493.40	2,450.76
		2,709.35	2,668.93
		14.58	10.46
<b>Minority Interests</b>			
<b>Loan funds</b>			
Secured loans	3	–	10.49
Unsecured loans	4	2.66	0.35
		2.66	10.84
		<b>2,726.59</b>	<b>2,690.23</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		3,854.14	3,667.24
Depreciation and impairment loss		(1,630.69)	(1,452.88)
Net block	5	2,223.45	2,214.36
Capital work-in-progress		299.69	279.98
		2,523.14	2,494.34
	6	1,188.46	1,224.43
<b>Investments</b>			
<b>Deferred Tax</b>			
Deferred Tax Assets	7	401.32	455.50
Deferred Tax Liabilities	8	(194.29)	(207.30)
		207.03	248.20
<b>Current assets, loans and advances</b>			
Inventories	9	2,873.77	2,226.41
Sundry debtors	10	954.89	684.81
Cash and bank balances	11	1,787.26	2,012.38
Other current assets	12	37.75	19.29
Loans and advances	13	663.22	596.38
		<b>6,316.89</b>	<b>5,539.27</b>
<b>Current liabilities and provisions</b>			
Liabilities	14	(6,173.00)	(5,352.18)
Provisions	15	(1,335.93)	(1,463.83)
		<b>(7,508.93)</b>	<b>(6,816.01)</b>
<b>Net current assets</b>			
		(1,192.04)	(1,276.74)
		<b>2,726.59</b>	<b>2,690.23</b>

For schedules, contingent liabilities, additional information, segment information, related party disclosures and accounting policies  
See pages: 112, 113, 121 to 134 and 136 to 143

In terms of our report of even date

## For Lovelock & Lewes

Firm Registration No. 301056E  
Chartered Accountants

## Sharmila A. Karve

Partner

Membership No. 43229

Mumbai : 9th May, 2011

Signatures to pages : 112, 113, 115, 121 to 134 and 136 to 143

## Nitin Paranjpe

Managing Director and CEO

## D.S Parekh

Chairman - Audit Committee

## Vivek Subramanian

Group Controller

Mumbai : 9th May, 2011

## Sridhar Ramamurthy

Executive Director (Finance & IT)  
and CFO

## Dev Bajpai

Executive Director Legal &  
Company Secretary





# Cash Flow Statement

For the year ended 31st March, 2011

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before taxation and exceptional / extraordinary items	2,736.09	2,720.47
Adjustments for :		
Depreciation	229.29	191.94
Surplus on disposal of investments (net)	(60.21)	(19.54)
Deficit / (surplus) on fixed assets sold, scrapped, etc. (net)	5.94	(7.35)
Interest income	(119.67)	(96.48)
Dividend income	(50.30)	(11.32)
Interest expenditure	1.01	7.47
	6.06	64.72
Operating Profit before Working Capital Changes	2,742.15	2,785.19
Adjustments for :		
Trade and Other Receivables	(323.66)	30.19
Inventories	(647.36)	354.12
Trade Payables and Other Liabilities	818.89	1,078.38
	(152.13)	1,462.69
Cash generated from operations	2,590.02	4,247.88
Taxes paid (net of refunds)	(670.99)	(673.52)
<b>Cash flow before exceptional / extraordinary items</b>	<b>1,919.03</b>	<b>3,574.36</b>
<b>Exceptional :</b>		
Compensation paid under Voluntary Separation Schemes (previous year includes an amount paid for an industrial dispute relating to a closed factory)	(0.86)	(87.76)
Transitional cost due to consolidation of offices / factories	–	(6.65)
Amounts paid for other restructuring activities	(7.96)	(0.38)
<b>Net Cash from Operating Activities.....A</b>	<b>1,910.21</b>	<b>3,479.57</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(321.28)	(581.47)
Sale of fixed assets	10.71	29.39
Purchase of investments	(15,658.70)	(6,128.94)
Sale of investments	15,743.54	5,207.16
Interest received	100.44	98.69
Dividend received	50.30	11.32
<b>Cash flow before exceptional items / extraordinary items</b>	<b>(74.99)</b>	<b>(1,363.85)</b>
<b>Exceptional :</b>		
Consideration received on disposal of unused land and building (including residential properties)	188.27	109.32
Consideration received on disposal of long term investments	44.42	91.13
Consideration received on disposal of a subsidiary	–	19.89
<b>Net Cash from/(used in) Investing Activities.....B</b>	<b>157.70</b>	<b>(1,143.51)</b>



# Cash Flow Statement

For the year ended 31st March, 2011 (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividends paid	(1,426.35)	(1,528.44)
Tax on distributed profits	(235.58)	(259.86)
Interest paid	(1.01)	(7.47)
Payment towards buyback of shares	(625.30)	–
Bank overdrafts (net)	2.31	(49.57)
Proceeds from borrowings	10.44	–
Proceeds from share allotment under Employee Stock Option Scheme	6.50	31.27
Repayments of borrowings	(20.93)	(373.72)
<b>Cash flow before exceptional items</b>	<b>(2,289.92)</b>	<b>(2,187.79)</b>
<b>Exceptional :</b>		
Cost in relation to buyback of equity shares	(3.11)	–
<b>Net Cash used in Financing Activities.....C</b>	<b>(2,293.03)</b>	<b>(2,187.79)</b>
<b>Net (Decrease) / Increase in Cash and Cash equivalents..... (A+B+C)</b>	<b>(225.12)</b>	<b>148.27</b>
<b>Cash and Cash equivalents as at 1st April (Opening Balance)</b>	<b>2,012.38</b>	<b>1,864.11</b>
<b>Cash and Cash equivalents as at Year end (Closing Balance)</b>	<b>1,787.26</b>	<b>2,012.38</b>
<b>Cash and Cash equivalents comprise:</b>		
Cash on hand	1.07	1.07
Cheques on hand	1.35	49.11
Balance with Scheduled banks	1,743.35	1,926.61
Share of Joint Ventures	41.49	35.59
- Cash on hand Rs. 0.0034 Crores (2009-10: Rs. 0.0038 Crores) and		
- Balance with Scheduled banks Rs. 41.49 Crores (2009-10: Rs. 35.59 Crores)		
	<b>1,787.26</b>	<b>2,012.38</b>

For notes  
See page : 135

In terms of our report of even date

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

**Sharmila A. Karve**  
Partner  
Membership No. 43229  
Mumbai : 9th May, 2011

Signatures to pages : 116, 117 and 135

**Nitin Paranjpe**  
Managing Director and CEO

**D.S Parekh**  
Chairman - Audit Committee

**Vivek Subramanian**  
Group Controller  
Mumbai : 9th May, 2011

**Sridhar Ramamurthy**  
Executive Director (Finance & IT)  
and CFO

**Dev Bajpai**  
Executive Director Legal &  
Company Secretary





# Notes

## To Profit And Loss Account

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>		
<b>1 Sales</b>		
Less: Excise duty	20,470.11	18,367.79
	(905.28)	(696.81)
	19,564.83	17,670.98
Share of Joint Venture - Schedule 20 (b)	126.19	93.29
	<b>19,691.02</b>	<b>17,764.27</b>
Sales include duty drawback and licence premium on exports	26.65	26.70
<b>2 Other income</b>		
Income from services rendered	327.49	261.30
Interest income - bank and other accounts (gross)	119.61	92.35
Interest income - non trade (gross)	0.06	4.13
Dividend income - trade - long term (gross)	5.99	5.74
Dividend income - non trade - current (gross)	44.31	5.58
Surplus on disposal of current investments (net)	60.21	19.54
Miscellaneous income (Refer note 7)	28.30	(49.97)
	585.97	338.67
Share of Joint Venture - Schedule 20 (b)	3.33	5.30
	<b>589.30</b>	<b>343.97</b>
<b>OPERATING EXPENSES</b>		
<b>3 Materials consumed and Purchase of goods</b>		
Raw materials consumed	6,021.53	5,381.82
Packing materials consumed	1,694.63	1,380.94
Purchase of goods	2,678.89	2,173.11
<b>4 General expenditure</b>		
Salaries, wages, bonus, etc.	874.74	847.02
Contribution to provident and other funds	58.14	58.90
Workmen and staff welfare expenses	77.29	65.02
Processing charges	214.27	193.53
Consumption of stores and spare parts	147.73	103.98
Repairs and maintenance - Buildings	12.81	7.70
- Plant & Machinery	87.36	76.15
- Others	8.79	7.43
Power, light, fuel and water	278.54	247.06
Rent	192.97	193.10
Rates and taxes	84.32	54.51
Insurance	5.08	4.55
Advertising and sales promotion	2,796.45	2,423.04
Carriage and freight	1,054.13	874.01
Agents' commission and brokerage	2.86	3.58
Provision / (write back) for doubtful debts and advances (net)	(22.42)	(1.20)
Bad debts / advances written off	27.20	14.79
Travelling and motor car expenses	164.08	134.50
Deficit on fixed assets sold, scrapped, etc. (net)	5.94	7.35
Royalty	268.89	157.79
Miscellaneous expenses	736.17	704.03



## Notes

### To Profit And Loss Account (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>5 Stocks</b>		
Opening stocks : - Work-in-progress	249.05	189.50
- Processed chemicals	–	1.75
- Finished goods	1,066.30	1,105.11
Closing stocks : - Work-in-progress	(294.44)	(249.05)
- Finished goods	(1,321.12)	(1,066.30)
Excise Duty on Increase / (Decrease) of Finished goods	4.56	(3.12)
Share of Joint Venture - Schedule 20 (b)	139.19	97.76
	<b>17,313.93</b>	<b>15,188.36</b>

**6** Interest paid on bank and other accounts Rs. 1.01 Crores (2009-10: Rs. 7.47 Crores), including on fixed period loan Rs. 0.69 Crores (2009-10: Rs. 3.62 Crores)

- 7** i) The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are settled / appropriate rates applicable at the year end) credited to Profit and Loss Account is Rs. 36.31 Crores (2009-10: debit Rs. 50.29 Crores).
- ii) The above includes gain of Rs. 22.22 Crores (2009-10: loss of Rs. 56.33 Crores) included under miscellaneous income on account of mark to market valuation of open forward contracts and monetary items (viz. foreign currency receivables and payables) in line with AS-11

**8** Operating expenses include research and development expenses of Rs. 93.57 Crores (2009-10 Rs. 67.02 Crores)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>9 Exceptional / Extraordinary Items</b>		
<b>A) Exceptional Items</b>		
i) Profit arising from disposal of unused land and building (including residential properties)	162.54	98.87
ii) Profit arising on disposal of a long term trade investment	33.13	86.58
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes, mainly due to higher interest rates (Previous year - net of impact on account of revised Gratuity limits)	39.04	53.36
<b>Total exceptional income</b>	<b>234.71</b>	<b>238.81</b>
iv) Expenses related to buyback of shares	(4.10)	–
v) Restructuring costs across businesses comprising:		
a) Compensation under Voluntary Separation Schemes (previous year includes amount payable for an industrial dispute relating to a closed factory)	(1.81)	(177.18)
b) Transitional cost due to consolidation of offices / factories	–	(7.46)
c) Other Costs	(7.97)	(0.38)
<b>Total exceptional expenditure</b>	<b>(13.88)</b>	<b>(185.02)</b>
<b>Net</b>	<b>220.83</b>	<b>53.79</b>
Taxation on the above		
- Credit / (Charge) on current tax	(47.35)	(29.08)
- Credit / (Charge) on deferred tax	(11.07)	16.11
<b>Total tax credit / (charge) - net</b>	<b>(58.42)</b>	<b>(12.97)</b>
<b>Exceptional items (net of tax)</b>	<b>162.41</b>	<b>40.82</b>





## Notes

### To Profit And Loss Account (Contd.)

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>B) Extraordinary Items</b>		
i) Profit on disposal of a subsidiary (Shamnagar Property)	–	19.70
<b>Total extraordinary income</b>	–	<b>19.70</b>
Taxation on the above - Credit / (Charge) on current tax	–	(1.11)
<b>Total tax credit / (charge) - net</b>	–	<b>(1.11)</b>
<b>Extraordinary items (net of tax)</b>	–	<b>18.59</b>
<b>Total of Exceptional / Extraordinary Items (A+B)</b>	<b>162.41</b>	<b>59.41</b>

- 10** Pursuant to the Scheme of amalgamation of erstwhile subsidiary Bon Limited with Hindustan Unilever Limited, as sanctioned by the Honourable High Court of Bombay on 16th April, 2010, the assets and liabilities of Bon Limited were transferred to and vested in Hindustan Unilever Limited with effect from 1st April, 2009. The scheme was accordingly given effect to, using the pooling of interest method in March 2010 accounts, in accordance with Accounting Standard (AS 14) issued by The Institute of Chartered Accountants of India.

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>11 Earnings Per Share has been computed as under:</b>		
Net Profit (Rs. Crores)	2,296.05	2,156.63
Weighted average number of Equity shares outstanding	2,180,310,319	2,180,819,678
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	10.53	9.89
Weighted average number of Equity shares (including dilutive) outstanding	2,183,105,312	2,183,954,984
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	10.52	9.87

- 12** The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent in the Profit and Loss account (refer Note 4).

- 13** The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Venture", notified under Section 211 (3C) of the Companies Act, 1956. Refer Schedule 20 to the Balance Sheet.

- 14** Taxation adjustments of previous year includes interest, etc.

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



# Schedules

## To Balance Sheet

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>1 CAPITAL</b>		
<b>Authorised</b>		
2,250,000,000 equity shares of Re. 1 each	225.00	225.00
<b>Issued and subscribed</b>		
2,159,471,968 (2009-10: 2,181,686,781) equity shares of Re. 1 each fully called and paid up	215.95	218.17
Of the above shares		
i) 1,134,849,460 Shares of Re. 1 each are held by Unilever PLC., the holding Company, and its subsidiaries including 794,806,750 shares of Re. 1 each held by Unilever PLC.		
ii) 795,379,675 Shares of Re. 1 each are allotted as fully paid up pursuant to a contract for a consideration other than cash.		
iii) 1,316,854,620 Shares of Re. 1 each are allotted as fully paid up bonus shares by way of capitalisation of share premium and accumulated profits.		
	<b>215.95</b>	<b>218.17</b>

### Note:

- Hindustan Unilever Limited has granted share options under the Company's Employees' Stock Option Scheme and share options outstanding as at 31st March, 2011 are 2,794,993 (2009-10: 3,135,306). Of these 482,400 (2009-10: 545,005) options have vested in 2004, 798,949 (2009-10: 874,597) have vested in 2005, 735,800 (2009-10: 810,160) have vested in 2006, 364,444 have vested in 2007 (2009-10: 403,744) and 413,400 have vested in 2008 (2009-10: 501,800). During the year 668,391 (2009-10: 1,810,704) options were exercised and equivalent shares issued.
- During the year, 22,883,204 equity shares have been bought back pursuant to the buy back programme [ Refer note (e) of Schedule 2]

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserves</b>				
Capital Reserve	4.22	—	—	4.22
Capital Subsidy	5.05	—	—	5.05
Capital Redemption Reserve	4.17 (e)	2.29	—	6.46
Share Premium Account	71.19 (d)	11.82 (e)	(82.16)	0.85
Revaluation Reserve	0.67	—	—	0.67
Other Reserves (c)	2.51	—	—	2.51
Employee Stock Options (f)	3.14	—	(0.21)	2.93
<b>Total Capital Reserves</b>	<b>90.95</b>	<b>14.11</b>	<b>(82.37)</b>	<b>22.69</b>





## Schedules

### To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
<b>2 RESERVES AND SURPLUS (Contd.)</b>				
<b>Revenue Reserves</b>				
Export Profit Reserve	12.26	—	—	12.26
Development Allowance Reserve	0.27	—	—	0.27
General Reserve	1,549.19 (a)	230.60 (e)	(543.19)	1,236.60
<b>Total Revenue Reserves</b>	<b>1,561.72</b>	<b>230.60</b>	<b>(543.19)</b>	<b>1,249.13</b>
<b>Profit and Loss Account Balance</b>	798.09 (a)	1,221.58 (b)	(798.09)	1,221.58
<b>Total Reserves - 31st March, 2011</b>	<b>2,450.76</b>	<b>1,466.29</b>	<b>(1,423.65)</b>	<b>2,493.40</b>
<b>Total Reserves - 31st March, 2010</b>	<b>1,919.48</b>	<b>1,050.31</b>	<b>(519.03)</b>	<b>2,450.76</b>

- a) Transfer from Profit and Loss account
- b) Transfer to Profit and Loss account
- c) Not available for capitalisation / declaration of dividend / share valuation.
- d) Represents additions arising from allotment of shares under Employees Stock Option / Performance Share Plan Rs. 11.61 Crores (2009-10: Rs. 31.09 Crores) and a transfer as stated in (f) below (2009-10: Rs. 0.89 Crores).
- e) Pursuant to the shareholders' approval for buy back of equity shares under section 77A of the Companies Act, 1956, Hindustan Unilever Limited has bought back 22,883,204 equity shares through open market transactions for an aggregate amount of Rs. 625.30 Crores, by utilizing Share Premium and General Reserve to the extent of Rs. 82.16 Crores and 540.85 Crores. Capital redemption reserve has been created out of general reserve for Rs. 2.29 Crores being the nominal value of shares bought back in terms of section 77AA of the Companies Act, 1956.
- f) Employee Stock Options

Rs. Crores

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
Employee Stock Options Outstanding	7.52	—	—	7.52
Less:- Transfer to share premium on exercise of Options	(4.38)	—	(0.21)	(4.59)
<b>Employee Stock Options</b>	<b>3.14</b>	<b>—</b>	<b>(0.21)</b>	<b>2.93</b>

- g) Including share of Joint Venture Rs. 26.98 Crores (2009-10: Rs. 38.52 Crores)





## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>3 SECURED LOANS</b>		
Loans and Advances from Banks:		
– Export Packing Credit	–	10.49
Secured by a pari passu charge on stocks and book debts		
	–	10.49
Share of Joint Venture - Schedule 20 (b)	–	–
	<b>–</b>	<b>10.49</b>
<b>4 UNSECURED LOANS</b>		
Short- term loans & advances:		
From Banks		
– Overdrawn book balance on current account	2.66	0.35
	<b>2.66</b>	<b>0.35</b>
Share of Joint Venture - Schedule 20 (b)	–	–
	<b>2.66</b>	<b>0.35</b>





## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost/ Valuation as at 1st April, 2010	Additions	Deduct- ions/ Transfers	Cost/ Valuation as at 31st March, 2011	As at 1st April, 2010	Additions	Deduct- ions/ Trans- fers	As at 31st March, 2011	As at 31st March, 2010
5 FIXED ASSETS									
Tangibles									
Land – Freehold (b)	79.23	0.85	(4.16)	75.92	–	–	–	75.92	79.23
– Lease Hold (c)	33.13	24.24	(0.02)	57.35	4.20	0.76	(0.02)	52.41	28.93
Buildings	938.80	61.37	(30.53)	969.64	177.14	27.15	(8.50)	195.79	761.66
Plant & machinery	2,139.02	176.02	(54.10)	2,260.94	957.39	(d) 172.60	(40.23)	1,089.76	1,181.63
Railway sidings	0.01	–	–	0.01	0.01	–	–	0.01	–
Furniture, fittings & office equipments	185.10	25.48	(13.93)	196.65	95.55	16.46	(11.81)	100.20	89.55
Motor vehicles	2.92	0.01	(0.40)	2.53	2.79	0.06	(0.38)	0.06	0.13
Intangibles									
Trade Marks	144.85	–	–	144.85	144.85	–	–	144.85	–
Goodwill	6.34	–	–	6.34	6.34	–	–	6.34	–
Software	106.97	–	–	106.97	51.76	19.69	–	71.45	55.21
Total	3,636.37	287.97	(103.14)	3,821.20	1,440.03	236.72	(60.94)	1,615.81	2,196.34
Share of Joint Venture Schedule - 20(b)	30.87	2.12	(0.05)	32.94	12.85	2.08	(0.05)	14.88	18.02
Total- 31st March, 2011	3,667.24	290.09	(103.19)	3,854.14	1,452.88	238.80	(60.99)	1,630.69	2,214.36
Total- 31st March, 2010	2,959.14	781.01	(72.91)	3,667.24	1,301.15	191.94	(40.21)	1,452.88	
Capital Work-in-Progress									
Share of Joint Venture Schedule - 20(b)								(d) 299.53	279.41
Total								0.16	0.57
								299.69	279.98

### Notes:

- Capital expenditure commitments - Rs. 174.20 Crores (2009-10: Rs. 190.73 Crores)
- The title deeds of freehold land aggregating Rs. 14.97 Crores (2009-10: Rs. 20.39 Crores), acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.
- Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Company's interest.
- Impairment charge of Rs. 22.52 Crores (2009-10: Nil) has been included in miscellaneous expenses in the Profit and Loss account.



## Schedules

To Balance Sheet (Contd.)

Rs. Crores

			As at 31st March, 2011	As at 31st March, 2010
<b>6 INVESTMENTS</b>				
(Long term, Unquoted, unless otherwise stated)				
<b>A. INVESTMENTS IN GOVERNMENT SECURITIES</b>				
7 Year National Savings Certificates - II Issue			0.01	0.01
7.55% Government of India Stock of Face Value Nil (2009-10: Rs. 50 Crores) (Stock aggregating Face Value of Nil purchased during the year) (Stock aggregating Face Value of Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)			–	51.26
Treasury Bills of Face Value aggregating Nil (2009-10: Rs. 346.89 Crores) (Bills aggregating Face Value of Rs. 1279.84 Crores purchased during the year) (Bills aggregating Face Value of Rs. 1626.73 Crores sold during the year) (Current Investments) (Quoted)			–	341.07
<b>Total – A</b>			<b>0.01</b>	<b>392.34</b>
<b>B. TRADE INVESTMENTS AT COST SHARES</b>				
Tata Chemicals Limited	3,833,619	Equity shares of Rs. 10 each fully paid (Quoted) (1,198,381 shares sold during the year)	36.16	47.46
Dugdha Sahakari Kraya-Vikraya Samiti Limited	50	Shares of Rs. 100 each fully paid (Cost Rs. 5,000)	0.00	0.00
Hi Tech Surfactants Limited	58,400	Equity shares of Rs. 10 each fully paid	0.06	0.06
Aquagel Chemicals Private Limited	284,040	Equity shares of Rs. 100 each fully paid	2.66	2.66
	913,000	7% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid	9.13	9.13
Super Bazar Co-op. Stores Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00
Coffee Futures India Exchange Limited	1	Equity share of Rs. 10,000 each fully paid (Cost Rs. 10,000)	0.00	0.00
Goldfield Fragrances Private Limited	7,164	Equity shares of Rs. 100 each fully paid	0.02	0.02
<b>Total – B</b>			<b>48.03</b>	<b>59.33</b>
<b>C. NON-TRADE INVESTMENTS AT COST SHARES, DEBENTURES, BONDS &amp; OTHERS</b>				
Comfund Financial Services India Limited	240,000	Equity shares of Rs. 10 each fully paid	0.24	0.24
Assam Bengal Cereals Limited	8,284	Equity shares of Rs. 10 each fully paid	0.01	0.01
The Bengal Chamber of Commerce & Industry	14	6 1/2% Non-redeemable Registered Debentures (Face value Rs. 1,000 : Cost Rs. 14,000)	0.00	0.00
Hindustan Unilever Vitality Foundation	4,900	Ordinary shares of Rs. 10 each fully paid (Cost Rs. 49,000)	0.00	–
Woodlands Hospital and	1	5% Non-redeemable Registered Debenture stock	0.00	0.00





## Schedules

### To Balance Sheet (Contd.)

			Rs. Crores	
			As at 31st March, 2011	As at 31st March, 2010
<b>6 INVESTMENTS (Contd.)</b>				
(Long term, Unquoted, unless otherwise stated)				
<b>C. NON-TRADE INVESTMENTS AT COST</b>				
<b>SHARES, DEBENTURES, BONDS &amp; OTHERS (Contd.)</b>				
Medical Research Centre Limited		(Face value Rs. 100 : Cost Rs. 591)		
	44	1/2% Debentures of Rs. 100 each (Face value Rs. 100 : Cost Rs. 26,009)	0.00	0.00
Shillong Club Limited	56	5% Debentures of Rs. 100 each (Cost Rs. Nil)	0.00	0.00
The Nilgiri Co-operative Enterprises Limited	200	Shares of Rs. 100 each fully paid (Cost Rs. 20,000)	0.00	0.00
Biotech Consortium India Limited	100,000	Equity shares of Rs. 10 each fully paid	0.10	0.10
Scooters India Limited	10,000	Equity shares of Rs. 10 each fully paid (Quoted)	0.01	0.01
S.C. Johnson Products Private Limited	–	Equity shares of Rs. 5 each fully paid (Previous year 1,104,000 shares)	0.00	0.07
Annamallais Ropeway Company Limited	1,150	Ordinary shares of Rs. 100 each fully paid (Cost Rs. Nil)	0.00	0.00
Saraswat Co-operative Bank Limited	1,000	Equity shares of Rs. 10 each fully paid (Cost Rs. 10,000)	0.00	0.00
Rural Electrification Board	–	5.50% Capital Gains Bonds of Rs. 10,000 each (2009-10: 500 bonds) (500 bonds Redeemed during the year)	0.00	0.50
<b>OTHERS</b>				
Certificate of Deposits	–	State Bank of Bikaner & Jaipur of the Face Value of Rs. 25.00 Crores (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)	24.09	24.59
	–	State Bank of Mysore of the Face Value of Rs. 25.00 Crores (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 50.00 Crores sold during the year) (Current Investments) (Quoted)	24.04	24.62
	–	Canara Bank of the Face Value of Nil (2009-10: Rs. 45.00 Crores) (Nil purchased during the year) (Rs. 45.00 Crores sold during the year) (Current Investments) (Quoted)	–	44.39
	–	Bank of India of the Face Value of Nil (2009-10: Nil) (Rs. 100.00 Crores purchased during the year) (Rs. 100.00 Crores sold during the year) (Current Investments) (Quoted)	–	–



## Schedules

To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2011	As at 31st March, 2010
<b>6 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS (Contd.)</b>			
Certificate of Deposits			
	– Bank of Baroda of the Face Value of Nil (2009-10: Rs. 25 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 75.00 Crores sold during the year) (Current Investments) (Quoted)	–	24.42
	– Standard Chartered Bank of the Face Value of Nil. (2009-10: Rs. 175 Crores) (Rs. 25.00 Crores purchased during the year) (Rs. 200.00 Crores sold during the year) (Current Investments) (Quoted)	–	173.22
	– ICICI Bank of the Face Value of Rs. 105 Crores (2009-10: Rs. 50.00 Crores) (Rs. 330.00 Crores purchased during the year) (Rs. 275.00 Crores sold during the year) (Current Investments) (Quoted)	102.16	49.08
	– Citi Bank of the Face Value of Nil (2009-10: Rs. 25.00 Crores) (Nil purchased during the year) (Rs. 25.00 Crores sold during the year) (Current Investments) (Quoted)	–	24.90
	– State Bank of Travancore of the Face Value of Nil. (2009-10: Rs. 25.00 Crores) (Rs. 50.00 Crores purchased during the year) (Rs. 75.00 Crores sold during the year) (Current Investments) (Quoted)	–	24.75
	– State Bank of India of the Face Value of Rs. 250.00 Crores (2009-10: Nil) (Rs. 1800.00 Crores purchased during the year) (Rs. 1550.00 Crores sold during the year) (Current Investments) (Quoted)	239.78	–
Birla Sun Life Mutual Fund	– Units Birla Sun Life Cash Plus - Institutional Premium Plan - Daily Div (3,654,052,495 Units Purchased, 10,071,387 Units cumulated, 3,664,123,882 Units sold during the year) (Current Investments) (Quoted)	–	–





## Schedules

### To Balance Sheet (Contd.)

		Rs. Crores	
		As at 31st March, 2011	As at 31st March, 2010
<b>6 INVESTMENTS (Contd.)</b>			
(Long term, Unquoted, unless otherwise stated)			
<b>OTHERS (Contd.)</b>			
	– (2009-10: 123,285,363) (Units Birla Sun Life Ultra Short Term Fund – IP – Dly Dividend (418,772,947 Units Purchased, 2,819,904 Units cumulated, 544,878,214 Units sold during the year) (Current Investments) (Quoted)	–	123.35
ICICI Prudential Mutual Fund	– (2009-10: 5,298,004) (Units ICICI Prudential FRF – Plan D – Daily Dividend (6,698,593 Units Purchased, 131,964 Units cumulated, 12,128,561 Units sold during the year) (Current Investments) (Quoted)	–	52.99
	– Units ICICI Prudential Liquid – Super IP – Daily Div(403,809,885 Units Purchased, 1,206,676 Units cumulated, 405,016,561 Units sold during the year) (Current Investments) (Quoted)	–	–
51,753,429	Units ICICI Prudential Liquid – Super IP – Growth(51,753,429 Units Purchased during the year) (Current Investments) (Quoted)	750.00	–
IDFC Mutual Fund	– Units IDFC Cash Fund – Plan C – Super IP - Daily Div (753,311,672 Units Purchased, 4,899,147 Units cumulated, 758,210,819 Units sold during the year) (Current Investments) (Quoted)	–	–
	– (2009-10: 144,868,017) (Units IDFC Money Manager - Invest Plan - Plan B - Daily Dividend (173,240,140 Units Purchased, 2,843,287 Units cumulated, 320,951,444 Units sold during the year) (Current Investments) (Quoted)	–	145.09
Kotak Mahindra Mutual Fund	– (2009-10: 60,028,309) (Units Kotak Floater - LT - Daily Dividend(408,738,269 Units Purchased, 2,867,091 Units cumulated, 471,633,669 Units sold during the year) (Current Investments) (Quoted)	–	60.51
	– Units Kotak Liquid - Inst Premium Plan - Daily Dividend (995,657,543 Units Purchased, 4,452,303 Units cumulated, 1,000,109,846 Units sold during the year) (Current Investments) (Quoted)	–	–



## Schedules

To Balance Sheet (Contd.)

			Rs. Crores	
			As at 31st March, 2011	As at 31st March, 2010
<b>6 INVESTMENTS (Contd.)</b>				
(Long term, Unquoted, unless otherwise stated)				
<b>OTHERS (Contd.)</b>				
		– Units Kotak Liquid - Inst Premium Plan - Growth(65,418,680 Units Purchased, 65,418,680 Units sold during the year) (Current Investments) (Quoted)	–	–
Reliance Mutual Fund		– Units Reliance Medium Term Fund - Daily Dividend(196,538,351 Units Purchased, 1,129,058 Units cumulated, 197,667,409 Units sold during the year) (Current Investments) (Quoted)	–	–
Unit Trust of India	5,000	Master Gain 90 of Rs. 10 each (cost Rs. 50,000)	0.01	0.01
<b>Total-C</b>			<b>1,140.44</b>	<b>772.85</b>
<b>Total - A+B+C</b>			<b>1,188.48</b>	<b>1,224.52</b>
Provision for diminution in value of Long term investments			(0.02)	(0.09)
<b>Total</b>			<b>1,188.46</b>	<b>1,224.43</b>
Aggregate book value of investments	Unquoted		12.22	12.72
	Quoted - Market Value Rs. 1279.49 Crores (2009-10: Rs. 1335.52 Crores)		1,176.24	1,211.71
<b>Total</b>			<b>1,188.46</b>	<b>1,224.43</b>
	Long Term		48.39	60.19
	Current		1,140.07	1,164.24
<b>Total</b>			<b>1,188.46</b>	<b>1,224.43</b>





## Schedules

To Balance Sheet (Contd.)

	Rs. Crores	
	As at 31st March, 2011	As at 31st March, 2010
<b>7 DEFERRED TAX ASSETS</b>		
Provision for Post Retirement Benefits and other employee benefits	192.91	225.57
Provision for Doubtful Debts and Advances	27.80	37.21
Expenses allowable for tax purposes when paid	96.72	107.19
Other timing differences	83.67	85.42
	<b>401.10</b>	<b>455.39</b>
Share of Joint Venture - Schedule 20 (b)	0.22	0.11
	<b>401.32</b>	<b>455.50</b>
<b>8 DEFERRED TAX LIABILITIES</b>		
Depreciation	(192.99)	(205.90)
	<b>(192.99)</b>	<b>(205.90)</b>
Share of Joint Venture - Schedule 20 (b)	(1.30)	(1.40)
	<b>(194.29)</b>	<b>(207.30)</b>
<b>9 INVENTORIES</b> <b>(at lower of cost and net realisable value)</b>		
Stores and spare parts, etc.	48.90	46.29
Raw materials (Includes in transit- Rs. 49.99 Crores, 2009-10: Rs. 51.65 Crores)	1,020.06	761.91
Packing materials (Includes in transit- Rs. 0.26 Crores, 2009-10: Rs. Nil)	161.83	85.37
Work-in-progress	294.44	249.05
Finished goods (Includes in transit- Rs. 63.25 Crores, 2009-10: Rs. 63.86 Crores)	1,321.12	1,066.30
Property Development Activity-Work in Progress	0.49	0.49
	<b>2,846.84</b>	<b>2,209.41</b>
Share of Joint Venture - Schedule 20 (b)	26.93	17.00
	<b>2,873.77</b>	<b>2,226.41</b>
<b>10 SUNDRY DEBTORS (UNSECURED)</b>		
Considered good		
Over 6 months old	103.97	66.75
Others	847.88	614.15
	951.85	680.90
Considered doubtful		
Over 6 months old	50.35	72.46
Others	—	—
	<b>50.35</b>	<b>72.46</b>
	<b>1,002.20</b>	<b>753.36</b>
Less: Provision for doubtful debts	(50.35)	(72.46)
	951.85	680.90
Share of Joint Venture - Schedule 20 (b)	3.04	3.91
	<b>954.89</b>	<b>684.81</b>



## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>11 CASH AND BANK BALANCES</b>		
Cash on hand	1.07	1.07
Cheques on hand	1.35	49.11
With Scheduled banks		
- on current accounts	293.16	208.58
- on deposit accounts	1,450.19	1,718.03
	<b>1,745.77</b>	<b>1,976.79</b>
Share of Joint Venture - schedule 20 (b)	41.49	35.59
	<b>1,787.26</b>	<b>2,012.38</b>
<b>12 OTHER CURRENT ASSETS</b>		
Income accrued on investments and deposits	32.98	13.75
Fixed assets held for sale (at lower of cost and net realisable value)	3.58	4.61
	<b>36.56</b>	<b>18.36</b>
Share of Joint Venture - Schedule 20 (b)	1.19	0.93
	<b>37.75</b>	<b>19.29</b>
<b>13 LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
Advances recoverable in cash or in kind or for value to be received including :-	519.44	447.48
Rs. 103.32 Crores (2009-10: Rs. 117.14 Crores) not due within one year		
Considered doubtful	35.09	36.58
	554.53	484.06
Less: Provision for doubtful advances	(35.09)	(36.58)
	519.44	447.48
Deposits with Customs, Port Trust, Excise, etc.	125.11	130.94
Current taxation (payments in excess of provisions, including tax on distributed profits)	12.48	-
	<b>657.03</b>	<b>578.42</b>
Share of Joint Venture - Schedule 20 (b)	6.19	17.96
	<b>663.22</b>	<b>596.38</b>





## Schedules

### To Balance Sheet (Contd.)

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>14 LIABILITIES</b>		
Acceptances	1,281.90	849.28
Sundry creditors (Schedule 19)	4,757.60	4,395.96
Security advances	16.82	17.08
Dividends declared pending payment / encashment	51.07	52.59
Interest accrued but not due on loans	0.44	–
	<b>6,107.83</b>	<b>5,314.91</b>
Share of Joint Venture - Schedule 20 (b)	65.17	37.27
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund	<b>6,173.00 *</b>	<b>5,352.18 *</b>
<b>15 PROVISIONS</b>		
Current taxation (provisions in excess of payments) including tax on distributed profits	–	55.21
Fringe Benefit Taxation	0.04	–
Provision for retirement/post retirement benefits and other employee benefits	540.61	577.81
Proposed dividend	755.82	763.59
Miscellaneous provisions (Schedule 18)	39.46	54.17
	<b>1,335.93</b>	<b>1,450.78</b>
Share of Joint Venture - schedule 20 (b)	–	13.05
	<b>1,335.93</b>	<b>1,463.83</b>

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

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>17 CONTINGENT LIABILITIES</b>		
Claims made against Companies not acknowledged as debts		
Income-tax matters	494.41	297.68
Sales tax matters-gross Rs. 142.00 Crores (2009-10: Rs. 182.45 Crores) net of tax	94.76	121.81
Excise and Custom Duty Matters- gross Rs. 77.44 Crores (2009-10: Rs. 67.69 Crores) net of tax	51.67	45.25
Other Matters-gross Rs. 61.25 Crores (2009-10: Rs. 13.42 Crores) net of tax	40.87	8.96
Share of Joint Venture -gross Rs. 17.05 Crores (2009-10: Nil) - Schedule 20 (b), net of tax	12.07	–

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



## Schedules

To Balance Sheet (Contd.)

Rs. Crores

	As at 1st April, 2010	Provision made during the year	Amounts utilised / reversed during the year	As at 31st March, 2011
<b>18 PROVISIONS</b>				
Miscellaneous provisions	54.17	–	(14.71)	39.46
<b>2009-10</b>	<b>59.61</b>	<b>8.07</b>	<b>(13.51)</b>	<b>54.17</b>

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

### 19 MICRO AND SMALL SCALE BUSINESS ENTITIES

There are no Micro and Small Enterprises, to whom the Companies owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Companies.

**20** The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interest in Joint Ventures", notified under Section 211 (3C) of the Companies Act, 1956.

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

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2011	% voting power held as at 31st March, 2010
Unilever India Exports Limited	India	100	100
Unilever Nepal Limited	Nepal	80	80
Daverashola Estates Private Limited	India	100	100
Ponds Exports Limited	India	100	100
Levers Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Brooke Bond Real Estates Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100
Hindustan Field Services Private Limited	India	51	51

### b) Interest in Joint Venture

The Group's interest, as a venturer, in jointly controlled entity (incorporated Joint Venture in India) is :

Name of the Company	Country of Incorporation	% ownership interest as at 31st March, 2011	% ownership interest as at 31st March, 2010
Kimberly - Clark Lever Private Limited	India	50%	50%





## Schedules

### To Balance Sheet (Contd.)

The Financial Statements of the Joint Venture as certified by the directors of the Joint Venture are drawn upto 31st March, 2011.

Rs. Crores

	As at 31st March, 2011	As at 31st March, 2010
<b>I ASSETS</b>		
1 Fixed Assets	18.06	18.02
2 Capital Work-in-progress	0.16	0.57
3 Current Assets, Loans and Advances		
a) Inventories	26.93	17.00
b) Sundry Debtors	3.04	3.91
c) Cash and Bank Balances	41.49	35.59
d) Other Current Assets	1.19	0.93
e) Loans and Advances	6.19	4.90
f) Debit balance in P&L Account	5.44	–
<b>II LIABILITIES</b>		
1 Shareholders Funds	(36.25)	(42.35)
2 Deferred Tax - Net	(1.08)	(1.29)
3 Current Liabilities and Provisions		
a) Liabilities	(65.17)	(37.27)
b) Provisions	–	–
		Rs. Crores
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>III INCOME</b>		
1 Sales (net of excise duty)	126.19	93.29
2 Other Income	3.33	5.30
<b>IV EXPENSES</b>		
1 Operating expenses	(139.19)	(97.76)
2 Depreciation	(2.08)	(2.10)
3 Profit before Taxation	(11.75)	(1.27)
4 Provision for Taxation (including deferred taxation)	0.21	0.17
5 Net Loss	(11.54)	(1.10)
<b>V OTHER MATTERS</b>		
1 Contingent Liabilities	17.05	–
2 Capital Commitments	–	1.31
The movement of the aggregate reserves of the joint ventures are as under:		
Reserves as at 1st April, 2010	38.52	39.62
Add: Group share of Loss for the year	(11.54)	(1.10)
Reserves as at 31st March, 2011	26.98	38.52

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



## Notes

To the Cash Flow Statement for the year ended 31st March, 2011

- 1 The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" notified under section 211 (3C) of the Companies Act, 1956.
- 2 Figures in brackets indicate cash outgo.
- 3 The previous year's figures have been regrouped / restated wherever necessary to conform to this year's classification.





## Segment Information

For the year ended 31st March, 2011

### Information About Primary Business Segments

Rs. Crores

	For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	External	Inter- segment	Total	External	Inter- segment	Total
<b>REVENUE</b>						
Soaps and Detergents	8,791.56		8,791.56	8,265.64		8,265.64
Personal Products	5,877.99		5,877.99	5,055.07		5,055.07
Beverages	2,343.97		2,343.97	2,142.43		2,142.43
Foods	902.57		902.57	730.78		730.78
Ice Creams	274.58		274.58	231.00		231.00
Exports	1,171.79		1,171.79	1,070.71		1,070.71
Other Operations	656.05	–	656.05	529.94	3.85	533.79
<b>Total Segment</b>	<b>20,018.51</b>	<b>–</b>	<b>20,018.51</b>	<b>18,025.57</b>	<b>3.85</b>	<b>18,029.42</b>
Eliminations			–			(3.85)
<b>Total Revenue (see note 3 to Segment Information)</b>			<b>20,018.51</b>			<b>18,025.57</b>
<b>RESULT</b>						
Soaps and Detergents			834.06			1,185.27
Personal Products			1,469.57			1,285.94
Beverages			357.76			319.75
Foods			12.88			4.44
Ice Creams			19.45			12.69
Exports			91.46			61.64
Other Operations			(29.47)			(26.44)
<b>Total Segment</b>			<b>2,755.71</b>			<b>2,843.29</b>
<b>Total Consolidated</b>			<b>2,755.71</b>			<b>2,843.29</b>
Un-allocated expenditure net of un-allocated income			(250.56)			(244.39)
<b>Operating Profit</b>			<b>2,505.15</b>			<b>2,598.90</b>
Interest expense			(1.01)			(7.47)
Interest / dividend income and surplus on disposal of investments			231.95			129.04
Taxation for the year (including adjustments of previous years)			(591.87)			(615.27)
<b>Profit after taxation, before exceptional / extraordinary items</b>			<b>2,144.22</b>			<b>2,105.20</b>
Exceptional items - income /(expenditure) -Segment						
Detergents		14.09			(119.65)	
Personal Products		9.73			(1.92)	
Beverages		2.77			(1.15)	
Foods		12.82			(1.20)	
Ice-Creams		0.46			(0.09)	
Exports		7.39			(7.46)	
Other Operations		0.67			(0.13)	
			47.93			(131.60)
Exceptional items - income/(expenditure) (Unallocated/ Corporate)			172.90			185.39
Extra-ordinary item - income / expenditure Unallocated/ Corporate			–			19.70
Tax charge (net)			(58.42)			(14.08)
<b>Net Profit</b>			<b>2,306.63</b>			<b>2,164.61</b>
<b>Profit before Minority Interest</b>			<b>2,306.63</b>			<b>2,164.61</b>



## Segment Information

For the year ended 31st March, 2011 (Contd.)

### Information About Primary Business Segments (Contd.)

Rs. Crores

	Segment Assets		Segment Liabilities	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
<b>OTHER INFORMATION</b>				
Soaps and Detergents	2,593.22	2,221.36	(2,969.45)	(2,516.09)
Personal Products	1,548.29	1,367.88	(1,430.45)	(1,205.77)
Beverages	922.40	783.76	(580.24)	(534.09)
Foods	354.29	209.20	(279.13)	(224.50)
Ice Creams	168.98	153.79	(112.83)	(105.22)
Exports	549.44	492.02	(339.64)	(299.82)
Other Operations	151.37	120.99	(163.07)	(135.25)
<b>Total</b>	<b>6,287.99</b>	<b>5,349.00</b>	<b>(5,874.81)</b>	<b>(5,020.74)</b>
Unallocated Corporate Assets / (Liabilities)	4,141.82	4,364.53	(1,831.07)	(2,013.40)
<b>Total Assets / (Liabilities)</b>	<b>10,429.81</b>	<b>9,713.53</b>	<b>(7,705.88)</b>	<b>(7,034.14)</b>

Rs. Crores

	Capital Expenditure		Depreciation		Non - Cash expenses other than depreciation	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2011	For the year ended 31st March, 2010	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Soaps and Detergents	59.11	74.78	80.84	75.42	12.70	32.96
Personal Products	65.79	279.69	62.12	38.71	5.32	19.39
Beverages	23.57	17.21	14.12	8.93	3.27	7.41
Foods	39.15	12.31	1.15	4.00	3.28	7.01
Ice Creams	17.56	10.01	6.85	6.63	0.22	0.81
Exports	6.66	2.81	14.09	15.01	0.24	9.00
Other Operations	12.47	4.67	4.67	1.51	0.39	2.63
Unallocated Corporate Assets / (Liabilities)	98.50	181.66	45.45	41.74	–	–

### Information About Secondary Business Segments

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>REVENUE BY GEOGRAPHICAL MARKET</b>		
India	18,348.60	16,537.74
Outside India	1,669.91	1,487.83
<b>Total</b>	<b>20,018.51</b>	<b>18,025.57</b>
<b>ADDITIONS TO FIXED ASSETS AND INTANGIBLE ASSETS</b>		
India	222.39	399.65
Outside India	1.92	1.83
<b>Total</b>	<b>224.31</b>	<b>401.48</b>





## Segment Information

For the year ended 31st March, 2011 (Contd.)

### Information About Secondary Business Segments (Contd.)

	Rs. Crores	
	As at 31st March, 2011	As at 31st March, 2010
<b>CARRYING AMOUNT OF SEGMENT ASSETS</b>		
India	6,245.40	5,309.21
Outside India	42.59	39.79
<b>Total</b>	<b>6,287.99</b>	<b>5,349.00</b>

#### Notes:

#### 1 Business Segments

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

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

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

In addition, the Company's Exports business segment includes sales of Marine Products, Leather Products etc. as well as sales of Soaps and Detergents, Personal Products, Beverages and Foods, etc.

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 :

- 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

	Rs. Crores	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Sales	19,691.02	17,764.27
Income from services rendered (included in Other Income)	327.49	261.30
<b>Total</b>	<b>20,018.51</b>	<b>18,025.57</b>

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



## Related Party Disclosures

For the year ended 31st March, 2011

### A. ENTERPRISES WHERE CONTROL EXISTS

(i) **Holding Company** : Unilever PLC

### B. OTHER RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, ETC.

(i) **Fellow Subsidiaries** : Binzagr Lever Limited, Arabia  
 Brooke Bond Assam Estates Limited  
 Brooke Bond Group Limited  
 Brooke Bond South India Estates Limited  
 Conopco, Inc.  
 Digital Securities Private Limited  
 Fine Tea Company  
 Fine Tea Egypt  
 Hefei Lever Detergents Co. Limited, China  
 Lever Arabia Limited  
 Lever Brothers Bangladesh Limited  
 Lever Brothers Nigeria Limited  
 Lever Brothers Pakistan Limited  
 Lever Chile S.A.  
 Lever Egypt SAE  
 Lever Faberge Deutschland GmbH  
 Lever Faberge France  
 Lever Faberge UK  
 Lever Israel  
 Lipton Limited (Head Office) / Lipton Tea Supply Limited  
 Lipton Soft Drinks (Ireland)  
 Nippon Lever K.K.  
 PT Unilever Indonesia TBK  
 Sagit SPA, Italy  
 Severn Gulf FZE  
 Unilever (China) Limited  
 Unilever (Malaysia) Holdings Sdn Berhad  
 Unilever Algerie  
 Unilever Asia Private Limited  
 Unilever Australia Export Pty. Limited  
 Unilever Australia Limited

(i) **Fellow Subsidiaries (Contd.)** : Unilever Best Foods, Vietnam  
 Unilever Bestfoods & Elida P/S (Vietnam) Limited  
 Unilever Bestfoods Benelux B.V. Netherlands  
 Unilever Brasil Limited  
 Unilever Canada Inc.  
 Unilever Ceylon Limited  
 Unilever Cote d'Ivoire  
 Unilever De Argentina SA  
 Unilever De Mexico De RL  
 Unilever Deutschland GmbH  
 Unilever Ethiopia  
 Unilever Foods Espana, S.A. Division Frigo  
 Unilever France S.A.  
 Unilever Ghana Limited  
 Unilever Gulf Free Zone Establishment, Arabia  
 Unilever Hellas  
 Unilever Hong Kong Limited  
 Unilever Industries Private Limited  
 Unilever International Paris  
 Unilever Iran P.J.S.C.  
 Unilever Japan  
 Unilever Kenya Limited  
 Unilever Korea  
 Unilever Maghreb Export SA, Tunisia  
 Unilever Market Development SA  
 Unilever Market Limited  
 Unilever Mashreq - Foods  
 Unilever N.V.  
 Unilever New Zealand Limited  
 Unilever Nigeria  
 Unilever Overseas Holdings AG  
 Unilever Overseas Holdings B.V.  
 Unilever Pakistan  
 Unilever Polska  
 Unilever Port Sunlight





## Related Party Disclosures

For the year ended 31st March, 2011 (Contd.)

<b>(i) Fellow Subsidiaries (Contd.)</b>	<p>: Unilever Research Laboratory, Colworth House</p> <p>Unilever Research Laboratory, Port Sunlight</p> <p>Unilever Sanayi ve Ticaret Turk A.S.</p> <p>Unilever Singapore Pte Limited</p> <p>Unilever SNG, Russia</p> <p>Unilever South Africa (Pty.) Limited</p> <p>Unilever South Central Europe</p> <p>Unilever South Korea</p> <p>Unilever Supply Chain Company</p> <p>Unilever Taiwan Limited</p> <p>Unilever Tanzania Limited</p> <p>Unilever Tea Kenya Limited</p> <p>Unilever Thai Holding Limited</p> <p>Unilever Thai Trading Limited</p> <p>Unilever Tuketim Urunleri Sat Pazarlama Ticaret A.S.</p> <p>Unilever U.K. Central Resources Limited</p> <p>Unilever Uganda Limited</p> <p>Unilever UK &amp; CN Holdings, UK</p> <p>Unilever Vietnam</p> <p>Unilex Cameroon S.A.</p> <p>Unilever China Investment Company</p> <p>Unilever Andina Bolivia</p> <p>Unilever Andina Colombia Limited</p> <p>Unilever Lipton Ceylon Limited</p> <p>TIGI Linea, LP</p> <p>Unilever Australasia Limited</p> <p>Unilever Mozambique LDA</p> <p>Unilever Peru S.A.</p> <p>Unilever Philipines (Prc), Inc.</p> <p>Unilever Sri Lanka Limited</p> <p>Unilever Trading LLC</p> <p>Unilever Istanbul</p> <p>AL Gurg Unilever LLC</p> <p>Unilever Bangladesh Limited</p>	<b>(ii) Joint Venture</b> : Kimberly Clark Lever Private Limited
		<b>(iii) Associate</b> : Capgemini Business Services (India) Limited (upto 25th March, 2010)
		<b>(iv) Key Management Personnel</b> : Harish Manwani D. Sundaram (upto July, 2009) Leena Nair Hemant Bakshi Dhaval Buch (upto February, 2010) Pradeep Banerjee (from March, 2010) Nitin Paranjpe Ashok Gupta (upto March, 2010) Shrijeet Mishra Sridhar Ramamurthy Gopal Vittal Dev Bajpai (from June, 2010)
		<b>(v) Employees' Benefit Plans where there is significant influence</b> : Hindustan Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund



## Related Party Disclosures

For the year ended 31st March, 2011 (Contd.)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2011.

Rs. Crores

		For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Holding Company</b>	: Dividend paid	516.62	556.36
	Royalty expense (gross)	265.96	155.27
	Income from services rendered	293.35	238.79
	Outstanding as at the year end :		
	– Receivables	–	12.90
	– Payables	117.26	–
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc.	702.50	570.55
	Rent Received	1.10	1.10
	Other recoveries	15.13	16.11
	Expenses shared by fellow subsidiaries	0.08	32.58
	Advertising and sales promotion expenses	0.64	–
	Purchase of finished goods / raw materials etc.	337.34	252.82
	Dividend paid	221.03	238.03
	Royalty expense	2.94	2.60
	Purchase of Tangible Fixed Assets	6.27	–
	Software development and procurement of licenses	4.66	16.61
	Maintenance and support costs for licences and software	2.04	3.42
	Outstanding as at the year end :		
	– Receivables	146.21	97.41
	– Payables	179.48	128.40
<b>Joint Venture</b>	: Purchase of finished goods / raw materials etc.	251.28	199.34
	Other income	4.53	5.13
	Sale of Finished Goods	0.34	–
	Dividend received	–	2.54
	Outstanding as at the year end :		
	– Receivables	29.99	5.09
<b>Associate</b>	: Expenses for services received	–	43.61
<b>Key Management Personnel</b>	: Remuneration	22.47	21.98
	Rent paid	–	0.44
	Dividend paid	0.09	0.08
<b>Employees' Benefit Plans where there is significant influence</b>	: Contributions during the year	38.33	44.53
	Outstanding receivables at the year end	4.33	6.67





## Related Party Disclosures

For the year ended 31st March, 2011 (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.

	Rs. Crores	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Other income</b>		
Kimberly Clark Lever Private limited	4.53	5.13
<b>Dividend paid</b>		
Unilever PLC	516.62	556.36
<b>Royalty expense (gross)</b>		
Unilever PLC	265.96	155.27
<b>Income from services rendered</b>		
Unilever PLC	293.35	238.79
<b>Other recoveries</b>		
Unilever Asia Private Limited	15.13	16.11
<b>Expenses for services received</b>		
Capgemini Business Services (India) Limited	–	43.61
<b>Remuneration</b>		
Nitin Paranjpe	7.92	3.19
Sridhar Ramamurthy	2.75	1.88
Gopal Vittal	2.14	2.48
Dhaval Buch	–	1.76
D Sundaram	–	6.38
<b>Maintenance and support costs for licences and software</b>		
Unilever Singapore Pte Limited	–	11.14
Unilever N.V.	2.04	5.47
<b>Software development and procurement of licenses</b>		
Unilever N.V.	4.66	2.39
Unilever Singapore Pte Limited	–	1.03
<b>Contributions during the year</b>		
The Union Provident Fund	20.80	23.93
The Hind Lever Pension Fund	17.53	20.46
Hind Lever Gratuity Fund	–	0.14
<b>Outstanding as at the year end - Receivables</b>		
Unilever PLC	–	12.90
Unilever Philippines (Prc), Inc	–	1.32
<b>Outstanding as at the year end - Payables</b>		
Unilever N.V.	48.94	33.78
Unilever Supply Chain Company	56.06	26.67
Unilever Asia Private Limited	8.65	21.43
Unilever Australia Limited	0.68	20.04
Lipton Limited UK	13.43	15.05
Unilever PLC	117.26	–



## Related Party Disclosures

For the year ended 31st March, 2011 (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 (Contd.).

Rs. Crores

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Asia Private Limited	91.63	–
Unilever Gulf Free Zone Establishment, Arabia	172.43	134.64
Unilever Australia Limited	–	73.96
<b>Expenses shared by fellow subsidiary companies</b>		
Unilever Supply Chain Company	–	32.52
Digital Securities Private Limited	0.08	0.06
<b>Dividend received</b>		
Kimberly Clark Lever Private limited	–	2.54
<b>Advertisement and Sales Promotion Expense</b>		
TIGI Linea, LP	0.64	–
<b>Rent received</b>		
Unilever Industries Private Limited	1.10	1.10
<b>Purchase of Tangible Fixed Assets</b>		
Unilever De Mexico De RL	0.92	–
Unilever De Argentina SA	2.15	–
Unilever China Investing Company	3.20	–
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private limited	251.28	199.34
Unilever Supply Chain Company	145.70	86.85
Unilever Australia Limited	30.73	64.87
Unilever Asia Private Limited	87.43	49.37
<b>Rent paid</b>		
Ashok Gupta	–	0.43
D. Sundaram	–	0.01





## Auditors' Report

To the Board of Directors of Hindustan Unilever Limited

1. We have audited the attached consolidated Balance Sheet of Hindustan Unilever Limited (the 'Company'), its subsidiaries and its jointly controlled entity; hereinafter referred to as the 'Group' (Schedule 20 to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary and the jointly controlled entity included in the consolidated financial statements, which constitutes total assets of Rs. 79.66 Crores and net assets of Rs. (78.23) Crores as at 31st March, 2011, total revenue of Rs. 229.98 Crores, net loss of Rs. 73.40 Crores and net cash outflows amounting to Rs. 100.58 Crores for the year then ended. The financial statements and other financial information of the subsidiary has 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 reports of such other auditors. The financial statements and other financial information of the jointly controlled entity whose financial statements reflect the Group's share of total assets of Rs. (21.21) Crores and net assets of Rs. (123.94) Crores, as at 31st March, 2011, and the Groups share of total revenues of Rs. 7.86 Crores, net loss of Rs. 130.04 Crores and net cash outflows amounting to Rs. 112.59 Crores for the year then ended has been certified by their Directors, whose certificate has been furnished to us.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
  - ii) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Lovelock & Lewes**

Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**

Partner

Membership No: 43229

Mumbai: 9th May, 2011



## Statement Pursuant to Section 212

of the Companies Act, 1956

Rs. Crores

Name of the subsidiary Company	Financial year ending of the subsidiary	Number of equity shares held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of the holding company (except to the extent dealt with in col. 6)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of the holding company	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of the holding company (except to the extent dealt with in col. 8)	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of the holding company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Unilever India Exports Limited	31-03-11	2,510,000	100%	19.57	–	94.36	60.87
Pond's Exports Limited	31-03-11	19,900,147	100%	(3.48)	–	(15.22)	–
Hindustan Field Services Private Limited	31-03-11	637,500	51%	3.04	–	1.55	–
Brooke Bond Real Estates Private Limited	31-03-11	12,946,000	100%	(1.46)	–	(5.53)	–
Jamnagar Properties Private Limited	31-03-11	5,000,000	100%	(0.11)	–	(0.40)	–
Daverashola Estates Private Limited	31-03-11	221,700	100%	–	–	(0.34)	–
Unilever Nepal Limited							
- Nepalese Rs.	15-07-10 (Ashaad 31, 2067)	736,560	80%	46.12	41.22	170.96	154.28
- Indian Rs. [Refer Note (ii)]	–	–	–	28.83	25.76	106.85	96.45
Lakme Lever Private Limited	31-03-11	20,000,000	100%	(13.20)	–	(9.62)	–

Changes in Company's interest in Unilever Nepal Limited between 16th July, 2010 and 31st March, 2011 : Nil

Material changes between 16th July, 2010 and 31st March, 2011 in respect of fixed assets of, investments of, moneys lent and moneys borrowed (other than meeting current liabilities) by Unilever Nepal Limited : NIL

### Note :

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

**Nitin Paranjpe**  
Managing Director and CEO

**Sridhar Ramamurthy**  
Executive Director (Finance & IT) and CFO

**D.S Parekh**  
Chairman - Audit Committee

**Dev Bajpai**  
Executive Director Legal & Company Secretary

**Vivek Subramanian**  
Group Controller

Mumbai : 9th May, 2011





## Subsidiary Companies' Particulars

Particulars regarding subsidiary Companies, in accordance with General Circular No: 02/2011 dated 8th February, 2011 from the Ministry of Corporate Affairs.

Rs. Crores

Name of Subsidiary Company	Issued and subscribed 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	2.51	51.75	77.21	(22.95)	0.24	–	3.23	(1.01)	2.22	–
Pond's Export Limited	19.90	(18.59)	31.37	(30.06)	0.01	72.79	(1.36)	(2.12)	(3.48)	–
Hindustan Field Services Private Limited	1.25	9.02	32.37	(22.10)	–	123.04	8.77	(2.80)	5.97	–
Brooke Bond Real Estates Private Limited	12.95	(6.98)	6.63	(0.66)	–	–	(2.22)	0.76	(1.46)	–
Jamnagar Properties Private Limited	5.00	(0.51)	4.49	–	–	–	(0.11)	–	(0.11)	–
Daverashola Estates Private Limited	0.22	3.96	4.47	(0.29)	–	–	–	–	–	–
Unilever Nepal Limited										
– Nepalese Rs.	9.20	67.55	131.47	(54.72)	43.73	337.06	76.83	(15.53)	61.30	(51.55)
– Indian Rs.	5.75	42.22	82.17	(34.20)	27.33	210.66	48.02	(9.71)	38.31	(32.22)
Levers Associated Trust Limited	0.05	–	0.05	–	–	–	–	–	–	–
Levindra Trust Limited	0.05	–	0.05	–	–	–	–	–	–	–
Hindlever Trust Limited	0.05	–	0.05	–	–	–	–	–	–	–
Lakme Lever Private Limited	20.00	(22.81)	17.25	(20.07)	–	30.65	(12.93)	(0.27)	(13.20)	–

### Note :

- Converted into Indian Rupees at the Exchange rate INR 1= 1.6 Nepalese Rupees
- The aforesaid data in respect of subsidiaries are as on 31st March, 2011

**Nitin Paranjpe**  
Managing Director and CEO

**D.S Parekh**  
Chairman - Audit Committee

**Vivek Subramanian**  
Group Controller

**Sridhar Ramamurthy**  
Executive Director (Finance & IT) and CFO

**Dev Bajpai**  
Executive Director Legal & Company Secretary

Mumbai : 9th May, 2011



# Investor Safeguards

In order to serve you better and prevent risks associated with dealing in securities, we request you to follow the general safeguards as detailed hereunder:

## Update your Address

To receive all communications promptly, please update your address with the Company or Depository Participants (DP), as the case may be.

## Prevention of Frauds

Certain instances of fraudulent transactions relating to dormant folios have been observed in cases where the shareholder has either passed away or has gone abroad. Hence, we urge you to exercise due diligence and notify us of any change in address, stay abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.

## Confidentiality of Security Details

Do not disclose your Folio Nos./DP ID/Client ID to unknown person. Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown person.

## Dealing of Securities with Registered Intermediaries

Members must ensure that they deal only with SEBI (Securities and Exchange Board of India) registered intermediaries and must obtain a valid Contract Note/Confirmation Memo from the broker/sub-broker, within 24 hours of execution of the trade. It should be ensured that the Contract Note/Confirmation Memo contains order no., trade no., trade time, quantity, price and brokerage.

## PAN Requirement for Transfer of Shares in Physical Form

The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form. Therefore, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to M/s. Karvy Computershare Private Limited/Investor Service Department for registration of such transfers. Members/Investors are therefore requested to make note of the same and submit their PAN card copy to M/s. Karvy Computershare Private Limited/Investor Service Department.

## Consolidate your Multiple Folios

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

## Demat / Exchange

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat/electronic form through a Depository Participant of their choice. The Company also offers help to its shareholders to demat their physical shares. Members who are still holding the share certificates of the face value of Rs. 10/- each, are requested to forward their old share certificates (which are no longer tradable in market and will not be accepted by the DPs for demat) to M/s. Karvy Computershare Private Limited, along with a request letter signed by all the holders for exchange of shares. The exchanged share certificate(s) of face value of Re.1/- each will help you demat your shares expeditiously.

## Register your ECS Mandate and Nomination

Your Company had sent communication to the relevant shareholders, requesting them to register their ECS Mandates and Nominations. Those members who have not registered their ECS Mandate or Nomination are requested to send their registration forms to M/s. Karvy Computershare Private Limited/Investor Service Department. **The relevant forms are attached at the end of this report and are also available on Company's website [www.hul.co.in](http://www.hul.co.in).**

If your bank particulars have changed either due to your banker having migrated their operation to core banking solutions and/or merged with another bank, please arrange to register the ECS Mandate with the revised bank particulars.

## Unclaimed Dividend

To ensure maximum disbursement of unclaimed dividends, the Company sends reminders to the relevant investors, before transfer of dividends to Investor Education and Protection Fund (IEPF). Members are requested to encash outstanding dividend on time, by sending their requests to M/s. Karvy Computershare Private Limited/Investor Service Department.





## Corporate Information

<b>REGISTERED OFFICE</b>	: 165/166, Backbay Reclamation, Mumbai – 400 020.
<b>CORPORATE OFFICE &amp; RESEARCH CENTRE</b>	: Unilever House, B.D. Sawant Marg, Chakala, Andheri East, Mumbai – 400 099.
<b>SOLICITORS</b>	: Crawford Bayley & Co.
<b>AUDITORS</b>	: Lovelock & Lewes
<b>BANKERS</b>	: Bank of America Bank of Baroda Bank of India Canara Bank Citibank N.A. Corporation Bank Deutsche Bank HDFC Bank Hongkong & Shanghai Banking Corporation ICICI Bank Indian Bank Punjab National Bank Royal Bank of Scotland (ABN Amro Bank) Standard Chartered Bank State Bank of Hyderabad State Bank of India Syndicate Bank Union Bank of India

### PLANT LOCATIONS

#### NORTHERN REGION

Location	Address
BAROTIWALA	Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil Kasauli, District Solan - 174 103, Himachal Pradesh
KHALILABAD	Plot No. D34-D38, Road No. 4, UPSIDC Industrial Area, District Sant Kabir Nagar, Khalidabad - 271 175, Uttar Pradesh
ETAH – BEVERAGES	G. T. Road, Etah – 207 001, Uttar Pradesh
ETAH – INSTANT TEA EXPORTS	Kasganj Road, Etah - 207 001, Uttar Pradesh
HARIDWAR	Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttaranchal
NALAGARH	Hudbust No. 143, Khasra No. 182, 183, 187/1, Village - Kiralpur, Tehsil - Nalagarh, District Solan - 174101, Himachal Pradesh. Khasra No. 1350 – 1318, Bhatoli Kalan, Hill Top Industrial Area, Jharmajri, Tehsil Nalagarh, District Solan - 173295, Himachal Pradesh.
ORAI	A-1, Industrial Area, UPSIDC, Orai, Jalaun - 285 001, Uttar Pradesh
RAJPURA	A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab
SUMERPUR	A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh



## SOUTHERN REGION

Location	Address
COCHIN	Tatapuram PO, Cochin – 682 014, Kerala Edapally, Cochin – 682 024, Kerala
DHARWAD	Plot No.125/126, KIADB Industrial Area,Dharwad, Belur - 580 011, Dharwad, Karnataka
HOSUR	Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 109, Tamilnadu
MANGALORE	Sultan Batter Road, Bloor, Mangalore – 575 003, Karnataka
MYSORE	Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka
PONDICHERRY	Off NH 45-A, Vadamangalam, Pondicherry - 605 102 No. 3, Cuddalore Road, Kirumambakkam, Pondicherry – 607 402

## EASTERN REGION

Location	Address
TINSUKIA	Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, Tinsukia - 786 151, Assam
HALDIA	PO Durgachak, Haldia - 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

## WESTERN REGION

Location	Address
KHAMGAON	C-9, MIDC, Khamgaon - 444 303, District Buldhana, Maharashtra
CHHINDWARA	5/6 KM Stone, Narsinghpur Road, Lehgadua, Chhindwara - 480 002, Madhya Pradesh
CHIJLUN	Plot No. B-7, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra
GOA	Plot Nos. 132-139, Kundaim Industrial Estate, Kundaim, Goa – 403 115
KALWA	Plot No.7 & 7A, MIDC Industrial Area, Thane - Belapur Road, Post Airoli, Maharashtra
KANDLA	Shed Nos. 177 & 178, Sector - 1, Plot Nos. 253-257, Sector IV Kandla Special Economic Zone, Gandhidham - 370 230, Gujarat
MUMBAI	Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra
NASIK	Plot No. A 8/9, MIDC, Malegaon, Sinnar - 422 103, Maharashtra
PUNE	Pune Saswad Road, Fursungi, Pune - 412 308, Maharashtra
SILVASSA	Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230 Survey No.907, Kilwali Road, Amli Village, Near Gandhidham Bus Stop, Silvassa - 396 230 Orient Press Complex, Survey No. 297/1/2, Dungrapada, Village Saily, Silvassa - 396 230 Survey No. 46/11, Plot No 16, Naroli Road, Village Athal, Silvassa - 396 230
CHORWAD	Plot no 130/1, Holiday Home road, Chorwad, Dist Junagarh– 362250, Gujarat





1. Definition  
 A function is a rule that assigns to each element  $x$  in a set  $X$  exactly one element  $y$  in a set  $Y$ .  
 We write  $f: X \rightarrow Y$  to denote a function from  $X$  to  $Y$ .  
 The set  $X$  is called the domain of  $f$ , and the set  $Y$  is called the codomain of  $f$ .  
 The image of  $x$  under  $f$  is denoted by  $f(x)$ .  
 The range of  $f$  is the set of all elements  $y$  in  $Y$  such that  $y = f(x)$  for some  $x$  in  $X$ .  
 A function  $f$  is called injective (or one-to-one) if  $f(x) = f(y)$  implies  $x = y$ .  
 A function  $f$  is called surjective (or onto) if for every  $y$  in  $Y$ , there exists an  $x$  in  $X$  such that  $y = f(x)$ .  
 A function  $f$  is called bijective (or one-to-one and onto) if it is both injective and surjective.  
 A function  $f$  is called invertible if it is bijective. In this case, the inverse function  $f^{-1}$  is defined by  $f^{-1}(y) = x$  if and only if  $y = f(x)$ .  
 The composition of two functions  $f: X \rightarrow Y$  and  $g: Y \rightarrow Z$  is a function  $g \circ f: X \rightarrow Z$  defined by  $(g \circ f)(x) = g(f(x))$ .  
 A function  $f: X \rightarrow Y$  is called continuous if for every open set  $V$  in  $Y$ , the preimage  $f^{-1}(V)$  is an open set in  $X$ .  
 A function  $f: X \rightarrow Y$  is called differentiable if for every  $x$  in  $X$ , the limit  $\lim_{h \rightarrow 0} \frac{f(x+h) - f(x)}{h}$  exists.  
 A function  $f: X \rightarrow Y$  is called convex if for every  $x, y$  in  $X$  and every  $t$  in  $[0, 1]$ , we have  $f(tx + (1-t)y) \leq tf(x) + (1-t)f(y)$ .  
 A function  $f: X \rightarrow Y$  is called concave if for every  $x, y$  in  $X$  and every  $t$  in  $[0, 1]$ , we have  $f(tx + (1-t)y) \geq tf(x) + (1-t)f(y)$ .  
 A function  $f: X \rightarrow Y$  is called monotonic if it is either increasing or decreasing. A function  $f$  is increasing if  $x < y$  implies  $f(x) \leq f(y)$ . A function  $f$  is decreasing if  $x < y$  implies  $f(x) \geq f(y)$ .  
 A function  $f: X \rightarrow Y$  is called bounded if there exists a real number  $M$  such that  $|f(x)| \leq M$  for all  $x$  in  $X$ .  
 A function  $f: X \rightarrow Y$  is called uniformly continuous if for every  $\epsilon > 0$ , there exists a  $\delta > 0$  such that for all  $x, y$  in  $X$ , if  $|x - y| < \delta$ , then  $|f(x) - f(y)| < \epsilon$ .  
 A function  $f: X \rightarrow Y$  is called compact if the image  $f(X)$  is a compact set in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called closed if the image  $f(X)$  is a closed set in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called open if the image  $f(X)$  is an open set in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called proper if the preimage of every compact set in  $Y$  is a compact set in  $X$ .  
 A function  $f: X \rightarrow Y$  is called regular if it is continuous, closed, and proper.  
 A function  $f: X \rightarrow Y$  is called smooth if it is infinitely differentiable.  
 A function  $f: X \rightarrow Y$  is called analytic if it can be represented by a power series in a neighborhood of every point in  $X$ .  
 A function  $f: X \rightarrow Y$  is called holomorphic if it is analytic and complex-valued.  
 A function  $f: X \rightarrow Y$  is called harmonic if it satisfies Laplace's equation  $\Delta f = 0$ .  
 A function  $f: X \rightarrow Y$  is called elliptic if it satisfies an elliptic partial differential equation.  
 A function  $f: X \rightarrow Y$  is called parabolic if it satisfies a parabolic partial differential equation.  
 A function  $f: X \rightarrow Y$  is called hyperbolic if it satisfies a hyperbolic partial differential equation.  
 A function  $f: X \rightarrow Y$  is called linear if it satisfies  $f(ax + by) = af(x) + bf(y)$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called quadratic if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called cubic if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called quartic if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called quintic if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called sixth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called seventh degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called eighth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called ninth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called tenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called eleventh degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called twelfth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called thirteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called fourteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called fifteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called sixteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called seventeenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called eighteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called nineteenth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called twentieth degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called twenty-first degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called twenty-second degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in  $Y$ .  
 A function  $f: X \rightarrow Y$  is called twenty-third degree if it satisfies  $f(ax + by) = af(x) + bf(y) + c$  for all  $x, y$  in  $X$  and all  $a, b$  in  $Y$ , where  $c$  is a constant in <





Hindustan Unilever Limited

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

## Form 2B

(See rules 4CCC and 5D)

### NOMINATION FORM

(to be filed in by individuals(s) applying singly or jointly)

I/we \_\_\_\_\_ and \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_ the holders of shares bearing  
number(s) \_\_\_\_\_ of M/s. Hindustan Unilever Limited wish to make a nomination and do hereby  
nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or  
our death.

Name(s) and Address(es) of Nominee(s)

Name : \_\_\_\_\_

Address : \_\_\_\_\_  
\_\_\_\_\_

Date of Birth\* : \_\_\_\_\_

\*to be furnished in case the nominee is a minor

The Nominee is a minor whose guardian is\*\* \_\_\_\_\_

Name and Address: \_\_\_\_\_  
\_\_\_\_\_

\*\* To be deleted if not applicable

Signature : \_\_\_\_\_ Signature : \_\_\_\_\_ Signature : \_\_\_\_\_

Name : \_\_\_\_\_ Name : \_\_\_\_\_ Name : \_\_\_\_\_

Address : \_\_\_\_\_ Address : \_\_\_\_\_ Address : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_ Date: \_\_\_\_\_

Address, Name and Signature of witnesses:

Name and Address

Signature with date

1. \_\_\_\_\_

2. \_\_\_\_\_

#### INSTRUCTIONS:

1. The Nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly. Non-individual including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form. Space is provided as a specimen, if there are more joint holders more sheets can be added for signatures of holders of shares and witness.
2. A minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
4. Nomination stand rescinded upon transfer of share(s).
5. Transfer of share(s) in favour of a nominee shall be a valid discharge by a company against the legal heir.
6. The intimation regarding Nomination/ Nomination Form shall be filed in duplicate with the Company who will return one copy thereof to the shareholder.



## Guidelines for filling in the Nomination Form

- 1. Multiple Nominations can be recorded in each folio i.e. you can nominate single person ( nominee) for some particular / distinctive shares and another person ( second nominee) for other / remaining shares and so on.**
2. In case of joint holding, all the holders should sign the nomination form.
3. The nomination (other than multiple nominations) once made in respect of a given folio would automatically extend to the shares further acquired in the same folio. Similarly, if all the shares in a folio are transferred from such folio, nomination so made in respect of such folio will automatically stand cancelled.
4. In case of Multiple Nominations, nomination once made in respect of particular distinctive shares in one folio will not extend to the shares further acquired in the same folio, and the holder will have to give fresh nomination for such shares. Nominations given for other existing shares will prevail.
5. Nomination once made can be revoked/changed by submitting fresh nomination form upon receipt of which the earlier nomination will stand cancelled.
6. In case of nominations made by joint holders, upon demise of one of the joint holders, the remaining joint holder(s) will continue to be member(s) of the Company. In such case, the surviving shareholder(s), if he so desires, may make a fresh nomination in the prescribed form by revoking the old nomination.
- 7. A valid nomination, once made, will override a Will or other testamentary documents executed by the deceased shareholder and the Company will not entertain any claim from any person other than the registered nominee.**
8. Nomination forms received by the Company will be scrutinised and the nomination will be registered if the form is found complete in all respects. For all valid nominations received, the Company will allot a registration number and communicate the same to the concerned shareholder by returning the duplicate copy of the nomination form bearing such registration number which should be quoted in all future correspondence.
- 9. For shares held in electronic form, the nomination should be recorded with the respective Depository Participants. The Company would not accept any nomination in respect of such shares.**
- 10. Nomination form, duly completed, should be sent to M/s Karvy Computershares Private Limited at Unit : Hindustan Unilever Limited, Plot no. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081 or Investor Service Department, Hindustan Unilever Limited, 165/166, Backbay Reclamation, Mumbai – 400 020.**





Hindustan Unilever Limited

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

## NECS Mandate Form

PLEASE FILL UP THIS FORM AND ARRANGE TO SEND IT TO :

The following address if shares are held in physical form

OR To your DP if shares are held in demat

To,

**Karvy Computershare Private Limited**

Unit: HINDUSTAN UNILEVER LIMITED

Plot No. 17 to 24, Vittal Rao Nagar,

Madhapur, Hyderabad - 500 081.

1. Name of 1st Registered holder : \_\_\_\_\_  
(in Block Letters)
2. Folio No./DPID & Client ID No : \_\_\_\_\_
3. Name of the Bank : \_\_\_\_\_
4. Name of the Branch : \_\_\_\_\_
5. Account Number : \_\_\_\_\_  
(As appearing on your Cheque book)

6. Account Type (Saving Bank A/c. Current A/c. or Cash Credit) with code 10/11/13

10 - S.B.	11 - Current	13 - Cash Credit

7. 9-Digit MICR Code Number of the Bank & Branch appearing on the MICR cheque issued by the Bank.

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(Please attach a photocopy of a cheque or cancelled cheque for verifying the accuracy of the MICR code number)

8. 11-Digit IFSC Code\*

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(Optional - Can be obtained from your banker)

\_\_\_\_\_  
Signature of the First Registered Shareholder  
(As per the specimen signature with the Company / DP)

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone No. \_\_\_\_\_ Email Id \_\_\_\_\_

\* The Company, its Registrars and bankers will make best endeavors to remit dividend through NECS. However, for non CBS branches of the banks, the IFSC Code will be utilised to remit the dividend either by National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS). The branch where you operate your bank account will assist you to provide the IFSC, a 11-digit code to enable the remittance through NEFT or RTGS.









Hindustan Unilever Limited

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

## Shareholders' Satisfaction Survey

Dear Shareholders,

It has been our constant endeavour to provide best of the services to our valuable shareholders and maintain highest level of corporate governance in this Company.

In order to further improve shareholder service standards, we seek your inputs through this survey.

We would be grateful, if you could spare your valuable time to fill the questionnaire given below and send it back to us in the attached postage pre-paid envelope, to enable us to serve you better.

Thank You,

**Dev Bajpai**

Executive Director – Legal & Company Secretary

Name : \_\_\_\_\_

Contact Person (In case of Corporate Holding) : \_\_\_\_\_

Folio No./DP ID No. Client ID No. : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

No. of years' as Shareholder of the Company : \_\_\_\_\_

Name of City / Village : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Contact No. : \_\_\_\_\_

### I. HOW DO YOU RATE THE INFORMATION PROVIDED IN THE ANNUAL REPORT OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presentation of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### II. HOW DO YOU RATE THE INFORMATION PROVIDED ON THE WEBSITE OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relevance of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Updated and Latest information available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ease and Accessibility while navigating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## Shareholders' Satisfaction Survey 2011 (Contd.)

### III. HOW DO YOU RATE THE INTERACTION WITH INVESTOR SERVICE DEPARTMENT OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### IV. HOW DO YOU RATE THE SERVICES PROVIDED BY KARVY COMPUTERSHARE PRIVATE LIMITED, OUR REGISTRAR & SHARE TRANSFER AGENTS

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### V. HOW DO YOU RATE THE RECEIPT OF VARIOUS DOCUMENTS

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
General Notice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dividend / ECS intimations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Share Certificates after transfer, transmission etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### VI. WHAT IS YOUR OVERALL ASSESSMENT OF INVESTOR SERVICE STANDARDS OF THE COMPANY

5 – Excellent, 4 – Above Industry Standard, 3 – At par with Industry Standard, 2 –Needs Improvement, 1 – Unsatisfactory

Parameters	5	4	3	2	1
Quality of Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speed of response	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of response received	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer Orientation of person contacted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### VII. DO YOU HAVE ANY GRIEVANCE WHICH IS NOT ADDRESSED SO FAR

☐ Yes ☐ No

(If yes, Please provide a brief summary of the grievance)

### VIII. ANY OTHER SUGGESTIONS FOR IMPROVING THE QUALITY OF INVESTOR SERVICE

*Thank you!*

*Your feedback is of immense value*





*Hindustan Unilever Limited*

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

## Green Initiative in Corporate Governance

Dear Shareholder,

In case you have not registered your e-mail address for receiving communication from Company in electronic mode, you may submit the Registration Form given below along with the survey form in the enclosed postage pre-paid envelope. Shareholders holding shares in demat mode are request to register their e-mail address with the Depository Participant.

### E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DP ID & Client ID: .....

Name of 1st Registered Holder: .....

Name of Joint Holder(s): .....

Registered Address: .....

E-mail ID (to be registered): .....

I/we shareholder(s) of Hindustan Unilever Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail id in your records for sending communication through e-mail.

Date: .....

Signature: .....

**Note:** Shareholder(s) are requested to keep the Company/Depository Participant informed as and when there is any change in the e-mail address.











Hindustan Unilever Limited

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

## Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a  
Member / Members of the above named Company, hereby appoint Mr./Ms. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
Mr./Ms. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the  
78th Annual General Meeting of the Company, to be held on Thursday, 28th July, 2011 at 3.30 p.m. and at any adjournment thereof.

I wish my/our Proxy to vote in the manner as indicated in the table below\*:

Reso. No.	Description	For	Against
1.	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2011.	<input type="checkbox"/>	<input type="checkbox"/>
2.	Declaration of dividend.	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-election of the following persons as Director :		
	Mr. Harish Manwani	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. Sridhar Ramamurthy	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. D. S Parekh	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. A. Narayan	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. S. Ramadorai	<input type="checkbox"/>	<input type="checkbox"/>
	Dr. R. A. Mashelkar	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. Gopal Vittal	<input type="checkbox"/>	<input type="checkbox"/>
	Mr. Pradeep Banerjee	<input type="checkbox"/>	<input type="checkbox"/>
4.	Appointment of M/s. Lovelock & Lewes as Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2012.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Reference Folio No./DP ID & Client ID \_\_\_\_\_

No. of shares \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

### Notes :

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







# Awards and Felicitations



## CORPORATE AWARDS

- HUL has been awarded as being the 'No. 1 Best Employer for 2011 in India' by Outlook Business – Aon Hewitt.
- HUL has won CNBC Awaaz Consumer Awards 2010 in the following categories:
  - Green Company of the year
  - Marketer of the year across all categories
  - Most Preferred Personal Care Company
  - Most Preferred Home Care Company
  - Value for Money Brand of the year
  - Ad Effectiveness Award
- HUL has won the award for Excellence in HR conducted by the Confederation of Indian Industries (CII)

- HUL has won six EMVIES Awards across categories
- HUL Campus at Andheri has been awarded the Green Rating for Integrated Habitat Assessment (GRIHA) at the National Conference on Green Design
- HUL has emerged as the top 'Dream Employer' as well as the top company considered for application in the annual B-School Survey conducted by A.C. Nielsen in November 2010.
- HUL has won the Asia Pacific HRM Congress Awards for Contribution to Global Training and Development, Institution Building and Organisation with Innovative HR practice

## BRAND AWARDS

- HUL brands continue to dominate India's Most Trusted Brands Survey rankings. Six of our brands – Lux, Lifebuoy, Clinic Plus, Pond's, Fair & Lovely and Pepsodent – feature in the top 10 and eight in the top 20. In all there are 17 HUL brands among the '100 most trusted brands' in India
- HUL has won UNESCO Water Digest Award in two categories namely:
  - Best Domestic Non-Electric Water Purifier for Pureit
  - Best Water R&D and Technological Breakthrough for Pureit

- HUL has won the Golden Peacock Innovative Product / Service Award for Pureit.
- Pureit Compact has been voted 'Product of the Year 2011' in the 'Water Purifier' category at the globally acclaimed consumers recognition forum
- HUL has won four silver and one bronze at the Goa Fest organised by AAAI & Ad Club Bombay across various categories
- HUL has won one silver and five bronze at Effies 2010 Awards across various campaigns
- HUL's Bru Instant Coffee has won two gold awards for Best Innovative Rural Marketing Initiative and for 'instant coffee connect' campaign across Karnataka & AP by Rural Marketing Association of India (RMAI)

## CSR

- HUL's Khamgaon unit has won the prestigious Greentech Environment Excellence Award in the FMCG category at the Annual Greentech Environment Excellence Award
- HUL has won the prestigious 'Outstanding CSR Award' in the FMCG category organised by Wockhardt Foundation
- HUL's Chhindwara unit has won the National Safety Award from the Government of India, Ministry of Labour and Employment, for safety performance in 2008 in categories such as Lowest Average Frequency Rate and Accident Free Year
- HUL's Cochin unit has been adjudged as winner for the outstanding Safety Performance Award for the Year 2010 in the category of Non chemical, Non-engineering Factories in Kerala by the Kerala Chapter of the National Safety Council





165/166, Backbay Reclamation,  
Mumbai - 400 020.

