Hindustan Unilever Limited

ANNUAL REPORT
2017-18

MAKING SUSTAINABLE LIVING COMMONPLACE

THIS ANNUAL REPORT 2017-18 OF HINDUSTAN UNILEVER LIMITED (HUL) IS MADE UP OF THE STRATEGIC REPORT, WHICH INCLUDES REPORT OF BOARD OF DIRECTORS, MANAGEMENT DISCUSSION AND ANALYSIS; AND THE CORPORATE GOVERNANCE REPORT, THE FINANCIAL STATEMENTS; NOTES AND ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES ACT, 2013 ('THE ACT') AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ('LISTING REGULATIONS').

The terms 'HUL', 'the Company', 'we', 'our' and 'us' refer to Hindustan Unilever Limited. Our Strategic Report, pages 1 to 65, contains information about us, how we create value for our stakeholders and how we run our business. It includes our strategy, business model, market outlook and key performance indicators. The Report of Board of Directors and Management Discussion and Analysis; includes details of our performance under each of the strategic pillar as well as our approach to sustainability and risk.

Our Corporate Governance Report, which forms part of Report of Board of Directors, pages 46 to 65, contains an analysis of steps taken in the area of Corporate Governance including information as required under the Listing Regulations. Our Financial Statements and Notes are on pages 66 to 169. The Strategic Report and Financial Statements have been approved by the Board of Directors of the Company.

CAUTIONARY STATEMENT

Statements in this Annual Report, particularly those that 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. Although the expectations are based on reasonable assumptions, the actual results might differ.

ONLINE

You can find more information about Hindustan Unilever Limited online at **www.hul.co.in**

For further information on the Unilever Sustainable Living Plan (USLP) visit **www.hul.co.in/sustainable-living**

Annual Report 2017-18 along with other related documents can be downloaded at **https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html**

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ABOUT US

AT A GLANCE

HINDUSTAN UNILEVER LIMITED (HUL) IS INDIA'S LARGEST FAST-MOVING CONSUMER GOODS COMPANY WITH A HERITAGE OF OVER 80 YEARS. NINE OUT OF TEN INDIAN HOUSEHOLDS USE OUR PRODUCTS EVERYDAY TO FEEL GOOD, LOOK GOOD AND GET MORE OUT OF LIFE; GIVING US A UNIQUE OPPORTUNITY TO BUILD A BRIGHTER FUTURE.

Each of our categories – Home Care, Personal Care, Foods and Refreshments – includes a portfolio of brands that serves consumers across the length and breadth of India. With over 40 brands spanning 20 distinct categories including soaps, detergents, shampoos, skincare, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, frozen desserts, water and air purifiers, the Company is part of the daily life of millions of consumers. Our portfolio includes leading brands such as Lux, Lifebuoy, Surf excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, BRU, Knorr, Kissan, Kwality Wall's and Pureit. Our products are available in over seven million outlets across India.

Nearly 900 suppliers work with our supply chain that spans 28 of our own factories and several others that manufacture on our behalf. Our products are stocked in warehouses dotted across the country and delivered to 3,500 customers.

HUL has around 18,000 employees working across 28 factories and 9 offices and creates employment opportunities for several thousand more across its value chain – from smallholder farmers, who provide raw materials to the distribution partners who take the products to customers and consumers.

Your Company has a clear and compelling strategy that focuses on Winning with Brands and Innovation, Winning in the Marketplace, Winning through Continuous Improvement and Winning with People. This is underpinned by the Unilever Sustainable Living Plan (USLP) that sets our vision to increase the size of the business, whilst decoupling it with our environmental footprint and increasing our positive social impact.

Over the years, HUL has been driving the virtuous cycle of growth, which has been resulting in consistent, competitive, profitable and responsible growth for us. Our continuous effort to re-invent the organisation and stay ahead of the curve by constantly innovating helps us drive scale. Meeting consumer needs enables us to increase our footprint and drive higher volume growth. With higher volume growth, we are able to get benefits from scale, efficiencies and we invest the savings behind our products and brands which thereby results in the virtuous cycle.

To harness the opportunities of the changing world, your Company had implemented a transformational programme, Connected 4 Growth (C4G), in the organisation. This has led to faster decision-making, localised and swifter innovation and increased speed to market, which is driving business performance.

OUR PURPOSE

HINDUSTAN UNILEVER LIMITED HAS A CLEAR PURPOSE – TO MAKE SUSTAINABLE LIVING COMMONPLACE. WE BELIEVE THIS IS THE BEST WAY TO DELIVER LONG-TERM SUSTAINABLE GROWTH.

As the pace of change accelerates, we are creating a stronger, simpler and more agile business. However volatile and uncertain the world becomes, we believe managing for the long-term is the best way for us to grow. We are well placed to deliver long-term value through our strategy and the USLP. These are supported by a transformational change agenda, which combines our own actions with a stakeholder approach to external advocacy and public policy.

The USLP is a value driver in its own right. Our commitment to the USLP's three big global goals of improving health and well-being of more than 1 billion people globally by 2020, halving our environmental footprint by 2030, and enhancing livelihoods for millions across the globe by 2020 has delivered growth for the business. The success of our sustainable living brands is driven by the growing consumer demand for brands that have purpose at their core.

The USLP also drives cost efficiency through reduced waste, energy and packaging. It lowers risks in our supply chain by securing a sustainable flow of critical raw materials. It also increases trust in our business particularly among consumers, employees, investors and regulators.

In India, to address the challenge of depleting water resources, in 2010 we created a not-for-profit organisation, Hindustan Unilever Foundation, which along with its partners creates water conservation potential and enhances water-dependent livelihoods.

We work in partnership with the Government and other organisations to drive transformational change across society with initiatives to help realise the USLP goals, thus creating more opportunities for women and enhancing livelihoods, promoting health and well-being, and championing sustainable agriculture. These are opportunities to grow our business by addressing unmet challenges while alleviating major social and environmental issues.

Find out more about our performance under the USLP on **pages 7 and 32 to 36.**

CHAIRMAN'S STATEMENT

Dear Shareholders,

Dear Shareholders,

It gives me great pleasure to share with you an update on the performance of your Company for the year 2017-18. It was a transformative year with the introduction of the Goods and Services Tax (GST), an important development that has created a single national market and will benefit both consumers as well as the industry including the Consumer Goods sector. While trade conditions remained volatile during early implementation, they have since stabilised and there is a gradual improvement in overall demand.

In this challenging business environment, your Company delivered a strong performance. Our 'Winning in Many Indias' (WiMi) and 'Connected 4 Growth' (C4G) initiatives have made us more agile, customer centric and responsive to the diverse and rapidly evolving marketplace. Our 4G model of growth - consistent, competitive, profitable and responsible, continues to serve us well and 2017-18 was the seventh consecutive year of both topline growth and margin improvement.

In the year under review, our Domestic Consumer business on comparable basis, grew by 12% driven by an underlying volume growth of 6%. EBITDA margin on a comparable basis, expanded by 155 bps. Profit after tax before exceptional items grew by 21% to ₹ 5,135 crores and Net Profit at ₹ 5,237 crores was up 17%. The strong track record of cash generation was sustained. The Board of Directors have proposed a final dividend of ₹ 12 per share, subject to the approval of the shareholders at the Annual General Meeting. Together with an interim dividend of ₹ 8 per share, the total dividend for the financial year ended 31st March, 2018 amounts to ₹ 20 per share.

Each of our businesses and functions played an important role in delivering these strong results. In Home Care, we accelerated our growth momentum and further strengthened our competitive position. Surf excel delivered another year of outstanding performance driven by volume growth and premiumisation. Rin detergent bar was upgraded using a patented 'smart-foam' technology that saves up to two buckets of water in every washing cycle, and is being extended to key markets after a successful test launch in Maharashtra. We also continued to innovate and invest behind nascent categories like Household Care and Fabric Conditioners with excellent results.

In Personal Care, both Personal Products and Personal Wash delivered strong growth. We continued to strengthen our core portfolio through innovations, lead market development in segments of the future and stepped up our presence in the fast-growing 'naturals' segment. Hair Care sustained its strong growth momentum, several new innovations were launched in premium Skin Care and Lakmé became the latest brand to cross the ₹ 1,000 crore mark. In Naturals, Indulekha Hair Oil delivered excellent results and the brand was extended to shampoos, 'LEVER ayush' was launched and rapidly rolled out nationally, and several 'natural' variants were launched as an extension to our core brands.

Our Foods business performed well with continued focus on strong brand and market building initiatives. Innovations such as the Knorr Italian 'Margherita' and 'Cheese and Herbs' variants were introduced in select geographies and are ready for expansion.

In Refreshments, we reclaimed market leadership in tea by differentially leveraging our portfolio of brands across the country. Coffee continued its premiumisation initiatives with BRU, while innovative launches and geographical expansion boosted our fast-growing Ice Creams and Frozen Desserts business.

Our sales and distribution system, with an unrivalled national presence across traditional and modern trade channels, remains a key competitive advantage. We continued to expand our direct coverage and leverage technology and intelligent analytics to significantly enhance our customer service and on-shelf availability. The Company also continued to make significant investments in building capabilities to win in channels of the future and substantial progress is being made particularly in the fast-growing e-commerce channel.

Our world-class supply chain continued its relentless focus on driving quality, customer service and cost effectiveness across the value chain. Customer service levels reached upwards of 95% while savings in costs and cash were at a record high, which helped the business to invest behind growth and still deliver a healthy margin improvement.

We remain committed to the Unilever Sustainable Living Plan (USLP) to drive growth and at the same time, create a positive social impact. We continued with our initiatives in the areas of hygiene, sanitation and safe drinking water and over 140 million people have benefitted from the Lifebuoy Handwashing Programme, Domex Toilet Academy and Pureit safe drinking water. Through our Swachh Aadat curriculum, we reached out to students in over 1,200 primary schools to teach them hygienic habits of washing hands with soap, adopting safe drinking water practices and using clean toilets.

In line with our USLP goals, we took significant steps to further reduce waste, water consumption, energy usage and CO_2 emissions in our factories and offices. We increased the renewable energy share in our manufacturing to 36% with a clear objective of improving it even further through increased utilisation of traditional biofuels like agricultural waste. To address the challenges of depleting water resources, Hindustan Unilever Foundation, along with its partners, have created a water conservation potential of over 450 billion litres.

We are in a rapidly changing world where burgeoning digital connectivity and ubiquity of data is reshaping the value creation model across industries. We continue to lead the digital transformation with significant investments in advanced data analytics, automation, robotics and artificial intelligence across the whole value chain. We are collaborating with experts, cultivating an entrepreneurial mindset in our employees and driving transformative experiments to unlock value in our journey from mass marketing to massive customisation.

Overall, it was another year of sustained high performance with considerable achievements across our business. None of this would have been possible without the dedication and determination of our people. Our employee engagement scores continued to be at a record high and we once again emerged as the employer of choice amongst leading business school students across the country.

I have had the good fortune and privilege to serve this great Company as a Chairman for the last thirteen years. As I bid farewell, I would like to thank each and every employee and those working with us across the value chain for their commitment and service to the Company. I would also like to thank the Board of Directors for their unstinted support throughout my tenure. Most importantly, I would like to thank you, our shareholders, for your overwhelming trust and confidence that helped to uncompromisingly pursue an agenda that was in the long-term interest of the Company.

It's my pleasure to pass on the baton to Sanjiv Mehta. I am confident that under his leadership and your support, the Company will reach even greater heights.

Best Regards,

Harish Manwani
Chairman

BOARD OF DIRECTORS

1. **Mr. Harish Manwani**
   Chairman
2. **Mr. Sanjiv Mehta**
   Managing Director and Chief Executive Officer
3. **Mr. Srinivas Phatak**
   Executive Director, Finance & IT and Chief Financial Officer
4. **Mr. Pradeep Banerjee**
   Executive Director, Supply Chain
5. **Mr. Dev Bajpai**
   Executive Director, Legal & Corporate Affairs and Company Secretary
6. **Mr. Aditya Narayan**
   Independent Director
7. **Mr. S. Ramadorai**
   Independent Director
8. **Mr. O. P. Bhatt**
   Independent Director
9. **Dr. Sanjiv Misra**
   Independent Director
10. **Ms. Kalpana Morparia**
    Independent Director


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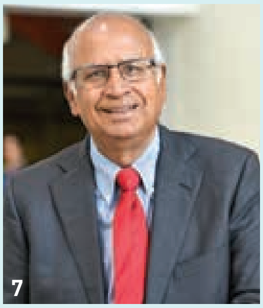
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MANAGEMENT COMMITTEE

1. **Mr. Sanjiv Mehta**
   Managing Director and Chief Executive Officer

2. **Mr. Srinivas Phatak**
   Executive Director, Finance & IT and Chief Financial Officer

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

4. **Mr. Dev Bajpai**
   Executive Director, Legal & Corporate Affairs and Company Secretary

5. **Ms. Geetu Verma**
   Executive Director, Foods

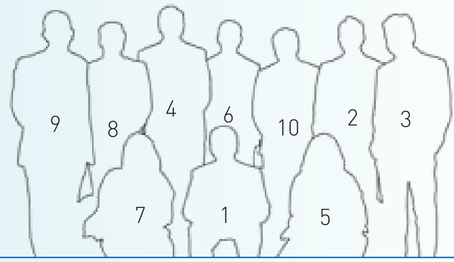
6. **Mr. B. P. Biddappa**
   Executive Director, Human Resources

7. **Ms. Priya Nair**
   Executive Director, Home Care

8. **Mr. Sandeep Kohli**
   Executive Director, Personal Care

9. **Mr. Sudhir Sitapati**
   Executive Director, Refreshments

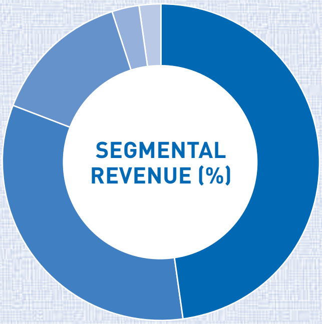
10. **Mr. Srinandan Sundaram**
    Executive Director, Sales and Customer Development



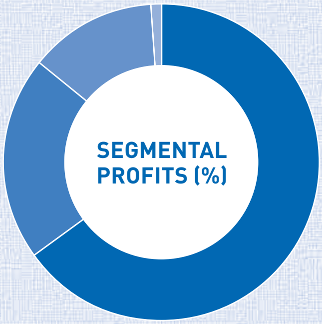
OUR PERFORMANCE

THE BENEFITS THAT OUR STRATEGY DELIVERS, TRANSLATE INTO GROWTH-ORIENTED PERFORMANCE FOR SHAREHOLDERS AND SOCIETY AT LARGE

SEGMENT PERFORMANCE



Personal Care	47
Home Care	33
Refreshments	15
Foods	3
Others	2



Personal Care	61
Home Care	25
Refreshments	13
Foods	1
Others	0

FINANCIAL

REVENUE FROM OPERATIONS 2017-18

₹ 35,218 crores

Comparable Domestic Consumer business grew 12% with 6% underlying volume growth in a challenging environment

EBITDA 2017-18

₹ 7,276 crores

Comparable Earning Before Interest Tax Depreciation and Amortisation (EBITDA) improved by 155 bps

EPS (BASIC) 2017-18

₹ 24.20

Last year's basic EPS: ₹ 20.75 per share

CASH FROM OPERATIONS 2017-18

₹ 8,000+ crores

Cash from operations was up ₹ 1,369 crores over the previous year

NON-FINANCIAL

MANUFACTURING

2017

54%

Reduction in CO_2 emissions (kg/tonne of production) in our manufacturing operations compared to 2008 baseline

2016: 49%

2017

55%

Reduction in water consumption (m^3/tonne of production) in our manufacturing operations compared to 2008 baseline

2016: 53%

2017

54%

Reduction in total waste (kg/tonne of production) generated from factories compared to 2008 baseline

2016: 45%

BETTER LIVELIHOODS 2017

~80,000

2016: 72,000

Shakti Entrepreneurs empowered

SUSTAINABLE SOURCING 2017

52%

2016: 46%

Tea sourced from sustainable sources for Unilever brands

HEALTH AND WELL-BEING 2017

>140 million

2016: >130 million

People reached through our Water, Sanitation and Hygiene (WASH) initiatives

FINANCIAL PERFORMANCE

STANDALONE (₹ crores)

Statement of Profit & Loss Account	IND AS		
	2015-16	2016-17	**2017-18**
Sales (including excise duty)	32,929	33,895	34,619
Other Income	1,126	1,118	1,168
Interest	(15)	(22)	(20)
Profit Before Taxation @	5,977	6,155	7,347
Profit After Taxation @	4,116	4,247	5,135
Earnings Per Share of ₹ 1	19.12	20.75	24.20
Dividend Per Share of ₹ 1	16.00	17.00	20.00

@ Before Exceptional / Extraordinary items

Balance Sheet	IND AS		
	2015-16	2016-17	**2017-18**
Property, Plant and Equipment and Intangible Assets	3,300	4,227	4,572
Investments	2,780	3,779	3,111
Cash and Other Bank Balances	2,759	1,671	3,373
Net Assets (Current and Non-current)	(2,560)	(3,187)	(3,981)
	6,279	**6,490**	**7,075**
Share Capital	216	216	216
Other Equity	6,063	6,274	6,859
	6,279	**6,490**	**7,075**

Key Ratios and EVA	IND AS		
	2015-16	2016-17	**2017-18**
EBITDA (% of Gross Sales)	17.5	17.8	21.0
Fixed Asset Turnover (No. of Turnover)	10.0	8.0	7.6
PAT @ / Gross Sales (%)	12.5	12.5	14.8
Return On Capital Employed (%)	105.8	105.9	118.9
Return On Net Worth (%)	72.8	76.6	84.5
Economic Value Added (EVA) (₹ crores)	3,438	3,498	4,258

@ Before Exceptional / Extraordinary items

Others	IND AS		
	2015-16	2016-17	**2017-18**
HUL Share Price on BSE (₹ Per Share of ₹ 1)*	870	910	1,336
Market Capitalisation (₹ crores)	188,154	196,902	289,159
Contribution to Exchequer (₹ crores)	8,856	9,249	7,283

* Based on year-end closing prices quoted on BSE Limited.

For information on 10 Years record of Financial Performance is available at Company's website at https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH AND WELL-BEING

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

HEALTH AND HYGIENE

TARGET

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

PERFORMANCE

In India, over 140 million people were reached by December 2017 through programmes on handwashing, safe drinking water and sanitation.

NUTRITION

TARGET

By 2020, Unilever will double the proportion of its portfolio across the globe, that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.

PERFORMANCE

47% of HUL's Foods and Refreshments portfolio met the highest nutritional standards in 2017, based on globally recognised dietary guidelines.

ENHANCING LIVELIHOODS

By 2020, Unilever will enhance the livelihoods of millions of people as it grows its business.

FAIRNESS IN THE WORKPLACE

TARGET

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

PERFORMANCE

HUL continued to embed human rights with a focus on eight salient human rights issues identified by Unilever which are documented in the 2015 Human Rights Report.

OPPORTUNITIES FOR WOMEN

TARGET

By 2020, Unilever will empower five million women across the globe.

PERFORMANCE

HUL's Shakti programme empowered nearly 80,000 Shakti Entrepreneurs by December 2017.

INCLUSIVE BUSINESS

TARGET

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

PERFORMANCE

HUL has positively impacted over 1.7 million people through Project Prabhat initiatives across 30 locations. These initiatives focus on enhancing livelihoods, water conservation, health and hygiene.

REDUCING ENVIRONMENTAL IMPACT

By 2030, Unilever's goal is to halve the environmental footprint of the making and use of its products as it grows its business.

GREENHOUSE GASES

TARGET

Halve the greenhouse gas impact of Unilever's products across the lifecycle by 2030.

PERFORMANCE

CO_2 emissions (kg / tonne of production) in HUL's manufacturing operations reduced by 54% compared to 2008 baseline.

WATER

TARGET

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

PERFORMANCE

Water consumption (in m^3 / tonne of production) in HUL's manufacturing operations reduced by 55% compared to 2008 baseline.

WASTE

TARGET

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

PERFORMANCE

Total waste generated (kg / tonne of production) from HUL's factories reduced by 54% over 2008 baseline.

SUSTAINABLE SOURCING

TARGET

By 2020, Unilever will source 100% of its agricultural raw materials for global operations, sustainably.

PERFORMANCE

In India, a total of 52% of tea sourced for Unilever's brands is from sustainable sources. 99% of paper and board used for packing HUL's products is from sustainable sources.

Our USLP commitments and targets are subject to internal verification. For details of the definitions and reporting periods used in the preparation of these commitments and targets, see our Sustainable Living Section at www.hul.co.in/sustainable-living.

THE CHANGING WORLD

THE BUSINESS ENVIRONMENT IS CHANGING AT A PACE, FASTER THAN EVER.

In India, favourable demographics, rise in incomes, growing awareness due to technology, easier access to products and services and changing lifestyles are contributing to major shifts in consumer behaviour and offering immense potential for the Fast-Moving Consumer Goods (FMCG) industry. This presents significant opportunities and headroom for growth for your Company.

Your Company has the benefit of a large portfolio that straddles the economic pyramid with brands that have a strong presence across the mass, popular and premium ranges in most categories. Our brands are driven by a social purpose, making them more relevant to the millennial consumers. To harness the opportunities in India, your Company is making significant investments in the categories of the future.

Your Company is also developing and evolving newer and faster methods such as the Connected 4 Growth (C4G) business model, which provides the resilience and agility that today's trading environment demands. This has helped your Company create a business that is more consumer and customer-centric, faster, more efficient and empowered to enable faster decision-making.

Given below are some of the key changes that are taking place in the world around us and how your Company is preparing itself to turn them into opportunities.

TECHNOLOGICAL REVOLUTION

The adoption of digital technology continues to impact every walk of life. A decade ago, few had the privilege of owning a mobile phone while today nearly half a billion Indians own smartphones. Earlier, shopping was a 'real time' activity, while today with the new age consumers who are seeking convenience, e-commerce is growing at a rapid speed. Digital shopping is being powered by mobile devices. With the penetration of mobile internet increasing, digital platforms and social media websites are becoming the new marketplace.

Your Company believes it is well placed to capture the opportunities of the technological revolution, and the unprecedented explosion in data, which are transforming our markets and the way we work. We need to continue driving this critical agenda, which is why we are investing heavily in digital, experimenting with a range of new business models and embarking on an organisation wide digital transformation programme.

SOCIAL DEVELOPMENTS

With the advent of technology and rapid urbanisation, we see changes in a number of areas, notably in consumer preferences, route-to-market channels, media and brand communication and the competitive landscape. Consumers are taking radically different paths when purchasing brands, often combining both offline and online channels where influencers are a growing force. Younger consumers are prioritising meaning over materialism, demanding brands with a point of view and more authenticity, transparency and sustainability.

Your Company understands the changing needs of the fast-moving world and believes that businesses that help the people and the planet thrive, will succeed in the future. We are continuously developing our purpose-driven brands. Through technology, we are addressing the needs of the new-age consumer – be it in manufacturing, route-to-market or marketing. We are building capabilities towards mass customisation and precision marketing to appeal to the consumers. As a business, we are constantly keeping an eye on the future, adapting and evolving to stay one step ahead.

ENVIRONMENTAL BACKDROP

The business case for sustainability is being increasingly accepted. There is also growing evidence that consumers are favourably inclined towards brands and companies that have a compelling agenda on sustainability. We are taking direct action to address the environmental challenges within our value chain. One of our three big USLP goals aims to halve the environmental footprint in the making and use of our products by 2030. Through the Hindustan Unilever Foundation, we have created a water conservation potential of 450 billion litres till date.

For further details, refer to the USLP section on **Page 32**.

ECONOMIC ENVIRONMENT

The business environment for FMCG companies has been challenging over the last three years. Although India continues to be one of the fastest growing large economies in the world, the year under review was far from normal for the industry. Structural changes like demonetisation and transformative changes like the Goods and Services Tax (GST) have had an impact on the FMCG sector.

The year witnessed the implementation of GST across the country on 1st July, 2017, followed by the second round of tax slab reductions implemented by the Government in November. This was a year of uncertainty in the market and hence, there was a cautious sentiment in trade. While your Company was swift and smooth in transitioning to the new tax regime, given the backdrop of this large transition that the country underwent, the operating environment for your Company during the year remained challenging.

Your Company's performance for the year 2017-18 has to be viewed in the context of the aforesaid economic and market environment.

OUR VALUE CREATION MODEL

YOUR COMPANY HAS A PROVEN BUSINESS MODEL THAT SUPPORTS LONG-TERM, COMPOUNDING GROWTH AND SUSTAINABLE VALUE CREATION.

Our business activities span a complex value chain. Starting with consumer insights, we track changing consumer sentiments through active analysis of consumer and customer trends, leveraging our People Data Centre. With close collaboration between marketing and Research and Development (R&D), we use our insights to support innovations and product development.

We work closely with suppliers of goods, services and raw materials to assist in product development, which helps us create differentiated and value-added products.

Our products are then distributed via a large network of stores, from large supermarkets, hypermarkets, wholesalers and cash-and-carry to small convenience stores, as well as other fast-growing channels such as e-commerce and out-of-home. This is done through thousands of customers who help distribute our products across the channels.

We are one of the biggest advertisers in India, based on media spend. Alongside more conventional advertising, we create an increasing amount of tailored content to market our brands, using digital channels that are better targeted and more personalised.

Underlying our value chain is a set of defining strengths which set us apart from our competitors: our portfolio of brands, deep distribution capability through ever more complex channels, and a talent pool of purpose-driven and values-led employees.

Our strategy harnesses these strengths to deliver competitive top and bottom line growth. Sustainable value creation also means investing for the long-term, which is why the USLP is at the heart of our business model and our Vision is to grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact.

Our strategy and business model enable us to deliver growth that is consistent, competitive, profitable and responsible.

WHAT WE DEPEND ON

PURPOSEFUL PEOPLE

18,000 talented people who contribute their skill and purpose to our business

Pages 15 and16

NATURAL RESOURCES

Renewable and non-renewable materials and ingredients for our products.

Pages 14 and 43

FINANCIAL RESOURCES

Equity and other equity.

Pages 96 to 97

INTANGIBLE ASSETS

R & D capabilities and intellectual property such as brands / trademarks and know-how.

Page 88

TANGIBLE ASSETS

Physical assets such as manufacturing, logistics, office facilities and stock.

Page 87

STAKEHOLDERS & PARTNERS

Relationships with governments and other organisations to drive change.

Page 42

HOW WE CREATE VALUE

OUR PURPOSE

To Make Sustainable Living Commonplace

OUR VISION

To grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact, delivered through the Unilever Sustainable Living Plan:

Improving health & well-being
Reducing environmental impact
Enhancing livelihood

OUR STRATEGY

To deliver long-term compounding growth and sustainable value creation by:

Winning with Brands and Innovation	Winning in the Marketplace	Winning through Continuous Improvement	Winning with People
Page 10	Page 10	Page 10	Page 10

Supported by categories:

Personal Care: Pages 11 and 12
Home Care: Page 12
Foods: Page 12
Refreshments: Pages 12 and 13

VALUE WE CREATE

CONSUMER BENEFITS

We sell products that help people to feel good, look good and get more out of life.

Pages 11 to 13

TOP & BOTTOM LINE GROWTH

We deliver consistent, competitive, profitable and responsible growth

Page 5

IMPROVED HEALTH & WELL-BEING

We are helping hundreds of millions of people take action to improve their health & well-being.

Pages 33 and 34

REDUCED ENVIRONMENTAL IMPACT

We are working to halve the environmental footprint of the making and use of our products as we grow our business.

Page 34

ENHANCED LIVELIHOOD

We are enhancing the livelihood of millions of people as we grow our business.

Pages 34 and 35

OUR STRATEGY

GROWING THE CORE, EVOLVING THE PORTFOLIO AND DEVELOPING CHANNELS ARE AT THE HEART OF OUR STRATEGY TO DELIVER LONG-TERM, COMPOUNDING GROWTH AND SUSTAINABLE VALUE CREATION.

Binding our strategy together are our Compass pillars which define how we win with consumers. They are:

- Winning with Brands and Innovation
- Winning in the Marketplace
- Winning through Continuous Improvement
- Winning with People

Underpinning the Compass is the Unilever Sustainable Living Plan (USLP), which is our differentiator. While growing our business, we deliver social and environmental benefits throughout our value chain, which in turn enables us to improve lives and provide opportunities to people, everywhere.

WINNING WITH BRANDS AND INNOVATION

Consumer preferences are changing. They are taking newer paths for purchasing brands and increasingly seeking brands that are purpose-driven and which they can trust. Our Sustainable Living brands are a key differentiator in this regard. We are continuously building brands with purpose.

We are constantly innovating across our portfolio to address the unmet needs of our consumers. We are focused on strengthening the core, entering new segments and speeding up innovation cycles.

We are evolving the ways in which we reach our consumers. With rapid digitisation and changing consumer preferences, we are customising brand messages for different communication channels – traditional and digital. We are developing new markets for our brands through on-ground sampling as well as marketing our 'trial packs'.

To capitalise on the growing trend of 'naturals', we have built a strong portfolio of brands and products. We are constantly evaluating and innovating our 'naturals' portfolio to win in the future.

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WINNING IN THE MARKETPLACE

To win in the marketplace, we have a robust Customer Development agenda. We work with customers to understand consumer demand, focus on fulfilling the demand and tirelessly create new demand through market development. This is driven by the 'Winning In Many Indias' (WiMi) strategy that allows us to get closer to customers and consumers by providing tailor-made products across categories and geographies.

As far as demand capture is concerned, our focus has been on driving quality of coverage and increasing the assortment using data-centric and analytical approach. With respect to demand fulfilment, process and technology interventions have been used for improving service and efficiencies. For demand-generation, our strategy encompasses winning in traditional trade, winning in 'route-to-market' as well as winning in emerging channels like modern trade and e-commerce.

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WINNING THROUGH CONTINUOUS IMPROVEMENT

We are constantly aligning our products, processes and strategies to the changing market conditions to stay ahead of competition. We focus on business competitiveness through consumer and customer centricity, a robust savings programme and service excellence to ensure availability of our products.

We continue to improve on-shelf consumer relevant quality standards, thereby enhancing overall consumer experience. 'Delighting consumers everyday' is central to how we drive quality in our products.

Through sharper financial discipline governing overhead spending, and our zero-based budgeting approach, we are reducing cost as well as uncovering new and innovative ways of working. We have an enterprise-wide savings programme, driven through cross-functional teams of brand building, R&D, supply chain and finance.

Our customer service level has reached upwards of 95%. We are focusing on improving the capability of our distributors so that service to the retail trade can be improved.

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WINNING WITH PEOPLE

Our People are our biggest strength. They are driven by purpose and are fully empowered to excel in our fast-changing market. We continuously strive to develop the right capabilities and skills needed for different ways of working and new entrepreneurial leadership qualities.

To strengthen the People's agenda through the C4G initiative, we are creating a more flexible and agile mindset in the organisation. It involves more collaboration, experimentation through test-and-learn, embracing failure to gain insight and an obsession with customers and consumers. An 'owner's mindset' empowers our people to take responsibility for delivering business results. They are empowered and provided with the resources to develop innovations with speed.

Our success depends largely on our ability to attract and retain the most talented individuals. We motivate and inspire them with a mission and a purpose that resonates with the long-term aims and the values of the Company. HUL retained the 'No. 1 Employer of Choice' amongst key business schools for the seventh year in a row.

We have been driving employee well-being through several initiatives focused on the four aspects of well-being – Physical, Mental, Emotional and Purposeful. Our people agenda focuses on creating a balanced and inclusive workforce. This focus not only underpins the Company's longstanding values, especially tolerance and respect, but also guarantees the diversity of thought and ideas on which our business depends.

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REPORT OF BOARD OF DIRECTORS
and Management Discussion and Analysis

Against the backdrop of the external environment discussed earlier, our value creation model and our strategy, your Board of Directors is pleased to share with you the Business Performance under each of its strategic pillars along with the Audited Financial Statements for the financial year ended 31st March, 2018.

WINNING WITH BRANDS AND INNOVATION

Our consumers are at the heart of our value creation model and strategy. We meet the needs of our consumers through our four categories spanning 40 brands, most of which are household names.

₹2,000+ CRORE BRANDS

₹1,000+ CRORE BRANDS

₹500+ CRORE BRANDS

The key thrust areas for your Company under this strategic pillar of Winning with Brands and Innovation are building brands with purpose, innovating across the portfolio and market development.

To make the business future ready, we have implemented the Winning In Many Indias (WiMi) strategy that resulted in creating 14 Consumer Clusters and the Country Category Business Teams (CCBTs), which are multi-functional business units consisting of marketing, R&D, customer development, finance and supply chain resources. Through WiMi and CCBTs, your Company is crafting sharper strategies and rolling out innovations at a much faster pace.

Personal Care

Your Company is focusing on key strategic thrusts to further strengthen its leadership in the Indian Personal Care market, by strengthening the core brands, accelerating premiumisation of the portfolio, market development and scaling up play in 'naturals'.

The penetration and consumption of most of the categories in which your Company operates have a healthy headroom to grow, indicating the potential in the Personal Care market in India.

Skin Care saw healthy growth across segments including face care, face cleansing, hand and body. Growth of core brands in Skin Care was driven by a successful re-launch of Fair & Lovely. The talcum powder business grew ahead of the market with refreshed communication and focused relevance building.

Skin Cleansing had a good year, with Lifebuoy, Lux, Pears and Dove growing strongly. Lifebuoy continued its mission of changing handwashing habits across the nation and Lux held its second edition of the 'Lux Golden Rose Awards', the only award to celebrate and recognise best women actors. Dove and Pears led the growth at the premium end of the market.

In Haircare, your Company launched various new products in the core portfolio of every brand to meet its growth ambition. Several innovations were delivered in the 'naturals' space. Two new variants of TRESemmé, namely, 'TRESemmé Botanique Detox and Restore' and 'TRESemmé Botanique Nourish and Replenish' were also launched. A new variant for Dove called 'Environmental Defence' was launched to protect hair damage caused due to pollution.

The re-shaping of the Oral Care market resulted in headwinds to your Company's Oral Care business. Closeup was re-launched in 2017 with a refreshed proposition and communication as well as high scale media deployment. Pepsodent had a refreshed communication to build relevance of the germ protection proposition, with focus on 'sweet loving' eating habits. Your Company, through LEVER ayush, has forayed into the 'naturals' segment in Oral Care.

Lakmé had a milestone year and entered the list of your Company's ₹ 1,000 crores brands. Growth was broad-based, with all sub-ranges (Core, 9to5, Absolute) delivering strong growth. Lakmé continued to lead trends in the market with new ranges like Lakmé Absolute Argan Oil range. The brand also hosted the marquee Lakmé Fashion Week.

In Deodorants, the Axe brand performed well, and a new mini format of Axe Ticket was launched. Rexona, our leading anti-perspirant brand, has shown encouraging results during initial launch.

Your Company has a comprehensive 'naturals' strategy to ensure it is able to leverage this growing trend. The Company is building a master brand LEVER ayush across multiple categories like oral care, haircare, skin care and more. The brand strives to make ancient ayurvedic wisdom accessible to solve modern day beauty problems. LEVER ayush consists of a wide range of products across toothpaste, soaps, handwashes, shampoos and face wash, with each segment offering varied solutions. LEVER ayush works with one of the premier Ayurvedic Institutes, Arya Vaidya Pharmacy, to make products that use the right ingredients to make the product effective.

Your Company is also building specialist 'naturals' brands like Indulekha and Citra. Indulekha has delivered impressive performance in the oil format and has now been extended into shampoos, with a unique product formulation and distinctive packaging.

The third leg of the 'naturals' strategy involves launching various natural variants within its existing portfolio of products like TRESemmé Botanique, Clinic Plus Ayurveda, FAL Ayurvedic care, Closeup Nature Boost and Nature Rush.

Home Care

Your Company's Home Care business sustained its competitive, profitable growth agenda during the year. Your Company's fabric wash business has delivered strong and comprehensive performance on the back of continuing the premiumisation thrust with Surf excel and regaining growth in the mass segment led by Wheel. In the emerging segments of machines and fabric conditioning, Surf excel matic liquid and Comfort fabric conditioner built momentum and reached more consumer homes. Surf excel hand wash and matic powders were re-engineered for optimised delivery of fabric whiteness. Sunlight powder was re-launched with improved performance on cleaning. Wheel powder was re-launched with malodour masking benefits on fabrics delivered through fragrance technology. Rin bar was re-launched with improved performance on cleaning and fragrance attributes. Rin Matic liquid for Top Load washing machines was launched.

In Household Care, Vim led the market development for dishwash through category adoption of Vim bar in rural India and by upgrading existing bar consumers to the liquid format. During the year, Vim bar also launched its value-added variant Vim Anti-Smell (with Pudina) to start upgrading existing bar users to a higher value benefit of removal of strong leftover smells from clean vessels. Vim liquid was re-engineered to deliver better value to our consumers. Domex launched India's first low-cost toilet cleaning powder. Domex toilet rim blocks too were re-launched via e-commerce.

Pureit continued to strengthen its presence in the fast-growing Reverse Osmosis (RO) business. Launch of the low-priced mineral RO range complemented the existing range well and has further opened the segment by providing consumers a quality range of RO water purifiers at an affordable price. Your Company also launched the new Pureit air purifier range to provide effective solutions to the growing concern around air pollution.

Foods

Your Company's Foods business presents sustainable opportunities for future growth given low household penetration. Consumers are looking for taste, freshness and differentiated offerings that satiate their need for experimentation and time saving. The preference for international cuisines is rising and higher disposable incomes squarely translate to higher share of wallet for packaged foods, leading to a virtuous cycle of growth.

The Foods business will continue to focus on volume growth in core categories, while successfully landing innovations which will be critical to tap into a fast re-shaping landscape of packaged foods.

During the year, the Foods business embarked on several new initiatives and launches, notably the launch of new Knorr Italian Margherita and Cheese & Herbs variant of noodles. This launch in select geographies adds to the noodles portfolio and comes as an addition to Knorr's flagship Soupy noodles which has a loyal consumer base. Your Company also launched two new variants of Premium International soups – Italian Mushroom and Mexican Tomato Corn. Under the food solutions channel, the Company introduced seven different *Masala* variants. Knorr noodles tied up with Carnival cinemas to provide a great snacking experience for moviegoers.

Kissan re-launched its Sweet & Spicy range of ketchups to cater to the evolving palate of new-age consumers. Kissan entered into a partnership with INOX to provide consumers with the experience of a new Sweet & Spicy range at every INOX movie hall in the country, a unique tie-up to distribute samples at the 'moment of consumption'. The year also saw the launch of one new variant of premium jam, Kissan Tropical blast and new packs of Kissan Mixed Fruit jams. Kissan Ketchup and sauces were re-launched during the year.

Kissan also launched its first ever engagement platform in 2017. In an endeavour to help make the sometimes-daunting task of packing tiffin easier, Kissan, true to its ethos, is on a journey via its 'Kissan Tiffin Timetable' channel to create 200 recipes for 200 schooldays. The recipes are co-created with India's leading recipe platform, India Food Network, and presented by an assortment of renowned trained chefs, home chefs and food bloggers. The initiative was recognised by the Indian Food Forum with a 'Golden Spoon Award' as the best marketing activation for 2017.

Refreshments

The Refreshments business of your Company, comprising iconic brands like Taj Mahal, Red Label, Lipton, BRU and Kwality Wall's, had a good year. It delivered strong and broad-based volume-led growth across Tea, Coffee and Ice Cream. The business continued to drive the reach through increase in direct distribution. Tea continued to deliver robust, volume-led growth as all the key brands continued to grow and delight millions of consumers with their superior taste. Your Company initiated the launch of 13 new premium variants of Taj Mahal for gifting on the e-commerce channel.

Brooke Bond Red Label and 3 Roses Natural Care Tea, with its differentiated immunity benefit from goodness of ayurvedic ingredients, continued to delight consumers. In Taaza, small packs and low unit packs were re-launched.

Brooke Bond Taj Mahal was re-launched with superior product and packaging. Your Company continues to promote healthy lifestyle through green tea.

During the year, your Company launched a new variant of BRU Coffee in select geographies. It continues to leverage state-of-the-art roasting and extraction technologies to deliver superior instant coffee products. For the first time, your Company launched beaten coffee and new masala tea premix in the Out of Home vending channel.

The Ice Cream and Frozen Dessert business saw competitive growth during the year. New innovations in Cornetto and sticks range have done well and received good consumer feedback. Your Company launched the Cornetto Red Velvet variant, Oreo variant, Kwality Wall's Sandwich and Cloud Bite. In Paddle Pop, your Company launched two new exciting variants, namely, dragon popper and mango and strawberry zaps. To cater to the health conscious consumers, your Company introduced Cornetto Mini in reduced portion size and in multipack.

Brands with Purpose

Our sustainable living brands are those that take action to make sustainable living commonplace in a way that is relevant to the product, good for society and motivating to consumers.

We are constantly endeavouring to build brands with purpose. By December 2017, Lifebuoy reached over 67 million people through Lifebuoy Handwashing Programme in India. Dove worked with partners such as Fountainhead and World Association of Girl Guides and Girl Scouts to build the self-esteem of thousands of young girls in India.

The Fair & Lovely Foundation, through relevant online courses, continued its journey of empowering women to become self-reliant. The programme has seen high degree of participation with nearly two lakhs women.

Rin introduced the new Rin detergent bar with patented 'smart-foam' technology that saves up to two buckets of water in every washing cycle. Surf excel launched its #HaarKoHarao campaign to make children future-ready by helping them 'Learn from Failure'.

Domex launched India's first toilet cleaning powder in a test market. The innovation caters to the bottom of the pyramid consumers for whom the powder provides an effective and affordable solution for cleaning the toilet and removing malodour. Given the initial success, the brand is extending this innovation to new markets in 2018. Domex also continued with its purpose by adopting 400 villages in Andhra Pradesh to make them Open Defecation Free through behaviour change with on-ground interventions.

Till 2017, Pureit provided over 83 billion litres of safe drinking water to consumers across India and continues to make progress towards its ambition of providing safe drinking water to millions. The brand is leveraging its partnership with Micro-Finance Institutions to reach the poorest of the poor.

Sustainable sourcing protects the planet while increasing farmer incomes. Each tomato that goes into the making of Kissan ketchup is grown by a farmer in the most sustainable way.

Staying steady on the progress as part of the 'Reducing salt' commitment under the USLP, three key variants of Kissan ketchup now meet sodium benchmarks of 5g salt intake per day. The launch of these variants with reduced sodium in a competitive market serves as a testimony that we are progressing steadfastly towards our USLP commitments by providing consumers a variety of options from our portfolio that not only appeal to their taste buds but also contribute positively towards their health and well-being.

As per the latest statistics by World Food Programme (WFP), 815 million people, or one in nine of the global population still goes to bed hungry. India is home to a quarter of undernourished people worldwide, making the country a key focus for tackling hunger on a global scale. In 2017, to mark the occasion of World Food Day, Knorr gave food lovers the opportunity to turn a virtual food post into a real meal for someone in need. On 16th October, 2017, each time our #ShareTheMeal post was shared or re-tweeted on Facebook and Twitter, Knorr Global donated the equivalent of one meal via the WFP, up to a total of 1.5 million meals, and Knorr India donated 50,000 meals via Akshaya Patra.

Your Company follows global principles of responsible food and beverage marketing and is also a signatory of the India Policy on Marketing Communications to Children. In accordance, HUL pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria.

Your Company continues to collaborate with Confederation of Indian Industry (CII) and Food Safety Authority of India to run 'CII-HUL Initiative on Food Safety Sciences', to propagate science based culture in food safety. This initiative aims to accomplish a food operations regime in India that embodies the principles of food safety sciences and is positioned on risk based food safety approaches.

WINNING IN THE MARKETPLACE

The Customer Development ecosystem of your Company encompasses capturing the demand, fulfilment of demand and generation of demand. Your Company leads market development by growing new channels with a focus on execution through its Perfect Stores programme. Your Company works with customers, such as large retail chains, to generate insights about those who visit their stores through technology that creates detailed shopper profiles.

Key thrust areas under this strategic pillar are WiMi, increasing your Company's effective coverage and becoming the partner of choice across channels. WiMi is an agenda that allows your Company to get closer to customers and consumers by providing tailor-made products across categories and geographies.

It has been a year of strengthening the WiMi thinking across markets, embedding it into your Company's ways of working. This has helped the Company move the needle on quality of servicing and in-market execution by getting closer to the customers and consumers. Our supply chain's capability to offer cluster-specific promotion and formulation is helping the Company get closer to a diverse set of consumers and address their needs and aspirations. This approach has strengthened your Company's connect with them across geographical clusters and will be a source of competitive advantage for years to come.

As far as demand capturing is concerned, the focus of your Company has been on driving quality of coverage and increasing the assortment using data-centric and analytical approach. With respect to demand fulfilment, process and technology interventions have been used for improving service and efficiencies. For demand generation, the strategy of your Company encompasses winning in traditional trade in both open and closed formats, winning in 'route-to-market' as well as winning in emerging channels like modern trade and e-commerce.

In a rapidly changing world, leveraging technology and data-led decision-making continue to be a big thrust for your Company. HUL has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the backend to deliver better on-shelf availability in stores. Your Company continues to invest and experiment in this dynamic space to ensure it retains the edge in the marketplace.

In traditional trade, the focus has been on optimal servicing with appropriate beat lengths and in improving in-store visibility. In 'route-to-market', your Company has been driving the distribution of the market development portfolio through differentiated investment patterns. The call centres set up for retailers have helped many of your Company's traditional trade customers reach out directly to us. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the marketplace better and address them effectively.

In Modern Trade, the foundation of your Company's success is based on collaborative planning with key customers. Your Company has also significantly improved investments in 'assisted selling'. Building 'brands in store' remains a key thrust in this channel and has yielded good results. This has translated into healthy growth during the year on the back of growing brand penetration.

The e-commerce space is growing exponentially in India. Your Company has made significant investments in capability building, and is committed to being the best FMCG player in this channel. A specialised team is working closely with all key e-commerce partners to create competitive advantage for the business and is scaling up at a rapid pace.

Your Company continues to focus on and drive 'Project Shakti', the initiative aimed at empowering women, enhancing livelihoods and building opportunities for small-scale entrepreneurs in rural India. Your Company now has nearly 80,000 Shakti Entrepreneurs (Shakti Ammas) across India who make a respectable living by distributing HUL products.

WINNING THROUGH CONTINUOUS IMPROVEMENT

Your Company is constantly aligning its products, processes and strategies to the changing market conditions to stay ahead of competition. The key thrust areas under the strategic pillar of continuous improvement are achieving profitable growth, improving customer service and quality, and building back-end capabilities to improve our processes.

Your Company's Supply Chain agenda focuses on building business competitiveness through consumer and customer-centricity, creating value through cost saving, customer service excellence ensuring availability of product, 'partner to win' programme with suppliers and driving the sustainability agenda in manufacturing.

Your Company continued to improve on-shelf consumer relevant quality standards, thereby enhancing overall consumer experience. 'Delighting consumers everyday' is core to how we drive quality in our products. During the year, on-shelf quality was improved by 20% over the previous year.

With a robust funnel of savings programme, your Company continued on its path of delivering consistent end-to-end cost savings. Cash delivery was achieved with the help of IT tools resulting in optimising and maximising of cash flows. Your Company has brought down inventory holding by two days. It continues to progress on the world-class manufacturing journey and this covers 25% of production cost perimeter. Factories started delivering >10% cost savings on perimeter by eliminating non- value-added activities.

The service delivery standards improved steadily with Customer-Case Fill-On-Time (CCFOT) upwards of 95%. This was achieved by developing a segmented approach and having a clear roadmap developed for category, geography and channels. IT has continued to play a pivotal role in driving both growth and efficiency for the business. IT solutions for transport management have helped optimise logistics costs and improved demand planning, while forecasting solutions have enabled a leaner supply chain.

Your Company has increased its renewable energy share to 36%, in line with the USLP commitments. This was achieved by converting agricultural process waste from our operations into fuel, besides increasing utilisation of traditional biofuels like agriwaste. Your Company expanded installation of specialised burners to utilise heavy vegetable oil residue from operations as fuel, substituting furnace oil. This increase in renewable energy usage and reduction in specific energy consumption has also contributed to CO_2 reduction in your Company's manufacturing operations by 54% compared to 2008 baseline. All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill sites' status. Waste segregation and pre-processing facilities have been provided at all locations to improve recyclability and reduce total waste quantities. Increase in harvested rainwater utilisation in processes, reuse of treated effluent water, reduction of water losses from boilers and cooling tower blow-down, process water requirement optimisations, etc. have all contributed to reduction of water usage in manufacturing by 55% compared to 2008 baseline.

For further details on the steps taken by the Company on conservation of energy, water and reduction of waste, please refer to the Business Responsibility Report which forms part of this Annual Report.

Technology Absorption

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of R&D at Unilever, which differentiates it from others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, including India. The Unilever R&D labs in Mumbai and Bengaluru work closely with the business to create exciting innovations that help us win with our consumers. With world-class facilities, and a superior science and technology culture, Unilever attracts the best talent to provide a significant technology differentiation to its products and processes.

The R&D programmes, undertaken by Unilever globally, are focused on the development of breakthrough and proprietary technologies with innovative consumer propositions. The global R&D team comprises highly qualified scientists and technologists working in the areas of Home Care, Personal Care, Foods, Refreshments and Water Purification and critical functional capability teams in the areas of Regulatory, Clinicals, Digital R&D, Product & Environment Safety and Open Innovation.

Your Company has an existing Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever which was entered into in 2012. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical know-how provided by Unilever. The TMLA provides for the payment of trademark royalty as a percentage of net sales on specific brands where Unilever owns the trademark in India. The pace of innovations and the scope of services have expanded over the years. Unilever's global resources are providing greater expertise and superior innovations. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

Your Company maintains strong and healthy interactions with Unilever through a well-coordinated management exchange programme, which includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements, scientific research based on hypothesis testing and experimentation. This leads to new, improved and alternative technologies, supporting the development of launch-ready product formulations based on research, and introducing them to markets. Your Company continuously imports technology from Unilever under the TCA, which is fully absorbed. The benefits derived by your Company through technology absorption and R&D have been detailed in the section Winning with Brands and Innovation earlier in this report.

Your Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company build capabilities, remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

The details of expenditure on R&D at the Company's in-house facilities, eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961, for the year ended 31st March, 2018, are as follows:

Capital Expenditure : ₹ 5 crores

Revenue Expenditure : ₹ 23 crores

Finance & IT

The Goods and Services Tax (GST) was one of the biggest indirect tax reforms in the history of independent India. Your Company, along with 10,000+ vendors and 3,500+ distributors, transitioned swiftly and smoothly to the GST regime on 1st July, 2017. The transition began within a few minutes post-midnight across several locations and your Company was servicing distributors from Day One. This was made possible by meticulous planning and flawless execution by a cross-functional team. The impact of GST was outlined on various processes in the areas of customer development, supply chain, procurement, payment processing and accounting. Almost all the IT systems needed to be rewired and were tracked rigorously to ensure they landed on time in full. Securing >95% registrations of our ecosystem and conducting extensive training across multiple locations were key to a smooth transition.

Price change actions across categories were landed to ensure the benefits were passed on to consumers from the first day, well ahead of competition.

Effective 15th November, 2017, GST rates were reduced for some of our categories from 28% to 18%. While the implementation of this was done, due to paucity of time, it was not possible to immediately pass on the benefit of these rate reductions on some of the pipeline stocks to the end consumers. An estimated value of ₹ 124 crores has been proactively disclosed to the authorities on this count and we have offered to pay this amount suo motu to the Government. This amount is not recognised as revenue and is accounted as a liability as on 31st March, 2018.

In addition to the above, we have also offered ₹ 36 crores towards additional realisation which would have been made by Company's distributors on the closing stocks at point of transition. This is only a pass through and has no impact on Company's financials.

The finance function of your Company continues to assist in driving superior performance of the business, pioneer thought leadership and stewardship.

During the year, your Company's finance team completed a big transformational project that enabled centralisation and simplification of the accounting and control processes. Future Finance is a transformative programme that has been initiated this year that will change the way the finance team functions and partners business in your Company. A core component of this change is the Finance Excellence Team (FET) which has been organised around core performance management processes such as forecasting, budgeting and planning, as well as providing decision support in key areas. FET will focus on specific core business processes and decision support topics, enabling the team to develop deeper expertise and greater subject matter knowledge.

During the year, your Company started monitoring and reporting controls through Livewire, a comprehensive analytics tool that tracks compliance with internal controls framework established by the management. The controls dashboard allows the management to perform thematic analysis of its control health across different processes and activities, time periods and responsibility centres. This will enable the management to proactively protect value through implementation of a robust control environment.

WINNING WITH PEOPLE

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

To compete in a fast-changing world that is impacted by digitisation and increased competition, we have created an organisation that's faster, simpler, more consumer and customer-centric and future-proofed through our business transformation programme Connected 4 Growth (C4G). In order to propel the C4G transformation, your Company identified new behaviours as a key to winning in the market – Empowerment, Collaboration & Experimentation. We are creating an organisation and culture where our employees are empowered to act like entrepreneurs and business owners.

HUL retained the 'No. 1 Employer of Choice' amongst key business schools for the seventh year in a row. HUL continues to be the 'Dream Employer' and is also the top company considered for application by B-School students. The Facebook 'Unilever Diaries' page has over 5 lakhs fans and helps us deepen our engagement with students, as well strengthens our brand image among them.

Driven by the 'leaders build leaders' philosophy, we have sustained an environment where people get big responsibility early in their career and are also able to constantly experiment. Our flagship management trainee programme, the Unilever Future Leaders Programme (UFLP), has been the training ground for many inspiring leaders across HUL and Unilever, and provides extensive cross-functional experience through live projects and assignments.

Our thrust is on building an agile and inclusive organisation that celebrates differences and leverages diversity. Apart from enabling infrastructure and work practices such as maternity and paternity support programme, flexible work arrangements towards creating an inclusive culture, we are constantly evaluating various employee support requirements.

Employee well-being is of utmost importance to us. We focus on four aspects of well-being – Physical, Mental, Emotional and Purposeful. An Employee Assistance Programme called 'Reach Out', a telephonic counselling programme which has round-the-clock access, has provided timely help to some employees.

At HUL, we believe that purpose is at the heart of what energises people. In line with this thinking, we kickstarted the Discover Your Purpose (DYP) journey with the intent to ignite passion and purpose in our employees.

Our mission is to protect and enhance the well-being of our employees, visitors and partners. A safe work environment is non-negotiable, for which we follow global safety standards in all our units. Our safety practices ensure all possible safety hazards are identified and eliminated, not only at the workplace but also during employee travel. We promote 'Beyond Work Safety' as part of our holistic safety culture to improve safety beyond work.

Employee Stock Option Plan (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, are uploaded on the website of the Company https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html. No employee has been issued share options during the year, equal to or exceeding one per cent of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme'. In accordance with the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of ₹ 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years. The Company confirms that the 2012 HUL Performance Share Scheme complies with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

Under this plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 160 employees were awarded conditional rights to receive 70,267 equity shares at the face value of ₹ 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2017 to 2018 and from 2018 to 2020.

The employees of the Company are eligible for Unilever PLC (the 'holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP scheme has two sets of eligibilities – for Managers, it allows eligible employees to invest up to 20% of their annual bonus and for eligible senior leaders to invest up to 100% of their annual bonus in the shares of the holding Company and to receive a corresponding award of performance related shares. Under GPSP, eligible employees receive annual awards of the holding Company's shares. The awards under GPSP and MCIP plans vest after 3-4 years up to 200% of grant level, depending on the satisfaction of the performance metrics. Under the SHARES Plan, eligible employees can invest in the shares of the holding Company for specified amount and after three years, one share is granted to the employees for every three shares invested, subject to the fulfilment of conditions of the scheme. The holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) have been appended as Annexure to this report. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

PERFORMANCE OF SUBSIDIARIES AND JOINT VENTURE

The summary of performance of the subsidiary and joint venture companies is provided below:

Unilever India Exports Limited

Unilever India Exports Limited (UIEL) is a 100% subsidiary of your Company and is engaged in FMCG exports business. The focus of the FMCG exports operation is two-fold: to develop overseas markets by driving distribution of brands, such as Kissan, BRU, Brooke Bond, Lakmé, Pears and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world. This year was a challenging one for the Company in view of disruption in its key export markets. However, key brands continued to perform well in focus markets.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has over 350 owned / managed and franchisee salons.

In a market witnessing lower discretionary spends, LLPL continued to expand its salons business in key markets. The 'Runway Rewards' programme continued its successful journey into the second year and combined with attractive thematic promotion campaigns like Good Hair Day, Happy New You and Fall Collection helped drive footfall growth. Effective use of digital media and strong advocacy amongst customers has helped increased customer loyalty. The boost in confidence is clearly evidenced in the increasing average bill value. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

LLPL also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company manufacturing toilet soaps, bathing bars and detergent bars.

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products and laundry soaps in Nepal. In 2017, UNL completed 25 glorious years in the country.

During the year, UNL continued robust growth in sales which was broad based across all categories. UNL has maintained its bottom-line performance, driven by mix, judicious price management and by leveraging on the current manufacturing capability. UNL brands continue to be market leaders in all the categories they operate in.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of HUL.

HUF operates the 'Water for Public Good' programme, with a specific focus on water conservation, building local community institutions to govern water resources and enhancing farm based livelihoods through adoption of judicious water practices. The Foundation's programmes reach out to 2,400 villages in 57 districts across India in partnership with 20 NGOs and multiple co-funders. HUF also supports several knowledge initiatives in water conservation and governance.

By the end of year, the cumulative and collective achievements through partnered programme of HUF include:

- **Water Conservation:** More than 450 billion litres of water conservation potential created.
- **Crop Yield:** Additional agriculture production of over 6.5 lakhs tonnes has been generated.
- **Livelihoods:** More than 50 lakhs person days of employment have been created though water conservation and increased agriculture production.

The cumulative impact of HUF supported projects has been independently assured.

Other Subsidiaries

Pond's Exports Limited is a subsidiary of the Company which was engaged in leather business and has since discontinued operations.

Bhavishya Alliance Child Nutrition Initiatives is a subsidiary of the Company which is not-for-profit subsidiary of the Company and had launched a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. Similar handwashing programme is now being driven by your Company directly.

Daverashola Estates Private Limited is a subsidiary of the Company which has been exploring opportunities to enter into appropriate business activities.

Jamnagar Properties Private Limited is a subsidiary of the Company. The litigation over the land of the Company is now over and accordingly, the Company has initiated the process of surrendering the land.

Levers Associated Trust Limited, Levindra Trust Limited and Hindlever Trust Limited, subsidiaries of the Company, act as trustees of the employee benefits trusts of the Company.

Joint Venture

Kimberly-Clark Lever Private Limited

Kimberly-Clark Lever Private Limited (KCLL) was a joint venture between your Company and Kimberly-Clark Corporation (KCC), USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex.

In line with your Company's decision to focus on its core business, the Company has divested its stake in KCLL during the year and accordingly the joint venture has ceased to exist.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC 1 is attached herewith. The separate audited financial statements in respect of each of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Your Company will also make available these documents upon request by any member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary companies are also available on the website of your Company at https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

Your Company has not made any downstream investments in subsidiaries or joint venture during the year.

OPPORTUNITIES & RISKS

Our success as an organisation depends on our ability to identify opportunities and leverage them while mitigating the risks that arise while conducting our business.

Your Company has an elaborate risk management procedure, which is based on three pillars: 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. The Company has set up a Risk Management Committee to monitor the risks and their mitigating actions and the key risks are also discussed at the Audit Committee.

Some of the opportunities for the business of your Company and key identified risks along with the steps taken by your Company to mitigate them are presented below.

Strategy	Opportunity	Details
Winning with Brands and Innovation	Premiumisation and Market Development	With changing population demographics, higher spending capacity of consumers and wider reach of products, there is increasing scope of premiumisation of our products. We constantly innovate to meet needs of all our consumers. Most of the categories in which your Company operates in are under-penetrated and therefore your Company continuously invests in market development.
Winning in the Marketplace	Winning in Channels of future	Winning in traditional trade and 'route-to-market' continues to be important for your Company. However, winning in emerging channels like e-commerce and modern trade will be the differentiator for your Company. Investments in strengthening our capabilities in the channels of the future while digitalising our distribution in the traditional trade would be the key thrusts.
Winning in the Marketplace and Winning through Continuous Improvement	Leveraging Big Data	Your Company has been a thought leader in using big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the backend to deliver better on-shelf availability in stores. Services like order management, shipment planning, tendering, tracking and monitoring can be improved with building backend capabilities.
Winning in the Marketplace and Winning through Continuous Improvement	Sharper and Richer Execution	Our continued and relentless focus on flawless execution across the value chain is a key differentiator and a growth driver for the Company. We will continue to leverage this opportunity by making appropriate investments.

Strategy	Description of Risk	Details
	Brand Preference	
Winning with Brands and Innovation	Your Company's success depends on the value and relevance of its brands and products to consumers and on our ability to innovate and remain competitive. Consumer tastes, preferences and behaviours are changing more rapidly than ever. Your Company's ability to identify and respond to these changes is vital to business success. We are dependent on creating innovative products that continue to meet the needs of consumers and getting these new products to market with speed. If we are unable to innovate effectively, sales or margins could be materially adversely affected.	Your Company monitors external market trends and collates consumer, customer and shopper insights to develop category and brand strategies. Our R&D function actively searches for ways to translate the trends in consumer preference and taste into new technologies for incorporation into future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed. Your Company has access to Unilever's global resources that provide greater expertise and superior innovations, backed by technology and know-how from Unilever. This helps your Company bring bigger, better and faster innovations to its consumers.

Strategy	Description of Risk	Details
	Technological change is disrupting our traditional brand communication models. Our ability to develop and deploy the right communication, both in terms of messaging content and medium is critical to the continued strength of our brands.	Our brand communication strategies are designed to optimise digital communication opportunities. We develop and customise brand messaging content specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers.
	Legal and Regulatory	
Winning in the Marketplace	Compliance with laws and regulations is an essential part of your Company's business operations. We are subject to laws and regulations in diverse areas as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes. Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance.	We are committed to complying with all applicable laws and regulations. The relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Our legal and regulatory specialists are closely engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations. Your Company has institutionalised the mechanism to monitor changes in legislation, both existing and proposed. The Company proactively engages with the Government and regulators to develop a regulatory framework which is in the best interest of the consumers and other stakeholders including Industry.
	Systems and Information	
Winning through Continuous Improvement	Your Company's operations are increasingly dependent on IT systems and the management of information. Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession. The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase.	To reduce the impact of external cyber-attacks impacting our business, we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. We also maintain a global system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls. We have policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Our employees are trained to understand these requirements. We also have a set of IT security standards and closely monitor their operation to protect our systems and information. We have standardised ways of hosting information on our public websites and have systems to monitor compliance with appropriate privacy laws and regulations, and with our own policies.

UNILEVER SUSTAINABLE LIVING PLAN (USLP)

Your Company's vision is to accelerate growth in the business, while reducing environmental footprint and increasing positive social impact. This vision has been codified in the USLP launched in 2010, which is your Company's blueprint for achieving sustainable growth. By spurring innovation, strengthening the supply chain, lowering costs, reducing risks and building trust, sustainability is creating value for your Company as well as the society.

Your Company has made good progress on the three USLP big goals to be achieved globally: to help more than a billion people take action to improve their health and well-being, to halve the environmental footprint of the making and use of the products and to enhance the livelihoods of millions of people, while growing the business. Detailed information on the progress of your Company's USLP initiatives and CSR activities are available in the Annual Report on CSR and Business Responsibility Report which is appended as an Annexure to this Annual Report.

FINANCIAL REVIEW (STANDALONE)

Results

(₹ crores)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Sales (including excise duty)	34,619	33,895
EBITDA	7,276	6,047
Profit before exceptional items and tax	7,347	6,155
Profit for the year	5,237	4,490

a) According to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, revenue for the year ended 31st March, 2017 was reported inclusive of excise duty. Goods and Services Tax ("GST") has been implemented with effect from 1st July, 2017 which replaces Excise Duty and other input taxes. As per Ind AS 18, the revenue for the year ended 31st March, 2018 is reported net of GST.

b) In compliance with IND AS 20 on Government Grants, the amount of budgetary support under Goods and Services Tax, GST Refunds, to be received from the Government of India in relation to the existing eligible units under the different Industrial Promotion Schemes have been recognised as "Other Operating Income". In past periods these credits were netted off from the excise cost reported in the Statement of Profit and Loss.

c) Comparable sales growth and comparable EBITDA margin improvement for FY 2017-18 has been arrived at by adjusting:

i. Excise Duty, other net input taxes from reported sales of FY 2016-17, and

ii. GST Refunds to the reported sales of FY 2017-18.

d) In view of the accounting impact as shared in note (a) to (c) above, while the reported Net Sales grew by 2% during the year, comparable Domestic Consumer Sales grew by 12% during the year. The reported EBITDA margin expansion was 320 bps for the year while comparable EBITDA margin expansion was at 155 bps.

Category-Wise Turnover

(₹ crores)

	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Sales	Others*	Sales	Others*
Home Care	11,464	165	11,123	223
Personal Care	16,132	332	16,078	226
Foods	1,147	18	1,102	22
Refreshments	5,181	44	4,795	53
Others (including Exports, Infant and Feminine Care)	695	26	797	22
TOTAL	**34,619**	**585**	**33,895**	**546**

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

Summarised Profit and Loss Account

(₹ crores)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Sale of products (including excise duty)	34,619	33,895
Other operating income	599	592
REVENUE FROM OPERATIONS	**35,218**	**34,487**
Operating Costs	27,942	28,440
Profit Before Depreciation, Interest, Tax (PBDIT)	7,276	6,047
Depreciation	478	396
Profit Before Interest & Tax (PBIT)	6,798	5,651
Other Income (net of finance costs)	549	504
Profit before exceptional items	7,347	6,155
Exceptional items	(62)	241
Profit Before Tax (PBT)	7,285	6,396
Taxation	2,048	1,906
Profit for the year	5,237	4,490
Basic EPS (₹)	24.20	20.75

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, 2018, are given below:

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Return on Net Worth (%)	104.10	99.50	72.80	76.70	84.50
Return on Capital Employed (%)	130.20	127.70	105.80	105.90	118.90
Basic EPS (after exceptional items) (₹)	17.88	19.95	19.12	20.75	24.20

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relate on the date of this report.

Capital Expenditure during the year was at ₹ 853 crores (₹ 1,372 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of Companies Act, 2013.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of ₹ 3,373 crores (2016-17: ₹ 1,671 crores), as on 31st March, 2018. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, are in line with the requirements of Ind AS 21. The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act. 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

(₹ crores)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Foreign Exchange earnings	387	541
Foreign Exchange outgo	1,285	1,214

Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 12/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2018. The Interim Dividend of ₹ 8/- per equity share was paid on 14th November, 2017.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on Friday, 29th June, 2018, will be paid on or after Wednesday, 4th July, 2018, to the Members whose names appear in the Register of Members, as on the Book Closure dates, i.e. from Saturday, 23rd June, 2018, to Friday, 29th June, 2018 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 20/- per equity share and will absorb ₹ 5,177 crores, including Dividend Distribution Tax of ₹ 848 crore.

Unpaid / Unclaimed Dividend

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 4.01 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Scheme of Arrangement

Subsequent to the approval of the Members at the Court Convened Meeting held on 30th June, 2016, to the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account, your Company had filed the petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai. Upon the Scheme becoming effective, the amount so transferred is proposed to be distributed to the Members from time to time, by the Board of Directors, at its sole discretion, in such manner, quantum and at such time, as the Board of Directors may decide. The Scheme is currently pending with National Company Law Tribunal (NCLT) for sanction.

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during the financial year 2017-18 are appended as an Annexure to this report.

Risk and Internal Adequacy

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

GOVERNANCE, COMPLIANCE AND BUSINESS INTEGRITY

The Legal function of the Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including product claims, legislative changes, combatting unfair competition, business integrity and governance.

As the markets continue to be disrupted with newer technologies and ever-evolving consumer preferences, the need to have a framework around data security and privacy is paramount. Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school students. Your Company believes it is important to educate students on intellectual property, and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age.

The Legal and Communications functions of your Company work with leading industry associations, national and regional regulators and key opinion formers to develop a progressive regulatory environment in the best interest of all stakeholders.

Business Integrity

Under its pillar of Business Integrity, your Company communicates its Code of Business Principles (Code) and Code Policies internally and externally. All Company employees are required to undertake mandatory annual training on our Code and Code Policies via online training modules as well as take an annual business integrity pledge. Our Code and Code Policies extend through our entire value chain including our employees, contractors and third parties. During the year, we closed 101 incidents across all areas of our Code and Code Policies, with 70 confirmed breaches. During the year, we terminated the employment of 18 employees as a consequence of such breaches. The Company also requires its third-party business partners to adhere to business principles consistent with its own. These expectations are set out in our Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin our third-party compliance programme.

Corporate Governance

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate of the CEO and CFO of the Company in terms of Listing Regulations, *inter alia*, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Annual Report.

Prevention of Sexual Harassment at Workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons who worked in this area and have the requisite experience in handling such matters, as Chairpersons of each of the Committees. During the year, four complaints with allegations of sexual harassment were received by the Company and they were investigated and resolved as per the provisions of the POSH Act. To build awareness in this area, the Company has been conducting induction / refresher programmes in the organisation on a continuous basis.

Update on Kodaikanal Soil Remediation

Your Company had informed the Members about the long-standing dispute with the former workers association of the former factory in Kodaikanal wherein a Memorandum of Settlement was signed with the association, bringing this long-standing matter to an end. On the other issue pertaining to soil remediation on the premises of the former factory of your Company, the soil remediation trials have been concluded. The Company is committed to commence full-scale soil remediation at the factory site at the earliest.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on the Company's website at https://www.hul.co.in/investor-relations/corporate-governance/. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013, and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Harish Manwani, Non-Executive Chairman of the Company, has decided to retire and will not seek re-appointment at the forthcoming Annual General Meeting (AGM). The Board places on record its deep sense of gratitude and appreciation for the leadership and direction provided by Mr. Manwani, first as the Executive Director and thereafter, as the Non-Executive Chairman for the past 13 years. The Board has decided to appoint Mr. Sanjiv Mehta, presently the Managing Director and CEO of the Company, as the Chairman of the Board of Directors in succession to Mr. Manwani from the conclusion of the forthcoming AGM. The Board, while taking the above decision, took note of SEBI's amendments to the Listing Regulations, announced on 28th March, 2018, to accept the recommendation of the Kotak Committee on Corporate Governance to separate the positions of the Chairman and the Managing Director, effective April 2020, for top 500 Companies by market capitalisation. Considering this, the Board decided that the current tenure of Mr. Mehta as the Chairman shall be till March 2020. The Company shall ensure compliance with the new requirement of separation of the positions of Chairman and the Managing Director by April 2020.

The present term of appointment of Mr. Mehta as the Managing Director and Chief Executive Officer is valid up to 9th October, 2018. The Board has, subject to the approval of the Members in the forthcoming AGM, approved the re-appointment of Mr. Mehta as Managing Director and Chief Executive Officer for another period of five years, post completion of his present term.

During the year, Mr. P. B. Balaji resigned as Executive Director (Finance & IT) and Chief Financial Officer with effect from 13th November, 2017, for pursuing external opportunities. The Board places on record its deep appreciation for the outstanding contribution made by Mr. Balaji. Mr. Srinivas Phatak was appointed as an Additional Director on the Company's Board and the Executive Director (Finance & IT) and Chief Financial Officer with effect from 1st December, 2017, succeeding Mr. Balaji, after obtaining requisite approvals of the Members, through Postal Ballot and the Central Government.

As per the provisions of the Companies Act, 2013, Independent Directors have been appointed for a period of five years and shall not be liable to retire by rotation. The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

The details of training and familiarisation programme and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report. The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for key managerial personnel and other employees, forms part of the Corporate Governance Report of this Annual Report.

MANAGEMENT COMMITTEE

The day-to-day management of the Company is vested with the Management Committee, which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by the Chief Executive Officer and has Functional / Business Heads as its members. During the year, Mr. Srinivas Phatak was appointed as Executive Director, (Finance & IT) and CFO and member of Management Committee of the Company in succession to Mr. P. B. Balaji.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 30th June, 2014, for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

M/s. RA & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the financial year 2018-19.

OUTLOOK

From a fundamental and medium-term perspective, FMCG markets continue to offer sizeable headroom for growth by increasing penetration as well as consumption. Secular trends of young population, growing affluence, rising urbanisation and burgeoning digital connectivity will increase awareness and drive premiumisation.

India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2018-19, as per the latest economic survey. With GST having been successfully implemented, trade conditions have stabilised and we are witnessing a gradual improvement in demand. We expect government spending plans such as increases to Minimum Support Price (MSP), provision of health insurance, etc. to bolster rural development and drive consumption. Normal monsoon, as forecasted, will help the overall economy.

Crude oil led inflation, emerging global events and disruptions, if any, from state elections are potential headwinds which need to be managed carefully.

Your Company, with its brands, talent and investment in capabilities, is well placed to leverage the FMCG opportunity. Your Company's strategy to lead market development while keeping the sustainable living plan its core, will enable it to create long-term value for all stakeholders.

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 judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively

APPRECIATIONS AND ACKNOWLEDGMENTS

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 an industry leader.

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

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it 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 your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

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

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

Annexure to the Directors' Report

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2017-18, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2017-18.

Sr. No.	Name of Director/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Managing Director & CEO	170.01	Refer Note iv.
2	P. B. Balaji#	Executive Director, Finance & IT and CFO	47.70	
3	Srinivas Phatak#	Executive Director, Finance & IT and CFO	27.26	
4	Pradeep Banerjee	Executive Director, Supply Chain	48.29	
5	Dev Bajpai	Executive Director, Legal and Corporate Affairs and Company Secretary	52.86	

Mr. P. B.Balaji ceased to be Executive Director, Finance & IT and CFO w.e.f. 13th November, 2017 and Mr. Srinivas Phatak appointed as an Executive Director, Finance & IT and CFO w.e.f. 1st December, 2017

ii. The percentage increase in the median remuneration of Employees for the financial year was 4.7%.

iii. The Company has 5,725* permanent Employees on the rolls of Company as on 31st March, 2018.

iv. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 9.4%. In line with the changes made to the Reward Policy in 2017, approved by the Nomination & Remuneration Committee, increases in managerial remuneration will be made later during the financial year 2018–19. The average increase every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increase this year reflect the market practice.

v. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

a) The Non-Executive Directors of the Company are entitled for sitting fees / commission as per the statutory provisions and within the limits approved by the Members. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2017-18.

c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.

* Includes employees working for Hindustan Unilever Limited.

Particulars of Loans, Guarantees or Investments

AMOUNT OUTSTANDING AS AT 31ST MARCH, 2018

(₹ crores)

Particulars	Amount
Loans given	226
Guarantee given	8
Investments made	3,111

LOAN, GUARANTEE AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2017-18

Name of Entity	Relation	Amount (In crores)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilised
Lakme Lever Private Limited	Subsidiary	43	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	140	Loan	Business purpose
Mutual Funds#	-	-230	Investments	Cash Management

For details refer to Note 6 of Notes to the financial statement.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the Financial Year ended on 31st March, 2018)
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L15140MH1933PLC002030
ii)	Registration Date	:	17th October, 1933
iii)	Name of the Company	:	Hindustan Unilever Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v)	Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099. Tel : 022 39832285/39832452 E-mail : levercare.shareholder@unilever.com Website : www. hul.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Computershare Private Limited, Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Phone : +91 - 40 - 67161500, 67162222 Fax : +91 - 40 - 23431551 Toll Free No.: 1800-345-4001 E-mail : einward.ris@karvy.com Website : www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (Activities contributing 10% or more of the turnover)

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	30.00%
2	Detergents	20233	19.32%
3	Cosmetics & Toiletries	20237	16.21%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	% of shares held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.48
2	Brooke Bond Group Limited #	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK & CN Holdings Limited #	N.A.	2.78
5	Brooke Bond South India Estates Limited #	N.A.	2.44
6	Brooke Bond Assam Estates Limited #	N.A.	1.52
7	Unilever Overseas Holdings B V #	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
1	Unilever India Exports Limited *	U51900MH1963PLC012667	100
2	Pond's Exports Limited *	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited Shree Niwas House, 1st Floor, H. Somani Marg, Fort, Mumbai - 400 001	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V.D.C. – 5, P.O. Box-11, Hetauda, Dist. Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited *	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited *	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited *	U74999MH1946PLC005403	100
8	Levindra Trust Limited *	U67120MH1946PLC005402	100
9	Hindlever Trust Limited *	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation *	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100
Associate Company [Section 2(6)]			
1	Kimberly-Clark Lever Private Limited$ Gat No.934-937, Villagesanaswadi, Taluka - Shirur, Pune – 412 208	U74999PN1994PTC081290	50

Registered Office at Unilever House, 100 Victoria, Embankment, London EC4Y0DY.

* Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.

$ Joint Venture with Kimberly-Clark Lever Private Limited ceased w.e.f. 29th September, 2017.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									-
1. Indian	-	-	-	-	-	-	-	-	
2. Foreign									
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.20	1,45,44,12,858	-	1,45,44,12,858	67.19	-0.01
TOTAL PROMOTER SHAREHOLDING (A)	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.20**	**1,45,44,12,858**	**-**	**1,45,44,12,858**	**67.19**	**-0.01**
B. Public Shareholding									
1. Institutions									
- Mutual Funds	3,83,86,030	49,284	3,84,35,314	1.78	3,54,84,654	39,244	3,55,23,898	1.64	-0.14
- Alternate Investment Funds	-	-	-	-	5,48,333	-	5,48,333	0.03	0.03
- Banks / Financial Institutions	69,90,335	1,28,710	71,19,045	0.33	1,59,47,050	1,28,190	1,60,75,240	0.74	0.41
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	7,68,50,946	9,500	7,68,60,446	3.55	9,60,91,021	9,500	9,61,00,521	4.44	0.89
- Foreign Portfolio Investors	28,70,05,513	37,450	28,70,42,963	13.26	27,19,32,775	28,460	27,19,61,235	12.56	-0.70
Sub-total (B)(1)	40,92,32,824	2,24,964	40,94,57,788	18.92	**42,00,03,833**	**2,05,414**	**42,02,09,247**	**19.41**	0.49
2. Non-Institutions									
- Bodies Corporates									
i) Indian	2,73,12,657	4,36,164	2,77,48,821	1.28	2,52,30,800	3,42,730	2,55,73,530	1.18	-0.10
ii) Overseas	3,600	-	3,600	-	500	-	500	-	-
- Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	20,72,49,418	4,57,70,440	25,30,19,858	11.69	20,16,67,651	3,96,20,319	24,12,87,970	11.15	-0.54
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	40,29,793	7,10,350	47,40,143	0.22	39,95,743	7,10,350	47,06,093	0.22	-
- Others									
i) Trust	47,41,677	-	47,41,677	0.22	51,98,117	-	51,98,117	0.24	0.02
ii) Non Resident Indians	79,47,612	4,14,170	83,61,782	0.38	84,74,763	3,84,640	88,59,403	0.41	0.03
iii) Foreign Nationals	23,689	3,120	26,809	-	35,669	120	35,789	-	-
iv) Foreign Banks	7,720	-	7,720	-	6,220	-	6,220	-	-
v) Directors & their Relatives	1,20,783	-	1,20,783	0.01	1,25,178	-	1,25,178	0.01	-
vi) Clearing Members	17,07,800	-	17,07,800	0.08	10,21,418	-	10,21,418	0.05	-0.03
vii) Qualified Foreign Investor	-	-	-	-	10,868	-	10,868	-	-
viii) IEPF	-	-	-	-	30,81,586	-	30,81,586	0.14	0.14
Sub-total (B)(2):-	25,31,44,749	4,73,34,244	30,04,78,993	13.88	**24,88,48,513**	**4,10,58,159**	**28,99,06,672**	**13.39**	-0.48
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1) +(B)(2)	**66,23,77,573**	**4,75,59,208**	**70,99,36,781**	**32.80**	**66,88,52,346**	**4,12,63,573**	**71,01,15,919**	**32.81**	**0.01**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	**211,67,90,431**	**4,75,59,208**	**216,43,49,639**	**100.00**	**212,32,65,204**	**4,12,63,573**	**216,45,28,777**	**100.00**	**-**

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	
1	Unilever PLC	1,11,43,70,148	51.49	-	1,11,43,70,148	51.48	-	-0.01
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	-
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	-
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	-
5	Brooke Bond South India Estates Limited	5,27,47,200	2.43	-	5,27,47,200	2.44*	-	-
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings BV	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
	TOTAL	**1,45,44,12,858**	**67.20**	**-**	**1,45,44,12,858**	**67.19***	**-**	**-0.01**

* Percentage rounded off.

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2017-18. The percentage change in the Promoters' holding is due to increase in the paid-up share capital of the Company.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2018:

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Life Insurance Corporation of India**				
	At the beginning of the year	3,58,90,707	1.66	3,58,90,707	1.66
	Bought during the year	3,08,59,365	1.42	6,67,50,072	3.08
	Sold during the year	-	-	6,67,50,072	3.08
	At the end of the year	6,67,50,072	3.08	6,67,50,072	3.08
2	**Life Insurance Corporation of India P&GS FUND**				
	At the beginning of the year	43,19,378	0.20	43,19,378	0.20
	Bought during the year	98,32,755	0.45	1,41,52,133	0.65
	Sold during the year	-		1,41,52,133	0.65
	At the end of the year	1,41,52,133	0.65	1,41,52,133	0.65
3	**Nomura India Investment Fund Mother Fund**				
	At the beginning of the year	14,42,691	0.07	14,42,691	0.07
	Bought during the year	1,12,49,774	0.52	1,26,92,465	0.59
	Sold during the year	-	-	1,26,92,465	0.59
	At the end of the year	1,26,92,465	0.59	1,26,92,465	0.59
4	**Vanguard Emerging Markets Stock Index Fund A Series**				
	At the beginning of the year	1,14,07,516	0.53	1,14,07,516	0.53
	Bought during the year	10,24,471	0.05	1,24,31,987	0.58
	Sold during the year	6,35,784	0.03	1,17,96,203	0.55
	At the end of the year	1,17,96,203	0.55	1,17,96,203	0.55
5	**The New India Assurance Company limited**				
	At the beginning of the year	1,39,66,974	0.65	1,39,66,974	0.65
	Bought during the year	-	-	1,39,66,974	0.65
	Sold during the year	22,72,456	0.11	1,16,94,518	0.54
	At the end of the year	1,16,94,518	0.54	1,16,94,518	0.54

Sr. No.	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
6	**Vanguard Total International Stock Index Fund**				
	At the beginning of the year	86,48,155	0.40	86,48,155	0.40
	Bought during the year	10,01,754	0.05	96,49,909	0.45
	Sold during the year	1,42,184	0.01	95,07,725	0.44
	At the end of the year	95,07,725	0.44	95,07,725	0.44
7	**General Insurance Corporation of India**				
	At the beginning of the year	1,01,85,940	0.47	1,01,85,940	0.47
	Bought during the year	-	-	1,01,85,940	0.47
	Sold during the year	10,25,000	0.05	91,60,940	0.42
	At the end of the year	91,60,940	0.42	91,60,940	0.42
8	**Ishares India Index Mauritius Company**				
	At the beginning of the year	78,58,602	0.36	78,58,602	0.36
	Bought during the year	4,93,615	0.03	83,52,217	0.39
	Sold during the year	8,20,744	0.04	75,31,473	0.35
	At the end of the year	75,31,473	0.35	75,31,473	0.35
9	**Franklin Templeton Investment Funds**				
	At the beginning of the year	1,06,97,584	0.49	1,06,97,584	0.49
	Bought during the year	19,278	0.00	1,07,16,862	0.49
	Sold during the year	41,19,799	0.19	65,97,063	0.30
	At the end of the year	65,97,063	0.30	65,97,063	0.30
10	**Stiching Depositary APG Emerging Markets Equity Pool**				
	At the beginning of the year	52,27,202	0.24	52,27,202	0.24
	Bought during the year	24,74,801	0.11	77,02,003	0.35
	Sold during the year	13,22,211	0.06	63,79,792	0.29
	At the end of the year	63,79,792	0.29	63,79,792	0.29

Notes:

- The above information is based on the weekly beneficiary position received from Depositories.
- The date-wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Harish Manwani**				
	At the beginning of the year	22,130	-	22,130	-
	Bought during the year	-	-	22,130	-
	Sold during the year	-	-	22,130	-
	At the end of the year	22,130	-	22,130	-
2	**Mr. Sanjiv Mehta**				
	At the beginning of the year	-	-	-	-
	Bought during the year	10$	-	10	-
	Sold during the year	-	-	10	-
	At the end of the year	10	-	10	-
3	**Mr. Srinivas Phatak**				
	As on 1st December, 2017	10,208	-	10,208	-
	Bought during the period	-	-	10,208	-
	Sold during the period	-	-	10,208	-
	At the end of the year	10,208	-	10,208	-
4	**Mr. Pradeep Banerjee**				
	At the beginning of the year	52,886	-	52,886	-
	Bought during the year	-	-	52,886	-
	Sold during the year	-	-	52,886	-
	At the end of the year	52,886	-	52,886	-

Sr. No.	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	**Mr. S. Ramadorai**				
	At the beginning of the year	35	-	35	-
	Bought during the year	-	-	35	-
	Sold during the year	-	-	35	-
	At the end of the year	35	-	35	-
6	**Mr. Dev Bajpai**				
	At the beginning of the year	33,326	-	33,326	-
	Bought during the year	6,583*	-	39,909	-
	Sold during the year	-	-	39,909	-
	At the end of the year	39,909	-	39,909	-

Notes:

1. Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia did not hold any Shares of the Company during the financial year 2017-18.
2. Mr. P. B. Balaji ceased to be the Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and his shareholding as on 1st April, 2017 was 12,406 shares. As on 13th November, 2017 there was no change.

* Shares allotted under ESOP.

$ Transmission of Shares dated 30th June, 2017.

V. INDEBTEDNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the financial year 2017-18.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and Key Managerial Personnel:

(₹ lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ KMP					Total Amount
		Sanjiv Mehta	P. B. Balaji#	Srinivas Phatak#	Pradeep Banerjee	Dev Bajpai	
		Managing Director & Chief Executive Officer	Executive Director, Finance and IT and Chief Financial Officer	Executive Director, Finance and IT and Chief Financial Officer	Executive Director, Supply Chain	Executive Director, Legal and Corporate Affairs & Company Secretary	
1.	**Gross salary**						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	696	295	72	204	205	1,472
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	102	-	-	1	1	104
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	558	-	15	204	150	927
2.	Stock Option	543	-	3	98	208	852
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-
5.	Others (Contribution to PF & Superannuation)	38	21	12	41	37	149
	TOTAL (A)	**1,937**	**316**	**102**	**548**	**601**	**3,504**
	Ceiling as per the Act	₹ 70,770 lakhs (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

Mr. P. B. Balaji, ceased to be the Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and Mr. Srinivas Phatak was appointed as an Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 1st December, 2017.

B. Remuneration to other Directors:

(₹ lakhs)

Particulars of Remuneration	Name of other Directors						Total Amount
	Chairman*	Independent Directors					
	Harish Manwani	Aditya Narayan	S. Ramadorai	O.P. Bhatt	Sanjiv Misra	Kalpana Morparia$	
- Fee for attending Board / Committee meetings	-	4.50	3.60	4.80	4.50	3.60	21.00
- Commission#	62.00	24.00	23.00	25.71	23.00	22.00	179.71
TOTAL (B)	**62.00**	**28.50**	**26.60**	**30.51**	**27.50**	**25.60**	**200.71**
Ceiling as per the Act	₹ 7,077 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
TOTAL MANAGERIAL REMUNERATION = (A+B)							**3,704.71**
Overall Ceiling as per the Act	₹ 77,847 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						

* Non-Executive Non-Independent Director

\# The Commission for the financial year ended 31st March, 2018 will be paid after adoption of financial statement by the Members at the AGM to be held on 29th June, 2018.

$ Ms. Kalpana Morparia, ceased to be the member of Audit Committee w.e.f. 25th October, 2017

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

Annexure to the Directors' Report

Annual Report on Corporate Social Responsibility

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS / PROGRAMMES UNDERTAKEN:

Your Company has a simple but clear purpose – to make sustainable living commonplace. This purpose inspires your Company's vision to accelerate growth in the business, while reducing its environmental footprint and increasing its positive social impact. Your Company's commitment to sustainable living is not only helping drive strong business growth but also helping enhance equity and preference for its brands among consumers.

Your Company believes that in the long-term, this is the best way for business to grow. That is why Unilever Sustainable Living Plan (USLP) (http://www.hul.co.in/sustainable-living/) is at the heart of your Company's business model. The USLP has three global goals, namely: (i) help more than a billion people take action to improve their health and well-being; (ii) halve the environmental footprint of the making and use of products; and (iii) enhance the livelihoods of millions of people while growing the business. These goals also contribute to and are covered by activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. USLP commits to a value chain approach which is integrated across your Company's brands and operations. Your Company also helps in achieving United Nation's Sustainable Development Goals through its initiatives.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/.

A brief overview of your Company's projects is given below. This Report is divided into two parts – Section A provides details of the initiatives that are covered under activities listed in the Schedule VII of the Companies Act, 2013 and are considered for the purpose of computing prescribed CSR spends. Section B of this Report deals with USLP and other initiatives that are not considered for the purpose of CSR Spends.

Section A

i. Water Conservation Project

India is a water scarce region and water supply is expected to be half of its demand over the next decade, therefore Hindustan Unilever Limited (HUL) has identified water as a key area of intervention and set-up Hindustan Unilever Foundation (HUF).

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of HUL. HUF operates the 'Water for Public Good' programme, with specific focus on empowering local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water practices. Through the Foundation's water conservation and farm-based livelihoods initiatives, cumulatively, a capacity to conserve more than 450 billion litres of water has been created, over 6.5 lakhs tonnes of additional agriculture production has been generated and over 50 lakhs person days of employment has been generated. HUF has projects across nearly 2,400 villages in 57 districts with 20 partners in India.

ii. Handwashing Behaviour Change Programme

Handwashing with soap has been cited as one of the most cost-effective solutions to improve health and hygiene. A review of several studies shows that the simple act of handwashing with soap in institutions, such as primary schools and day care centres, reduces the incidence of diarrhoeal diseases by an average of 30 per cent. Your Company's Lifebuoy handwashing behaviour change initiatives help in promoting the benefits of handwashing with soap at key times during the day and encouraging people to sustain good handwashing behaviour. Over 67 million people have been reached through Lifebuoy handwashing behaviour change initiatives.

Lifebuoy has partnered with PSI, Plan International, World Association of Girl Guides & Girl Scouts (WAGGGS), Gavi, Project Hope and NGO Naman Seva Samiti for scaling up the handwashing behaviour change programme. In partnership with WAGGGS, Lifebuoy has launched an initiative to empower young girls. Through this partnership, girl guides and scouts become handwashing heroes and teach the potentially lifesaving habit of handwashing with soap within their local communities. Each handwashing hero is trained on the importance of using soap while washing hands before eating and after using the toilet. They are also equipped with the necessary skills to share these learnings with other people they know. In this way, the practice of using soap at critical occasions is spread across communities protecting people from infections.

iii. Domex Toilet Academy

Domex Toilet Academy (DTA) is a unique market-based entrepreneurial model launched by the Company in 2014. DTA programme trains entrepreneurs and masons to help build and maintain toilets; provides access to micro-financing and creates demand for toilets in low-income households. Since its inception, the DTA has trained more than 600 micro-entrepreneurs. To date, over 2 lakhs toilets have been built, benefitting over 11 lakhs people.

iv. Swachh Aadat Swachh Bharat

The 'Swachh Aadat, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. In 2017, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aadat') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices. To spread awareness of the three clean habits, 'A Playing

Billion' campaign film was launched that highlighted how kids miss out on the simple joys of childhood due to repeated illness and urged people to adopt the three simple hygiene habits. The campaign has received 89 million 'YouTube' views.

A part of SASB, Swachhta Doot is a volunteering programme that enables any person to become a change agent in his / her community. It is a mobile-led WASH communication model to help create awareness on the three clean habits in communities. Till date, your Company has reached 7.5 million people through this programme. In 2017 alone, 4.5 million people have been reached.

Your Company also contributes to the Village Social Transformation Mission (VSTM) through its Swachhata Curriculum. This curriculum teaches students of class 1-5 about the three habits of washing hands with soap, adopting safe drinking water practices and using clean toilets. It provides a conceptual understanding of cleanliness, germs and the clean habits to be adopted in a fun and engaging manner across a 21 day period.

The Community Hygiene Centre – Suvidha Centre – is another important project by your Company to contribute to SASB. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre in Azad Nagar, Ghatkopar, one of the largest slums in Mumbai. The community centre provides drinking water, sanitation, handwashing, shower facilities and laundry services at an affordable cost. The centre uses circular economy principles to reduce water use. The centre was built in partnership with the Municipal Corporation of Greater Mumbai and Pratha Samajik Sanstha, a community-based organisation.

v. Project Prabhat

'Prabhat' is HUL's USLP-linked programme which contributes to the development of local communities around key sites including manufacturing locations. In 2017, Prabhat surpassed the ambitious target of directly impacting the lives of one million people. From its launch in December 2013 in eight locations, Project Prabhat is now live in over 30 locations across the country and directly benefits over 1.7 million people. The key focus areas are enhancing livelihoods, water conservation and health and hygiene awareness.

Under Prabhat's livelihood initiatives, in partnership with LabourNet, TARA and Mann Deshi Foundation over 30,000 people have been successfully certified and over 21,000 have already been linked to employment opportunities till December 2017.

The water conservation initiative is spearheaded by Hindustan Unilever Foundation in partnership with reputed NGOs to create capacities in water conservation with specific focus on farm-based livelihoods. Prabhat's water conservation programme is currently active across seven manufacturing locations.

The Swachh (Health & Hygiene) initiatives of Prabhat are aligned to the health and well-being pillar of the USLP. The key focus areas are – removing open defecation, reducing infant mortality and providing safe drinking water. Prabhat also encourages HUL employees to become Swachhata Doots. Over 4,000 factory employees have become Swachhata Doots driving three clean habits.

vi. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. At any time, there are about 350-400 inmates at Asha Daan.

vii. Sanjeevani

Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, two nurses, a medical attendant and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 3.2 lakhs patients have been treated in these service camps since its inception in 2003. In 2017 alone, nearly 17,800 patients were treated through this programme.

viii. Ankur

Ankur was set up in 1993 as a centre for special education for differently-abled children at Doom Dooma in Assam. Ankur has provided educational and vocational training to 352 differently-abled children.

ix. Project Shakti

Project Shakti is your Company's initiative which aims to financially empower and provide livelihood opportunities to women in rural India. The Shakti Entrepreneurs are given training for familiarisation with your Company's products and basic tenets of distribution management.

Your Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their business. This includes help in business basics and troubleshooting as well as coaching in softer skills of negotiation and communication, which enable them to run their business effectively. Project Shakti has nearly 80,000 Shakti Entrepreneurs across 18 States. The programme has helped Shakti Entrepreneurs gain confidence, self-esteem, negotiating skills, communication and engagement capabilities, with supporting the development of an entrepreneurial mind-set.

Section B

Improving Health and Well-being:

i. Safe Drinking Water

Your Company's Pureit water purifier has been working towards making safe drinking water accessible and affordable to millions of people. Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paise per litre without the hassles of boiling or need of electricity or a continuous tap water supply. In India, Pureit has provided 83 billion litres of safe drinking water till date.

ii. Dove Self-Esteem programme

Globally 8 out of 10 girls opt out of key life activities when they don't feel good about the way they look. In India, 6 in 10 girls say they do not have high body esteem[1]. Dove has a mission to ensure the next generation grows up enjoying a positive relationship with the way they look helping young people raise their self-esteem and realise their full potential.

For more than 10 years, globally we have been helping young people with self-esteem education, reaching over 20 crores lives. In India, in 2017 your Company worked with partners such as Fountainhead and WAGGGS to reach out to 4.5 lakhs girls.

iii. Nutrition and Well-Being Initiatives

Your Company continuously works to improve the taste and nutritional quality of the products using globally recognised dietary standards. In 2017, in India 47% of your Company's total food and refreshment portfolio met the highest nutritional standards.

Reducing Environmental Impact:

iv. Reducing GHG, Waste, Water in Manufacturing

In 2017, CO_2 emissions per tonne of production reduced by 54%*. There was an increase in share of renewable energy at your Company's sites to 36%*. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 55%*. Total waste generated from the factories reduced by 54%*. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the non-hazardous waste generated at our factories was recycled in environment friendly ways.

v. Reusable, Recyclable or Compostable Plastic Packaging

The USLP commits to ensure 100% of the Company's plastic packaging is reusable, recyclable or compostable by 2025. All Unilever factories and offices in over 190 countries are 'zero non-hazardous waste to landfill' sites. Factory generated non-hazardous waste is recycled in environment friendly ways.

Globally, we have reduced one-third of our plastic packaging since 2010. In India, your Company is taking the below initiatives in this direction:

Energy from Waste: In partnership with specialist agency, your Company has conducted a pilot on energy recovery from waste. Your Company has recovered energy from over 13,000 tonnes of waste till end of 2017.

Waste collection and segregation at source: In partnership with NGOs, your Company has conducted pilot projects in the domain of waste collection and segregation. Till end of 2017, over 380 tonnes of plastic waste has been collected, segregated and co-processed.

vi. Sustainable Sourcing

Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. In 2017, 100% of tomatoes used in Kissan ketchup continued to be sourced sustainably. The Public-Private Partnership (PPP) project, which began in 2012 between HUL and Maharashtra Government for sustainable sourcing of tomatoes, has become self-sustaining. In 2017, your Company continued to provide these farmers a buy-back guarantee for their produce. Your Company also offers farmers knowledge and expertise in sustainable agricultural practices. This includes the latest agricultural techniques, irrigation practices, recommendation of the right type of seeds, etc.

A total of 423 tea estates in India are trustea[2] verified and a total of 285 tea estates in India are Rainforest Alliance[3] certified. In 2017, over 52% of tea was sourced from sustainable sources in India. Over five lakhs (0.5 million) plantation workers (56% of them are women workers) and 40,000 smallholders are verified under the trustea code.

Enhancing Livelihoods:

vii. Fair & Lovely Foundation

The Fair & Lovely Foundation (FAL) identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to deserving candidates to pursue further education. To maintain integrity and fairness, the selection is done by a panel of eminent personalities from diverse fields. Till date, over 1400 girl students have been awarded scholarships. FAL Foundation has partnered with edX.org, a non-profit Massive Open Online Course Platform founded by Harvard University and Massachusetts Institute of Technology (MIT), NIIT and English Edge to launch a mobile education programme for women. Nearly 2 lakhs women have enrolled for this course till December 2017.

viii. Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with English speaking skills, office dressing and interviewing. In 2016, your Company re-launched the academy with two key new initiatives: Introduction of the 'Tele-Conferencing' module where students can speak to a teacher instead of an automated voice and a web course available on www.rin.in. So far, over 4.2 lakhs people have benefitted from this programme.

ix. Kwality Wall's Vending Operations

Our Kwality Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to 10,500 people across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling Ice Creams on the move.

Your Company's work over the last several years has paved the way for setting out clear targets. However, to scale up your Company's initiatives, partnerships are

[1] The 2017 Dove Global Girls Beauty and Confidence Report
[2] trustea is a multi-stakeholder programme, locally developed and owned India sustainability tea code.
[3] The Rainforest Alliance is a growing network of farmers, foresters, communities, scientists, governments, environmentalists, and businesses dedicated to conserving biodiversity and ensuring sustainable livelihoods.
* compared to 2008 baseline.

crucial to make a meaningful difference. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

Your Company has shared progress on the sustainability initiatives and partnerships in the Business Responsibility Report in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The Business Responsibility Report forms part of this Annual Report.

2. COMPOSITION OF THE CSR COMMITTEE:

Please refer to the Corporate Governance Report for the composition of the CSR Committee.

3. DETAILS OF CSR SPEND:

	(₹ lakhs)
Average Net Profit of the Company for last 3 financial years:	5,61,009
Prescribed CSR Expenditure:	11,220
Details of CSR spent during the financial year 2017-18:	
a) Total amount to be spent for the financial year (2% of Average Net Profit for last 3 financial years)	11,220
b) Total amount spent during the financial year	11,609
c) Amount unspent, if any	Nil

d) Manner in which the amount was spent during the financial year is detailed below:

(₹ lakhs)

Sr. No	CSR project/ activity identified	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project / programme: Direct expenditure	Amount spent on the project / programme: Overheads	Cumulative expenditure up to 31st March, 2018	Amount spent Direct / through implementing agency
1	Project Shakti	(ii)	PAN India	4,177	4,177	0	4,177	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	3,048	3,048	0	3,048	Direct
3	Water Conservation Project	(iv)	PAN India	3,317	3,002	315	3,317	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Asha Daan	(iii)	Mumbai	170	170	0	170	Implementing Agency (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	561	544	17	561	Implementing Agencies (Note 2 [ii])
6	Domex Toilet Academy	(i)	Andhra Pradesh	233	233	0	233	Implementing Agencies (Note 2 [iii])
7	Sanjeevani	(i)	Assam	75	75	0	75	Direct
8	Ankur	(iii)	Assam	28	28	0	28	Direct
	TOTAL			**11,609**	**11,277**	**332**	**11,609**	

Note 1:

(i) eradicating hunger, poverty and malnutrition (promoting healthcare including preventive healthcare) and sanitation (including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation) and making available safe drinking water;

(ii) promoting education, including special education and employment, enhancing vocational skills especially among children, women, elderly and the differently-abled, and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga);

(x) Rural development projects.

Note 2 [i]:

Samuha, Watershed Organisation Trust, People's Action for National Integration, Sahjeevan, Samaj Pragati Sahayog, Dhan Foundation, Parmarth, Sanjeevani Institute for Empowerment & Development, BAIF Development Research Foundation and Integrated Rural Development Trust.

Note 2 [ii]:
Labour Net Services India Private Limited, Mann Deshi Foundation, and Development Alternatives.

Note 2 [iii]:
Population Services International.

Note 3:
During the year, the Company has spent an amount of ₹ 8.5 crores on Fair & Lovely Foundation and ₹ 2.14 crores on Rin Career Ready Academy in accordance with the CSR Policy of the Company. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Profits.

4. CSR COMMITTEE RESPONSIBILITY STATEMENT

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

On behalf of the CSR Committee

Sanjiv Mehta
Managing Director and
Chief Executive Officer
[DIN: 06699923]

O. P. Bhatt
Chairman, CSR Committee
[DIN: 00548091]

Annexure to the Directors' Report
Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2.	Name of the Company	Hindustan Unilever Limited
3.	Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
4.	Website	www.hul.co.in
5.	E-mail id	levercare.shareholder@unilever.com
6.	Financial Year reported	1st April, 2017 to 31st March, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	• 20231 Soaps • 20233 Detergents • 20236 Shampoos • 20235 Toothpastes • 20234 Deodorants • 20237 Cosmetics • 10791 Tea • 10792 Coffee • 10750 Packaged Foods (Including Frozen Desserts) • 27501 Water Purifiers • 28195 Air Purifier
8.	List three key products /services that the Company manufactures /provides (as in balance sheet)	• Home Care (Fabric Wash, Household Care and Water Business) • Personal Care (Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Refreshments (Tea, Coffee, Ice Cream and Frozen Desserts)
9.	Total number of locations where business activity is undertaken by the Company	
	i. Number of International Locations	None
	ii. Number of National Locations	• Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 • Research Centre: 64, Main Road, Whitefield P O, Banglore - 560 066 • 9th Floor, Prestige Shantiniketan, The Business Presinct, Tower – A, Whitefield Main Road, Bangalore – 560 048. • Regional Office (East): Brooke House, 9 Shakespere Sarani, Kolkata - 700 071 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 • Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 • Regional Office (South): 101, Santhome High Road, Chennai - 600 028 • Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow - 226 010 Uttar Pradesh • Unit No. 511 To 514, 5th Floor, Princes' Business Skypark, Block No. 22,23,24, Sch No. 54, Pu-3 Commercial, Opposite Orbit, A.B Road, Indore - 452001, Madhya Pradesh Details of manufacturing locations form part of this Annual Report.
10.	Markets served by the Company	India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

		(₹ lakhs)
1.	Paid-up Capital	21,645
2.	Total Turnover	34,61,872
3.	Total profit after taxes	5,23,679
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years	2.07% (₹ 11,609 lakhs)

5. List of activities in which expenditure in 4 above has been incurred: Please refer to the CSR Annual Report which forms part of this Annual Report.

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies? 2. Do the Subsidiary Company / Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(ies)?	As on 31st March, 2018, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives – both are not-for-profit companies incorporated to promote and implement the Corporate Social Responsibility agenda. Both companies work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited also contributes to the sustainability initiatives of the Company.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives. Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin the third-party compliance programme.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

Details of Director / Directors Responsible for BR

The details of members of Corporate Social Responsibility (CSR) Committee and their roles and responsibilities are elaborated in CSR Annual Report and Corporate Governance Report forming part of this Annual Report.

The DIN details of the CSR Committee members are as follows:

Name	Designation	DIN
Mr. O. P. Bhatt*	Independent Director	00548091
Mr. Aditya Narayan	Independent Director	00012084
Dr. Sanjiv Misra	Independent Director	03075797
Ms. Kalpana Morparia	Independent Director	00046081
Mr. Sanjiv Mehta	Managing Director and Chief Executive Officer	06699923
Mr. Srinivas Phatak	Executive Director, Finance & IT and Chief Financial Officer	02743340

* Chairman

PRINCIPLE-WISE (AS PER NVGS) BR POLICY / POLICIES (REPLY IN Y / N)

Respect and Integrity for its people, environment and other businesses have always been at the heart of your Company's Corporate Responsibility. Your Company's Corporate Purpose is to make Sustainable Living Commonplace and it believes that this is the best way to deliver long-term sustainable growth.

This purpose is supported by the Code of Business Principles (CoBP), which describes the standards that everyone at HUL follow. Unilever Sustainable Living Plan (USLP) is the Company's blueprint for achieving sustainable growth.

CoBP and the USLP framework supplement the requirements under the National Voluntary Guidelines and cover principles beyond those enunciated under the National Voluntary Guidelines.

The National Voluntary Guidelines provide the following nine principles.

Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
Principle 3: Employees' Well-being [P3]	Principle 8: Inclusive Growth [P8]
Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
Principle 5: Human Rights [P5]	

(a) Details of compliance (Reply in Y / N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP of the Company conforms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles. The USLP Progress Report conforms to Global Reporting Initiative (GRI) indicators.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP and the USLP are frameworks adopted by Unilever globally and have been followed by the Company.								
5	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chief Executive Officer and Managing Director. The Audit Committee reviews the implementation of CoBP. The CSR Committee reviews the implementation of the USLP besides the scope that has been laid out for this Committee under the Companies Act, 2013.								
6	Indicate the link for the policy to be viewed online	USLP: https://www.hul.co.in/sustainable-living/ CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf RSP: https://www.hul.co.in/Images/responsible-sourcing-policy-interactive-final_tcm1255-504736_en.pdf RBPP: https://www.hul.co.in/Images/responsible-business-partner-policy-may-2017_tcm1255-504807_en.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders'?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	-	Y	Y	Y	Y	-	-	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: **Not Applicable**

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as well as the implementation of the CoBP on a monthly basis. The Audit Committee of the Company reviews the implementation of the CoBP on a quarterly basis. The CSR Committee of the Company comprising a majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the USLP.

Reporting progress to stakeholders on USLP targets forms an important part of the governance procedures of your Company. Your Company publishes an update on progress in India under USLP every year. The USLP India Progress Report can be accessed at https://www.hul.co.in/sustainable-living/india-sustainability-initiatives/. In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report which forms part of this Annual Report. The CSR Annual Report and this Business Responsibility Report can be accessed at https://www.hul.co.in/investor-relations/annual-reports/.

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

The standards on ethics, transparency and accountability are stated under the CoBP and Code policies of your Company. CoBP is the statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours. Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. The CoBP and Whistle Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFECYCLE

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have supported the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 140 million people by end of 2017 through its initiatives in the area of health and well-being and has also contributed to an important national agenda through its Swachh Aadat, Swachh Bharat programme. For further details on our brands with purpose refer to the Report of Board of Directors.

It is crucial for your Company to manage the environmental impact at each stage of its products' lifecycle to achieve USLP goals. Life Cycle Assessment (LCA) is one of several techniques that your Company uses to understand the impacts of its products on the environment. Your Company uses LCA in three ways: in new product design; for assessment of existing products; and in science and methodological development.

Sustainable purpose, sustainable products

These purpose-driven brands are not limited to being socially relevant, but are also environmentally sustainable. Many of your Company's food products are made from sustainably sourced agricultural raw materials. For example 100% of tomatoes used in your Company's Kissan ketchup are from sustainable sources. Your Company is also working through its supplier partners with 10,000 smallholder farmers in southern India for sustainable farming of gherkins. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

Your Company has taken an audacious target of eliminating coal from its energy mix by 2020. This will result in substantial reduction in our carbon footprint. Further, your Company shall source 100% of its energy across its operations from renewable sources by 2030.

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers. Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance issues with SEAC.

In case consumers face any issues with the products, they can reach the Company through Levercare – an initiative of the Company that allows consumers to register complaints and obtain information regarding the Company's products.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Your Company's well-being strategy aims to create a working environment that is supportive of employees' personal lives, while meeting your Company's business needs.

Vision – An injury-free organisation

Your Company's vision to become an injury-free organisation. We achieved a further 6% reduction in Total Recordable Frequency Rate (TRFR) in 2017 as compared to 2016. Overall, we have achieved a robust 80% reduction in the TRFR for accidents in the factories and offices in 2017 as compared to 2008 baseline. Your Company has a Central Safety, Health and Environment Sub-Committee, which is led by the Chief Executive Officer.

Holistic well-being

Your Company's well-being agenda encompasses four pillars of well-being – physical, mental, emotional and purposeful. Lamplighter is your Company's framework for addressing employee health and well-being. In 2017, your Company rolled out well-being workshops and healthy-eating awareness sessions for employees, that were attended by nearly 4,000 employees. It also conducted purpose workshops for over 1,000 employees. Your Company is successfully running the toll-free helpline in nine languages for its employees to reach out and speak to a counsellor and seek advice on physical and mental health. Your Company has also collaborated with well-being experts to share their insights on holistic well-being.

Additionally, well-being 'Thrive' workshops were conducted across 32 locations in the country and saw participation from over 12,000 employees. Your Company also conducted regular workshops on improving nutrition where we invited experts to demonstrate ways of healthy cooking. Along with partners and experts, the Company implemented habit changing interventions that focused on healthy nutrition choices, de-addiction and adopting clean habits.

Capability building

Apart from physical and mental health, your Company focuses on continuous learning and building organisational capabilities of its people:

- **Sparkle:** It is a technology tool designed for capability management of shop-floor Blue collar employees.
- **Unilever Future Leaders Programme (UFLP):** Your Company identifies talent early and invests to build capability through this flagship programme.
- **70:20:10 Capability Building:** Your Company follows the 70:20:10 capability building approach with 70% capability built on the job through live assignments, 20% through coaching, short-term projects and exposures and 10% through classroom, virtual and e-learning.
- **People Planning Processes:** Leaders at each level review and assess talent on both, the "What" and the "How'" of performance through an objective process. Capability building and career plans for talent form an integral part of this process.
- **Growth through Diversity of Experience:** Job rotation and diversity of experiences are integrated at all stages of the individual's career.

Diversity and inclusion

During the year 'Inclusive Leaders' were recognised by employees for contribution and role modelling of inclusive leadership.

In the area of diversity, your Company ensures a gender-balanced workforce. More than one-third of your Company's managers are women. In 2017, over 60% of the hires were Mid-Career Recruits (MCRs) and 45.5% of Unilever Future Leaders Programme (UFLP) hires were women.

Your Company has been consistently recognised at various awards and forums such as 'Best Companies for Women in India' for its culture of diversity and inclusiveness. Your Company's onsite Daycare Centre in Mumbai has been ranked as the 'No.1 Preschool Programme' in Mumbai by Education Today consistently for the past two years.

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity / Affirmative Action. It has a Policy on Affirmative Action and a Policy on Prevention of Sexual Harassment to ensure a harassment-free workspace for the employees. Sexual harassment cases are dealt with as per the Company Policy on Prevention of Sexual Harassment and the CoBP and applicable laws. Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication. During the year 2017-18, four complaints with allegation of sexual harassment were filed with the Company and the same has been handled under the provisions of the Prevention of Sexual Harassment Act.

Around 1500 people were trained on preventing sexual harassment and related topics. Training included:

- New Joiners / Trainees / Interns / Third-party business partners were inducted on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Employees across locations were taken through a refresher programme on Prevention of Sexual Harassment at Workplace.
- Inside offices, women employees are discouraged from working beyond 8.30 p.m. Any instances of late working are detected by the attendance card reader and sent to the employee's Line Manager automatically. In circumstances where late working becomes unavoidable, women employees are required to (i) Take a drop home from a Company approved car vendor only; (ii) Be escorted by a male colleague back home; (iii) Inform their Line Managers upon reaching home that they have reached safely.

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations. Since 2015, it has maintained a record of near-zero loss of man-days due to industrial unrest. Your Company currently has 5,725 employees (excluding workmen), over 4,000 employees are employed on contractual / temporary basis as on 31st March, 2018.

Freedom of association, participation and collective bargaining

All workers are free to exercise their right to form and / or join trade unions or to refrain from doing so and to bargain collectively.

There are 105 employee associations across your Company. More than 10,000 permanent employees are members of these associations. There are over 104 female shop-floor Blue collar employees and over 18 permanent shop-floor Blue collar employees with disabilities in your Company's factories.

During the last year, your Company entered into long-term settlements with around 3,747 employees covering 10 factories across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees can raise issues and concerns. The CoBP and Whistle Blower Policy provide for reporting in confidence of issues like child labour, sexual harassment etc. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report. During the year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS', ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

Your Company actively engages with stakeholders in its own operations and beyond to bring transformational change.

Internal and external stakeholder engagement

Stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the USLP. The CoBP and Code Policies guide how your Company interacts with the partners – among other suppliers, customers, governments, Non-Governmental Organisations (NGOs) and trade associations. Only authorised and appropriately trained employees or representatives can engage with these groups. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Unilever's values.

The Company engages in multiple ways with specific important stakeholders:

Suppliers

Every day, we work with thousands of suppliers who are helping us achieve success in the market. Our suppliers help us innovate, create value, build capacity and capability, deliver quality and service and drive market transformation. We invest in long-term mutually beneficial relationships with our key suppliers through our Partner to Win programme, so we can share capabilities and co-innovate for shared growth.

Consumers and customers

Your Company constantly seeks to understand the needs of the consumers and brings in technology to ensure that the consumers are kept informed and engaged on your Company's products and services.

- **Winning In Many Indias:** Your Company consolidated the ambitious transformation agenda of 'Winning In Many Indias' (WiMi) in 2016. It has been a journey strengthening the WiMi thinking across markets, end-to-end planning and ways of working. This has helped the Company to move the needle on quality of servicing and in-market execution by getting closer to the customers, shoppers and consumers. This approach has strengthened your Company's connect with them across geographical clusters, and will be a source of competitive advantage for years to come.
- **Dial Up The Big Q:** Your Company has been a pioneer in the area of big data and analytics as a tool to drive sustainable growth. Using more than millions of transactions captured every month, your Company uses intelligent analytics at the back-end, to deliver better on-shelf availability in stores. Your Company will continue to invest in the power of knowledge and big data to enhance the impact and effectiveness of execution.
- **Building Brands In Store:** Investments made by your Company in building brands in stores in the Modern Trade channel has delivered good results. Your Company saw strong growth across all key modern trade retail partners, driven by strong joint business plans. Your Company's position in FMCG as market leader coupled with the early investments in the e-commerce channel has helped your Company take the lead in developing this channel with key online and offline retailers.
- **Levercare:** Your Company has Levercare, a toll-free number, e-mail and a postal address where consumers can reach the Company directly. Levercare gives consumers the promise of better service and helps the Company to connect with consumers and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances and offer suggestions / ideas. Levercare has leveraged technology to deliver personalised service that helps build one-on-one relationships with consumers and customers to delight them. Detailed description of more such initiatives is given in Principle 9 (Customer Value).

Shareholders and investors

Your Company regularly interacts with its shareholders and investors through results announcements, annual report, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to engage directly with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

Your Company has a designated e-mail address for shareholders. The Investor Services Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matter. The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings, participation at investor conferences and the annual investors meet.

Government

Your Company co-operates and engages with governments, regulators and legislators, both directly and through trade associations, in the development of proposed legislation and regulation which may affect your business interests.

NGOs

Your Company is building transformational partnerships in collaboration with NGOs and other stakeholders who share the Company's vision for a more sustainable future. These partnerships are instrumental in improving the quality of people's lives, achieving the Company's USLP targets and driving the business growth. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation, partners with several NGOs for undertaking water conservation programme. This year, your Company has partnered with NGOs for implementing the Swachh Aadat curriculum and conducted pilot projects for waste collection and segregation.

Media

Your Company engages with media to update about the developments in the Company. Regular interactions with print, television and online media take place through press releases, media events and quarterly results announcements. Your Company also ensures timely and appropriate responses to media for any information requests within the stipulated disclosure norms.

Employee engagement

Your Company has several communication processes instituted to ensure a two-way communication channel with its employees. These include:

- **CEO Report Back:** Quarterly performance update from the CEO to all employees.
- **Annual Review:** All managers are invited to the Annual Review which is conducted in four major metros.
- **Others:** The Company has other in-house communication channels, which help employees to connect, bond, inspire, express and celebrate their achievements.

Other key opinion formers

Every year, the Company organises an event and provides an update on the progress of the USLP to key opinion formers representing various stakeholder groups such as NGOs, IGOs, Government bodies, companies, industry bodies and consumer organisations.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company seeks to uphold and promote human rights in its operations, in relationships with business and partners; and by working through external initiatives such as the United Nations Global Compact.

Unilever has identified eight human rights issues as priority and is committed to addressing them across its operations globally. The eight priority issues are: discrimination, fair wages, forced labour, freedom of association, harassment, health and safety, land rights and working hours. Unilever's approach to managing these critical human rights issues globally is elaborated on the Unilever website.

The report on human rights released by Unilever in 2015 outlines Unilever's goals not only to respect human rights but to actively advance them across all areas of the business.

In India, your Company fully adheres to Unilever's approach to human rights. In addition to this, your Company's CoBP upholds the principles of human rights and fair treatment. The Code also conforms to the International Labour Organisation (ILO) principles.

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners. Your Company's Responsible Sourcing Policy' for suppliers reinforces the principles of human rights and labour rights for all suppliers of your Company and is available on Unilever's website.

No complaints were received regarding human rights violation during the year.

PRINCIPLE 6: ENVIRONMENT

BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

In line with USLP, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increase the social impact. To achieve this goal, your Company has taken up ambitious targets of specific reductions in the areas of waste (kg/tonne of production), water (m^3/tonne of production) and greenhouse gas emission (kg/tonne of production). The reductions for 2017 based on 2008 baseline are:

- CO_2 emissions (kg/tonne of production) reduced by 54%.
- Water consumption (m^3/tonne of production) reduced by 55%.
- Total waste (kg/tonne of production) generated from the factories reduced by 54%.

Your Company also recycles and disposes the waste generated during the manufacturing operations in an environmentally friendly manner. All our manufacturing sites have sustained zero non-hazardous waste to landfills status since 2014. The Company has also embraced Unilever's global target of ensuring that all of its plastic packaging is fully reusable, recyclable or compostable by 2025.

Your Company has undertaken multiple sustainability initiatives, which are elaborated as under:

- Your Company is now using 100% of its waste residue generated from oil processing as fuel in its various factories. This is bio-genic (renewable) fuel and has zero carbon footprint.
- Various solar initiatives were implemented across factories in 2017 like Solar Tree, Effluent Treatment Plant (ETP) powered by Solar Photovoltaic (PV), Solar Power Purchase Agreements (PPAs), Roof top Solar PV.
- During the year, your Company upgraded effluent treatment facilities at several sites by providing technologies like PVA (Polyvinyl Alcohol) gel based biocarriers, MBBR (Moving Bed Biofilm Reactor), Volute for mechanical dewatering ETP sludge via reducing screw pitch mechanism, Drum drier for treatment of RO rejects. The facilities were installed to ensure that these sites remain zero liquid effluent discharge.
- Your Company is maximising use of biodegradable material like food waste, leaves, etc. for energy generation through Biogas plants which are now operational in eight sites. The biogas generated from these plants is used in canteen for cooking.
- Over 8.5 million units (KWH) were reduced from your Company's energy footprint during 2017 in comparison to last year due to execution of various capital projects ranging from LED lights replacement across various factories, compressed air heat recovery system, replacement of AHU (Air Handling Unit) with HVLS (High-Volume Low-Speed) fans, Variable Freequecy Drives (VFDs) for pumps in manufacturing, optimisation of compressed air usage through control system, steam usage optimisation, condensate recoveries and energy efficient motors for pumps and agitators. Your Company has made investments totaling ₹ 7 crores in such projects in the above period.
- The contribution of renewable energy in total energy went up to 36%, an increase of more than 7% in comparison to last year.
- Your Company has significantly increased direct use of rainwater in operations during monsoons to reduce groundwater withdrawal. There was a 44% increase in captive rainwater reuse in 2017 in comparison to last year. The areas of use include utilities like cooling towers, soft water generation and processes.
- Total waste reduction achieved by identifying new opportunities for reusing and recycling wastes, recovering energy from organic process wastes, all within the purview of statutory guidelines of waste disposals. Your Company maintained the status of 'zero non-hazardous waste to landfill' for all factories and offices.

Monitoring procedures

The progress on sustainability is monitored at different levels as mentioned below:

- **Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on USLP commitments. The Council reports the progress to the CEO and Management Committee on a quarterly basis.
- **Environment Sub-Committee:** The sub-committee is headed by the Executive Director, Supply Chain, and has cross-functional representation from departments such as Safety, Health and Environment, Engineering, R&D, Finance and Legal. The subcommittee meets regularly to review environmental performances and strategise on the areas of improvement.

Risk Assessment

All the emissions / waste generated by your Company are generally within the permissible limits given by respective state Pollution Control Boards (PCBs).

During the year, your Company continued to make significant progress on the matter of its former factory in Kodaikanal. An update on this issue forms part of the Report of Board of Directors.

PRINCIPLE 7: POLICY ADVOCACY

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

Your Company's approach to advocacy is guided by the CoBP. The CoBP and Code Policies provide that any contact by the Company or its business associates with government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and trained officials can interact with these organisations.

The Company is represented in key industry and business associations which include Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Bombay Chamber of Commerce and Industry (BCCI) and Advertising Standards Council of India (ASCI).

Many of the Board and senior leadership team members are associated with several global bodies like the World Economic Forum (WEF), United Nations Global Compact (UNGC), apart from the leading business Chambers in India.

Your Company participates in multi-stakeholder engagements and when relevant, responds to public consultations. Some of the key issues on which your Company engaged with the government in 2017-18 include:

- Effective plastic waste management
- Engagement with government on fiscal issues including Goods and Services Tax (GST)
- IPR: Right Holders recommending changes in policy framework and adoption of practices to mitigate the menace of counterfeits; seeking action against parallel imports of goods in the country.
- Consumer Protection Bill – seeking support for implementing 'workable' provisions, especially on misleading advertisements.
- Seeking redressal to address the overlaps in the existing packaging, labelling laws.

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Your Company's inclusive growth approach focuses on improving the livelihoods of smallholder farmers, supporting small-scale retailers and helping young entrepreneurs. Some of the important initiatives are mentioned below.

Improving livelihoods of smallholder farmers

Your Company has been associated with a number of smallholder farmers through its supplier partners, training them on good agricultural practices like drip irrigation, nutrient management, pest and disease management to improve their livelihood. Over 10,000 smallholder gherkin farmers in southern India have benefitted from Unilever's innovative Responsible Farming Programme. The aim of this programme is to increase productivity, develop best practices and improve livelihoods of farmers.

Your Company has worked with its suppliers to partner with smallholder farmers for cultivation of tomatoes. These farmers have also benefitted from similar training initiatives. Till date, your Company has reached out to over 8,000 smallholder farmers who cultivated tomatoes on more than 11,000 acres of land.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to provide livelihood enhancing opportunities to women micro-entrepreneurs in rural India. The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets of distribution management. Currently, there are nearly 80,000 micro-entrepreneurs as part of Project Shakti.

Empowering communities through Prabhat

Project 'Prabhat' (meaning 'dawn' in Hindi) is your Company's programme to contribute to and engage with communities around its manufacturing sites. Prabhat focuses on three priority areas - improving health and hygiene, conserving water potential and enhancing livelihoods. Project Prabhat has directly impacted over 17 lakhs people as of by the end of 2017.

Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English speaking, office dressing and interview preparation. So far, over 4.2 lakhs people have benefitted from this programme.

PRINCIPLE 9: CUSTOMER VALUE

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Your Company's strong distribution network comprises millions of outlets serviced by 3,500 distributors and associates who help deliver Company's products. Your Company has undertaken some important initiatives to become more customer-centric and win in the marketplace. These initiatives include:

- **Call centres:** The call centres setup for retailers have helped many of your Company's traditional trade customers reach out directly to the Company. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the marketplace better and address them effectively.
- **Partner of choice:** Your Company registered strong growth across all key modern trade partners, driven by strong joint business plans. Your Company made significant investment in capability building in e-commerce. An efficient team with diverse talent combined with the best global practices is a competitive advantage for your Company in area of e-commerce.

Responsible marketing and communication

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.
- It is your Company's responsibility to ensure that its products are safe and that the Company provides clear information on their use and any risks that are associated with their use.
- Your Company fully supports a consumer's right to know what is in the products and is transparent in terms of ingredients, nutritional values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which include product labels, websites, careline phone numbers and leaflets to communicate openly with its consumers.
- Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of Advertising Standards Council of India (ASCI), a self-regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 55 complaints were filed with ASCI against advertisements made by your Company, out of which all but two were closed at the end of the year.
- Your Company has certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 57 consumer cases pending.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation. As part of Guideline Daily Amounts (GDA) labelling, 100% of the Company's food and beverage product includes energy per portion information on the front of the pack and percentage GDA for five nutrients on the back of the pack*.

In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products directed at children (below 12 years). These principles require that marketing practices:

- Do not convey misleading messages
- Do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed
- Do not encourage 'pester power'
- Do not suggest time / sense of urgency or price minimisation pressure
- Do not encourage unhealthy dietary habits
- Do not use broadcast or print media personalities in a way that obscures the distinction between programme or editorial content or commercial promotion

Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, HUL pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

* Where applicable and legally permissible in accordance with local or regional industry agreements.

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

CORPORATE GOVERNANCE PHILOSOPHY

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. At Hindustan Unilever Limited, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

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

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

In recognition of its governance practices, your Company was conferred upon a Certificate of Recognition at the 17th ICSI National Awards for Excellence in Corporate Governance for the year 2017 by the Institute of Company Secretaries of India.

Kotak Committee on Corporate Governance

The Securities and Exchange Board of India ('SEBI') accepted some of the recommendations with or without modifications on 28th March, 2018 of the Kotak Committee on Corporate Governance and consequently, on 9th May, 2018 the SEBI amended (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Your Company welcomes this progressive step of SEBI and has already been in compliance with many of the recommendations made by the Kotak Committee as part of its Corporate Governance framework. The Company shall ensure that its governance framework incorporates the amendments introduced in the Listing Regulations and the same are complied with on or before the effective date.

THE BOARD OF DIRECTORS

The Board of Directors ('the Board') have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Managing Director and Chief Executive Officer (CEO) of the Company. The Management Committee of the Company is headed by the Managing Director and CEO and has business / functional heads as its Members, which look after the management of the day-to-day affairs of the Company.

Composition

The Board of your Company has a good mix of Executive and Non-Executive Directors with half of the Board of the Company comprising Independent Directors. As on date of this Report, the Board consists of ten Directors comprising one Non-Executive Chairman, five Independent Directors and four Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board, as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

Mr. Harish Manwani has decided to retire as the Non-Executive Chairman of the Company and will not seek re-appointment at the forthcoming Annual General Meeting (AGM). The Board places on record its deep sense of gratitude and appreciation for the leadership and direction provided by Mr. Manwani, first as the Executive Director and thereafter, as the Non-Executive Chairman for the past 13 years. The Board has decided to appoint Mr. Sanjiv Mehta, presently, the Managing Director and CEO of the Company, as the Chairman of the Board in succession to Mr. Manwani from the conclusion of the forthcoming AGM. The Board, while taking the above decision, took note of SEBI's announcement on 28th March, 2018, to accept the recommendation of the Kotak Committee on Corporate Governance to separate the positions of the Chairman and the Managing Director, effective April 2020, for top 500 Companies by market capitalisation. Considering this, the Board has decided that, the current tenure of Mr. Sanjiv Mehta as the Chairman shall be till March 2020. The Company shall ensure compliance with the new requirement of separation of the positions of the Chairman and the Managing Director on or before April 2020.

The present term of appointment of Mr. Sanjiv Mehta as the Managing Director and CEO is valid up to 9th October, 2018. The Board has, subject to the approval of the Members in the forthcoming AGM, approved the re-appointment of Mr. Sanjiv Mehta as Managing Director and CEO for a further period of five years, post completion of his present term. The period of re-appointment will be from 10th October, 2018 to 9th October, 2023.

During the year, Mr. P. B. Balaji, resigned as Executive Director, Finance & IT and Chief Financial Officer with effect from 13th November, 2017 to pursue an external opportunity. Mr. Srinivas Phatak was appointed as Executive Director, Finance & IT and Chief Financial Officer succeeding Mr. P. B. Balaji with effect from 1st December, 2017. The Board places on record its deep sense of appreciation for the outstanding contribution made by Mr. P. B. Balaji as the Executive Director, Finance & IT and Chief Financial Officer of the Company.

On an annual basis, the Company obtains from each Director details of the Board and Board Committee positions she / he occupies in other Companies and changes, if any, regarding their Directorships. In addition, the Independent Directors provide an annual confirmation that they meet the criteria of independence as defined under Section 149(6) on an annual basis of the Companies Act, 2013.

The details of each member of the Board along with the number of Directorship(s) / Committee Membership(s) / Chairmanship(s), date of joining the Board and their shareholding in the Company are provided herein below:-

Composition and Directorship(s) / Committee Membership(s) / Chairmanship(s) as on 31st March, 2018

Name	Date of joining the Board	Number of shares held in the Company	Directorship(s) in other Companies#	Membership(s) of Committees in other Companies##	Chairmanship(s) of Committees in other Companies##
Non-Executive Chairman					
Harish Manwani	29.04.2005	22,130	-	-	-
Managing Director and CEO					
Sanjiv Mehta	01.10.2013	10	-	-	-
Executive Director (Finance & IT) and CFO					
Srinivas Phatak	01.12.2017	10,208	-	-	-
Executive Directors					
Pradeep Banerjee	01.03.2010	52,886	2	-	-
Dev Bajpai	23.01.2017	39,909	-	-	-
Independent Directors					
Aditya Narayan	29.06.2001	-	3	2	1
S. Ramadorai	20.05.2002	35	8	-	-
O. P. Bhatt	20.12.2011	-	3	3	1
Sanjiv Misra	08.04.2013	-	2	-	1
Kalpana Morparia	09.10.2014	-	1	-	1

#Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.
##Includes only Audit Committee and Stakeholders' Relationship Committee.

The number of Directorship(s), Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

None of the Directors of your Company are inter-se related to each other.

Appointment and Tenure

The Directors of the Company are appointed/re-appointed by the Board on the recommendations of the Nomination and Remuneration Committee and approval of the Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-election. The Executive Directors on the Board have been appointed as per the provisions of the Companies Act, 1956 / Companies Act, 2013 and serve in accordance with the terms of their contract of service with the Company.

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

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and the Listing Regulations.
- The Independent Directors will serve a maximum of two terms of five years each, after the introduction of the Companies Act, 2013.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and the Listing Regulations.
- In accordance, with the recently notified changes in the Listing Regulations, the Company shall ensure that the appointment of any Non-Executive Director who has attained the age of 75 years is approved by the Members by way of a Special Resolution.

Any person who becomes Director or Officer, including an employee who is acting in managerial or supervisory capacity, shall be covered under Directors' and Officers' Liability Insurance policy. The policy shall also cover those who serve as a Director, Officer or equivalent of an outside entity at Company's request. The Company has provided insurance cover in respect of legal action against its Directors under the Directors' and Officers' Liability Insurance.

Board Independence

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than the Chairman are Independent. Mr. Harish Manwani, who was formerly Chief Operating Officer of the parent Company, is not considered as an Independent Director.

Board Meetings

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

The Board business generally includes consideration of important corporate actions and events including:-

- quarterly and annual result announcements;
- oversight of the performance of the business;
- declaration of dividends;
- development and approval of overall business strategy;
- Board succession planning;
- review of the functioning of the Committees and
- other strategic, transactional and governance matters as required under the Companies Act, 2013, Listing Regulations and other applicable legislations.

The notice of Board / Committee meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and the Managing Director and CEO of the Company. The Agenda is circulated a week prior to the date of the meeting. The Board Agenda includes an Action Taken Report comprising the actions emanating from the Board Meetings and status update thereof. The Agenda for the Board and Committee Meetings covers items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

Prior approval from the Board is obtained for circulating the Agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information.

During the financial year ended 31st March, 2018, five Board meetings were held on 17th May, 2017, 18th July, 2017, 25th October, 2017, 11th December, 2017 and 17th January, 2018. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

Board Support

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

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

Separate Independent Directors' Meetings

The Independent Directors meet at least once in a quarter, without the presence of Executive Directors or Management representatives.

The Independent Directors met five times during the financial year ended 31st March, 2018 on 17th May, 2017, 18th July, 2017, 25th October, 2017,11th December, 2017 and 17th January, 2018. The Independent Directors *inter alia* discuss the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to these formal meetings, interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

Directors' Induction and Familiarisation

The Board familiarisation programme comprises the following:-

- Induction programme for new Independent Directors;
- Immersion sessions on business and functional issues;
- Strategy session.

All new Independent Directors are taken through a detailed induction and familiarisation programme when they join the Board of your Company. The induction programme is an exhaustive one that covers the history and culture of Hindustan Unilever, background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions. The programme also covers the Unilever Sustainable Living Plan.

As part of the induction sessions, the Managing Director and CEO provides an overview of the organisation its history, culture, values and purpose. The Business and Functional Heads take the Independent Directors through their respective businesses and functions. As a part of the induction programme, Independent Directors also visit the Company's manufacturing locations and undertake market visits to understand the operations of the Company. The Independent Directors are exposed to the constitution, Board procedures, matters reserved for the Board and major risks facing the business and mitigation programmes. The Independent Directors are made aware of their roles and responsibilities at the time of their appointment and a detailed Letter of Appointment is issued to them.

In the Board Meetings, immersion sessions deal with different parts of the business and bring out all facets of the business besides the shape of the business. These immersion sessions provide a good understanding of the business to the Independent Directors. Similar immersion sessions are also convened for various functions of the Company. These sessions are also an opportunity for the Board to interact with the next level of management. To make these sessions meaningful and insightful, pre-reads are circulated in advance. Deep dive sessions are also organised on specific subjects for better appreciation by the Board of its impact on the business. There are opportunities for Independent Directors to interact amongst themselves every quarter. Many themes for such immersion sessions come through on account of these structured interactions and meetings of Independent Directors. The process of Board Evaluation also throws up areas where the Board desires deep dive sessions.

Every year, a two day Strategy Board Meeting is organised generally at a location where the Company has an office or an establishment. It provides to the Board an opportunity to understand Company's footprint in that market and also interact with the Company's leadership and business teams in that market. The strategy session focuses on the strategy for the future and covers all parts of the business and functions, the course corrections, if any, required to be undertaken and gives a good perspective of the future opportunities and challenges. Apart from the above, the Directors are also given an update on the environmental and social impact of the business, corporate governance, regulatory developments and investor relations matters.

The details of training programme attended by Independent Directors are available on the website at https://www.hul.co.in/investor-relations/corporate-governance/.

Board Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. During the year, Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Peer evaluation of the Directors. The exercise was led by the Non-Executive Chairman along with the Chairman of the Nomination and Remuneration Committee of the Company. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The guidance note issue by SEBI on Board Evaluation was duly considered while conducting the evaluation exercise. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committee Meetings. The evaluation exercise also suggested that the Board succession planning exercise has been embedded well in the Board processes. The exercise highlighted that the Board's support and guidance on key issues such as demonetisation and implementation of GST helped the management in validating its approach and decision taken in this regard.

The Board also noted that given the changing external environment, there is need for better allocation of time for business reviews, periodic refreshers for the Board on key strategic thrusts. The Board observed that there is a significant value in conducting Board offsite meetings as it brings the Board close to its customers and consumers. The need to continue to conduct these meetings was reiterated. These areas have been identified for the Board to engage itself with and the same will be acted upon.

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 as mandated by applicable regulation; 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 Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

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

Audit Committee

The Company's Audit Committee comprises Mr. Aditya Narayan as the Chairman and Mr. S. Ramadorai, Mr. O. P. Bhatt, Dr. Sanjiv Misra, Independent Directors of the Company as Members of the Committee. Ms. Kalpana Morparia stepped down as the member of the Committee w.e.f. 25th October, 2017. All the Members of the Committee have relevant experience in financial matters.

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

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible;
- reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;
- reviewing management discussion and analysis of financial condition and results of operations;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process; reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- reviewing the functioning of the CoBP of the Company and Whistle Blowing mechanism.

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The detailed terms of reference of the Audit Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are convened. In these meetings, the Audit Committee reviews various businesses / functions, business risk assessment, controls and critical IT applications with implications of security and internal audit and control assurance reports of all the major divisions of the Company.

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

The Audit Committee met six times during the financial year ended 31st March, 2018 on 17th May, 2017, 29th June, 2017, 18th July, 2017, 25th October, 2017, 11th December, 2017 and 17th January, 2018.

Internal Controls and Risk Management

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

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

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

Ms. Subhra Gourisaria acts as an Internal Auditor of the Company.

The Company's internal financial control framework, established in accordance with the Committee of Sponsoring Organisation (COSO) framework, is commensurate with the size and operations of the business and is in line with requirements of the Companies Act, 2013. The Company's internal financial controls framework is based on the 'three lines of defense model'. The Company has laid down Standard Operating Procedures and policies to guide the operations of the business. Unit heads are responsible to ensure compliance with the policies and procedures laid down by the management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Mr. Harish Manwani as Members of the Committee.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, *inter alia*, includes:-

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine / recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc.;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole.

The detailed terms of reference of the Nomination and Remuneration Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/. The Committee also plays the role of Compensation Committee and is responsible for administering the Stock Option Plan and Performance Share Plan of the Company and determining eligibility of employees for stock options.

The Nomination and Remuneration Committee met once during the financial year ended 31st March, 2018 on 23rd February, 2018. During the year, the Committee also transacted some of the business under its terms of reference by passing resolution by circulation.

Board Membership Criteria

The Board of Directors are collectively responsible for selection of a member on the Board.

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

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of relevance to the Company;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Reward Policy

The Reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and reinforces the performance culture of the Company. This philosophy is set forth into practice by various policies governing the different elements of total 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. The ultimate objective is to gain competitive advantage by creating a reward proposition that inspires employees to deliver Company's promise to consumers and achieve superior operational results.

The guiding principles for Company's reward policies / practices are as follows:-

1. Open, Fair and Consistent: increase transparency and ensure fairness and consistency in reward framework;
2. Insight and Engagement: make reward truly relevant to the employees by using leading edge tools that help the Company 'hear' how employees feel about their reward;
3. Innovation: continuously improve Company's reward through innovations based on insight, analytics and Unilever's expertise;
4. Simplicity, Speed and Accuracy: simplify reward plans and processes and deliver the information employees need quickly, clearly and efficiently;
5. Business Results: Company's business results are the ultimate test of whether reward solutions are effective and sustainable.

In line with the review done of the Reward Framework during the year 2017, the salary structure of senior managers of the Company is undergoing a change. It has been simplified to ensure fewer elements and a clear linkage to employee performance.

The appointment of Executive Directors, Key Managerial Personnel, Management Committee Members and other employees is by virtue of their employment with the Company as management employees and therefore, their terms of employment vis-à-vis 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 total reward for Executive Directors, Key Managerial Personnel and Management Committee Members is reviewed and approved by the Nomination and Remuneration Committee annually, taking into account external benchmarks within the context of group and individual performance.

A fair portion of Executive Directors total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. Long-term incentives, in the form of Management Co-Investment Plan, seek to reward Executive Directors, Management Committee Members and other eligible employees by aligning their deliverables to business results. This programme has been further strengthened as part of the review exercise for Executive Directors, Key Managerial Personnel and Senior Management employees of the Company.

In line with the Evaluation Policy of the Company, the Nomination and Remuneration Committee considers the outcome of the annual evaluation before recommending the changes in the remuneration of the Executive Directors and appointment / re-appointment of Directors.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the approval of Members of the Company. Independent Directors are currently paid sitting fees of ₹ 30,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors remuneration which is also available at Company's website at https://www.hul.co.in/investor-relations/corporate-governance/. As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of ₹ 15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a member of the Committee(s).

The remuneration payable to the Independent Directors under the Differential Remuneration Policy is within the overall limit of ₹ 300 lakh, as approved by the Members at the AGM held on 29th June, 2015. The criteria adopted by the Company for Differential Remuneration Policy is as under:-

(₹ Lakhs)

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

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

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

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

The details of remuneration paid, stock options and conditional grants made to Executive Directors and remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2018 are provided hereinafter:

Details of Remuneration to the Executives Directors

(₹ Lakhs)

Name	Salary and Allowances	Bonus	Perquisites	Contribution to PF	Pension	Total
Sanjiv Mehta	696	558	645	38	-	1,937
P. B. Balaji$	295	-	-	12	9	316
Srinivas Phatak$	72	15	3	8	4	102
Pradeep Banerjee	204	204	99	24	17	548
Dev Bajpai	205	150	209	21	16	601

$ Mr. P. B. Balaji ceased to be the Executive Director, Finance & IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and Mr. Srinivas Phatak was appointed as the Executive Director, Finance & IT and Chief Financial Officer of the Company w.e.f. 1st December, 2017.

Details of Conditional Grants of Performance Shares made to the Executive Directors

Name	Performance Shares outstanding as at 31st March, 2017	Performance Shares exercised during the year	Grant under Performance Share Scheme during the year	Performance Shares balance as at 31st March, 2018
Pradeep Banerjee	5,845	-	-	5,845
Dev Bajpai	16,329	6,583	-	9,746

Details of Remuneration of Non-Executive Directors

(₹ Lakhs)

Name	Sitting Fees*	Commission#	Total
Harish Manwani##	-	62.00	62.00
Aditya Narayan	4.50	24.00	28.50
S. Ramadorai	3.60	23.00	26.60
O. P. Bhatt	4.80	25.71	30.51
Sanjiv Misra	4.50	23.00	27.50
Kalpana Morparia	3.60	22.00	25.60

* Includes sitting fees paid for Board and Committee Meetings.

The Commission for the financial year ended 31st March, 2018 as per the Differential Remuneration Policy will be paid to Independent Directors, subject to deduction of tax, after adoption of financial statement by the Members at the AGM to be held on 29th June, 2018.

In addition to Commission, the Non-Executive Chairman is entitled to reimbursement of expenses towards accommodation, travel, transport and business centre / club usage in accordance with the approval of the Board within the overall limits approved by the Members of the Company.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. Srinivas Phatak as the Members of the Committee. During the year, Mr. P. B. Balaji ceased to be the Member of the Committee and was succeeded by Mr. Srinivas Phatak.

The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the area of CSR.

The detailed terms of reference of the Corporate Social Responsibility Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

During the financial year ended 31st March, 2018, the Committee met thrice on 17th May, 2017, 11th December, 2017 and 17th January, 2018.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises Mr. O. P. Bhatt, Independent Director as the Chairman and Mr. Sanjiv Mehta and Mr. Srinivas Phatak, as Members of the Committee. During the year, Mr. P. B. Balaji ceased to be the member of the Committee and was succeeded by Mr. Srinivas Phatak.

The role of Stakeholders' Relationship Committee includes resolving the grievances of Members, ensuring expeditious share transfer process in line with the proceedings of the Share Transfer Committee, evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

The detailed terms of reference of the Stakeholders' Relationship Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

The Committee has periodic interaction with the representatives of the Registrar and Transfer Agent of the Company.

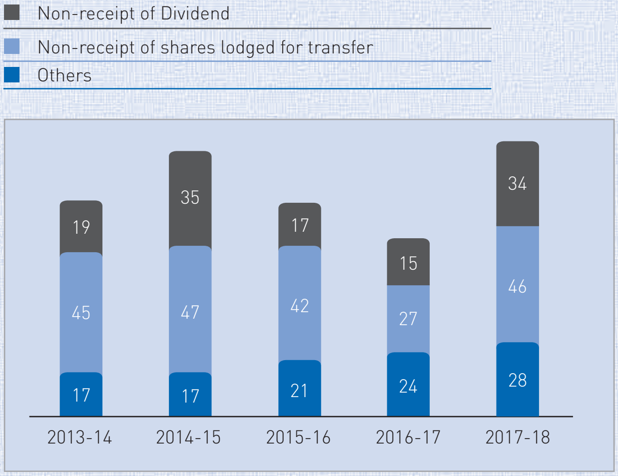
During the financial year ended 31st March, 2018, the Committee met twice on 18th July, 2017 and 28th February, 2018.

Details of Shareholders' / Investors' Complaints

Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary, is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the financial year ended 31st March, 2018, 108 complaints were received from the Members. All complaints have been redressed to the satisfaction of the Members and none of them were pending as on 31st March, 2018.

Particulars	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	34	34
Non-Receipt of Shares lodged for Transfer	46	46
Others (e.g. non-receipt of Annual Report)	28	28
Total	**108**	**108**

Trend of Complaints Received During Last 5 Years:



Risk Management Committee

The Risk Management Committee of the Company comprises Mr. Sanjiv Mehta as the Chairman and Mr. Srinivas Phatak, Mr. Pradeep Banerjee, Mr. Dev Bajpai and Mr. Aasif Malbari, Group Controller as Members of the Committee.

Mr. Aasif Malbari ceased to be the Member of the Committee with effect from 1st April, 2018 and was succeeded by Ms. Suman Hegde as the Group Controller.

The role of Risk Management Committee includes the implementation of Risk Management Systems and Framework, review of the Company's financial and risk management policies, assessment of risk and procedures to minimise the same.

The detailed terms of reference of the Risk Management Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

During the financial year ended 31st March, 2018, the Committee met twice on 18th September, 2017 and 15th March, 2018 for reviewing the Company level risks, mitigation plans and actions.

Share Transfer / Transmission Committee

The Share Transfer / Transmission Committee has been formed to look into share transfer and related applications received from Shareholders, with a view to accelerate the transfer procedures. The Committee comprises three Executive Directors of the Board. The Committee *inter alia* considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed. The Committee meets generally on a weekly basis to ensure that share transfers, and other related requests are registered and returned within a period of 15 days from the date of receipt, provided the documents are complete in all respects.

Committee for Allotment of Shares under ESOPs

The Committee for Allotment of Shares under ESOPs has been constituted for approval, issue and allotment of shares under ESOP Schemes. The Committee comprises three Executive Directors of the Board and is constituted to expedite the process of allotment and issue of eligible shares to the employees under the Stock Option Plan of the Company.

Other Functional Committees

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

Administrative Matters Committee

The Routine Business Matter Committee renamed as Administrative Matters Committee w.e.f. 18th July, 2017 has been set up to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. The Committee comprises three Executive Directors of the Board. The Committee reports to the Board and the minutes of these meetings are placed before the Board for information.

Committee for approving Disposal of Surplus Assets

The Committee for approving Disposal of Surplus Assets has been set up and 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 ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee comprises three Executive Directors of the Board. The Committee reports to the Board and minutes of these meetings are placed before the Board for information.

Attendance of Directors / Members at Board and Committee Meeting(s)

The following table shows attendance of Directors at the Board and Members of the statutory Committee Meeting(s) for the year ended 31st March, 2018. Attendance is presented as number of meeting(s) attended, (including meetings attended through electronic mode) out of the number of meeting(s) required to be attended.

Name	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	Risk Management Committee Meeting
Harish Manwani	5 of 5#	-	0 of 1	-	-	-
Sanjiv Mehta	5 of 5	-	-	2 of 2	3 of 3	2 of 2#
P. B. Balaji$	3 of 3	-	-	1 of 1	1 of 1	0 of 1
Srinivas Phatak$	2 of 2	-	-	1of 1	2 of 2	0 of 1
Pradeep Banerjee	5 of 5	-	-	-	-	0 of 2
Dev Bajpai	5 of 5	-	-	-	-	2 of 2
Aditya Narayan	5 of 5	6 of 6#	1 of 1	-	3 of 3	-
S. Ramadorai	5 of 5	6 of 6	1 of 1#	-	-	-
O. P. Bhatt	5 of 5	6 of 6	0 of 1	2 of 2#	3 of 3#	-
Sanjiv Misra	5 of 5	6 of 6	1 of 1	-	3 of 3	-
Kalpana Morparia*	5 of 5	4 of 4	-	-	3 of 3	-
Aasif Malbari	-	-	-	-	-	2 of 2

Chairman

$ Mr. P. B. Balaji ceased to be the Executive Director, Finance & IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and Mr. Srinivas Phatak was appointed as the Executive Director, Finance & IT and Chief Financial Officer of the Company w.e.f. 1st December, 2017

* Ms. Kalpana Morparia ceased to be the Member of Audit Committee w.e.f. 25th October, 2017

The last AGM of the Company held on 30th June, 2017 was attended by all Members of the Board of Directors.

GOVERNANCE OF SUBSIDIARY COMPANIES

The minutes of the Board Meetings of the subsidiary companies along with the details of significant transactions and arrangements entered into by the subsidiary companies are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your Company.

The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Notes to the standalone financial statements.

COMPANY POLICIES

Code of Business Principles / Whistle Blower Policy

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

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Business Principles of the Company.

The Company has provided dedicated e-mail addresses whistleblowing.hul@unilever.com and cobp.hul@unilever.com for reporting such concerns. Alternatively, employees can also send written communications to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to the Whistle Blower Policy. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Code of Business Principles and the Whistle Blower Policy of the Company, are reported to the Management Committee and are subject to the review of the Audit Committee. The Whistle Blower Policy is available on the website of the Company https://www.hul.co.in/investor-relations/corporate-governance/.

Preventing Conflict of Interest

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board Members and the Management Committee. The Board has adopted the Code of Conduct for the Members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company. If such an interest exists, they are required to make adequate disclosure to the Board and to abstain from discussion, voting or otherwise influencing the decision on any matter in which the concerned Director has or may have such interest. The Code also restricts Directors from accepting any gifts or incentives in their capacity as a Director of the Company, except what is duly authorised under the Company's Gift Policy. The Members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board. The Code of Conduct is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company https://www.hul.co.in/investor-relations/corporate-governance/. In addition, Members of the Board and Management Committee also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. The Members of the Board inform the Company of any change in their Directorship(s), Chairmanship(s) / Membership(s) of the Committees, in accordance with the requirements of the Companies Act, 2013 and Listing Regulations. 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 quarterly basis.

Policy on dealing with Related Party Transactions

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available at Company's website under the weblink: https://www.hul.co.in/investor-relations/corporate-governance/.

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

Policy on Material Subsidiary

The Company has adopted a Policy on Material Subsidiary in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiary is available on the website of the Company under the weblink: https://www.hul.co.in/investor-relations/corporate-governance/.

Policy on Dividend Distribution

The Company has adopted Dividend Distribution Policy in terms of the requirement, of Listing Regulations. The Policy is available on the website of the Company under the weblink https://www.hul.co.in/investor-relations/corporate-governance/. The Dividend Distribution Policy forms a part of this Report.

Share Dealing Code

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing in the securities of the Company. In accordance with the SEBI Regulations as amended, the Company has established systems and procedures to prohibit insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company prohibits the Directors of the Company and other specified employees from dealing 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 prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the Members at large. The Board of the Company has adopted a Share Dealing Code and formulated the Code of Practices and Procedures for Fair

Disclosure in terms of the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The details of dealing in Company's shares by Specified Employees (which include Members of the Management Committee and Directors) are placed before the Board for information on quarterly basis. The Code also prescribes sanction framework and any instance of breach of Code is dealt with in accordance with the same. A copy of the Share Dealing Code of the Company is made available to all employees of the Company and compliance of the same is ensured. The Share Dealing Code is available on the website of the Company at https://www.hul.co.in/investor-relations/corporate-governance/.

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, 2018 and a declaration to that effect, signed by the Managing Director and CEO, is attached and forms part of this Report.

The Members of the Management Committee have made disclosure to the Board of Directors relating to transactions with potential conflict of interest with the Company. There were no material, financial or commercial transactions, between the Company and Members of the Management Committee that may have a potential conflict with the interest of the Company at large.

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

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

Disclosure on Website

Following information has been disseminated on the website of the Company at www.hul.co.in;

1. Details of business of the Company
2. Terms and conditions of appointment of Independent Directors
3. Composition of various Committees of Board of Directors
4. Code of Conduct for Board of Directors and Senior Management Personnel
5. Details of establishment of vigil mechanism/Whistle Blower policy
6. Criteria of making payments to Non-Executive Directors
7. Policy on dealing with Related Party Transactions
8. Policy for determining material subsidiaries
9. Details of familiarisation programmes imparted to Independent Directors
10. Policy for determination of materiality of events
11. Policy for Dividend Distribution

Disclosure of Pending Cases / Instances of Non-Compliance

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

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

Commodity Price Risk / Foreign Exchange Risk and Hedging Activities

Commodities form a major part of the raw materials required for Company's products portfolio and hence commodity price risk is one of the important market risks for the Company. The commodities are priced using pricing benchmarks and commodity derivatives are priced using exchange-traded pricing benchmarks. Your Company has a robust framework and governance mechanism in place to ensure that the organisation is adequately protected from the market volatility in terms of price and availability.

The Commodity Risk Management (CRM) team of Unilever, based on intelligence and monitoring, forecasts commodity prices and movements and advises the Procurement team on cover strategy. A robust planning and strategy ensure that Company's interests are protected despite volatility in commodity prices.

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. 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 uncovered exchange rate risks in the context of the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2018 are disclosed in Notes to the standalone financial statements.

Compliance with the Discretionary Requirements under the Listing Regulations

The Board of Directors periodically reviews the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements under the Listing Regulations as on 31st March, 2018 to the extent mentioned below:

- **The Board & separate posts of Chairman and CEO:** As on date, the positions of the Chairman and the CEO are separate. Mr. Harish Manwani, Non-Executive Chairman of the Company maintains office at the Company's expense and is allowed reimbursement of expenses incurred in performance of his duties. The Board has decided to appoint Mr. Sanjiv Mehta, presently, the Managing Director & CEO of the Company, as the Chairman of the Board of Directors in succession to Mr. Manwani from the conclusion of the forthcoming AGM.
- **Shareholders' rights:** The quarterly results along with the press release are uploaded on the website of the Company https://www.hul.co.in/investor-relations/quarterly-results/. The soft copy of the quarterly results is also sent to the Members who have registered their e-mail addresses.

- **Audit qualifications:** Company's financial statement are unqualified.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

Secretarial Audit Report

The Company has undertaken Secretarial Audit for the financial year 2017-18 which, *inter alia*, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by SEBI and Foreign Exchange Management Act, 1999 and Secretarial Standards issued by the Institute of the Company Secretaries of India. The Secretarial Audit Report forms part of this Annual Report.

Corporate Governance Code Audit

The Board of Directors has adopted 'Corporate Governance Code', as amended from time-to-time for the Company which is a statement of practices and procedures to be followed by the Company. The Code is being updated from time to time as per the Governance requirements. The updated copy of the Code is available on Company's website https://www.hul.co.in/investor-relations/corporate-governance/.

The Company had appointed M/s. S. N. Ananthasubramanian and Co., a firm of Company Secretaries as the Auditor for the audit of the practices and procedures followed by the Company under the Code. The Company has received the Corporate Governance Audit Report for the financial year 2017-18.

SHAREHOLDER INFORMATION

General Body Meetings

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

Financial year ended	Date and Time	Venue	Special Resolutions passed
31st March, 2015	29th June, 2015 2.00 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	• Increase in overall limit of Remuneration payable to Non-Executive Directors • Adoption of new of Articles of Association of the Company
31st March, 2016	30th June, 2016 3.30 p.m.	Same as above	• No special resolutions were passed at this meeting
31st March, 2017	30th June, 2017 3.30 p.m.	Same as above	• Increase in overall limits of Remuneration for Managing / Whole-time Director(s)

No Special Resolution was passed by the Company last year through Postal Ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report. During the year, the Members by Ordinary Resolution had approved for appointment of Mr. Srinivas Phatak as the Whole-time Director of the Company through Postal Ballot. The Board had appointed Mr. S. N. Anathasubramanian, Practicing Company Secretary as the Scrutinizer to conduct the Postal Ballot process. The Results of Postal Ballot were declared on 11th December, 2017 and the Members passed the Ordinary Resolution with requisite majority.

Annual General Meeting for the financial year 2017-18

Date	Friday, 29th June, 2018
Venue	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	2.30 p.m.
Book Closure Dates for Final Dividend	Saturday, 23rd June, 2018 to Friday, 29th June, 2018 (both days inclusive)
Last Date of receipt of Proxy Forms	Wednesday, 27th June, 2018 before 2.30 p.m. at Registered Office of the Company

Calendar of financial year ended 31st March, 2018

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2018 were held on the following dates:

First Quarter Results	18th July, 2017
Second Quarter and Half yearly Results	25th October, 2017
Third Quarter Results	17th January, 2018
Fourth Quarter and Annual Results	14th May, 2018

Tentative Calendar for financial year ending 31st March, 2019

The tentative dates of meetings of the Board of Directors for consideration of the quarterly financial results for the financial year ending 31st March, 2019 are as follows:

First Quarter Results	16th July, 2018
Second Quarter and Half yearly Results	15th October, 2018
Third Quarter Results	22nd January, 2019
Fourth Quarter and Annual Results	14th May, 2019

Dividend

The Board of Directors at their meeting held on 14th May, 2018, recommended a Final Dividend of ₹ 12/- per equity share of face value of ₹ 1/- each, for the financial year ended 31st March, 2018. Together with the Interim Dividend of ₹ 8/- per equity share paid on 14th November, 2017, the total dividend for the year works out to ₹ 20/- per equity share of face value of ₹ 1/- each. Final Dividend, if approved by Members, will be paid on or after Wednesday, 4th July, 2018.

Unpaid / Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published newspaper advertisement.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 4.01 crores of unpaid / unclaimed dividends and 30,81,586 shares were transferred during the financial year 2017-18 to the Investor Education and Protection Fund.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company https://www.hul.co.in/investor-relations/unclaimed-and-unpaid-dividends/.

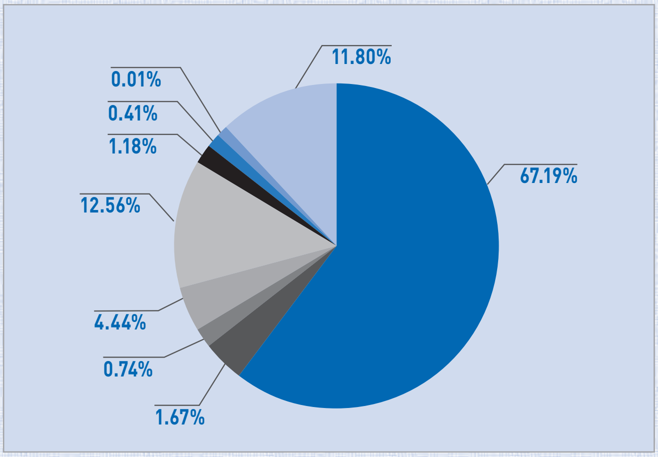
The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th June, 2017 (date of last AGM) on the Company's website https://www.hul.co.in/investor-relations/unclaimed-and-unpaid-dividends/ and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in/.

Distribution of Shareholding as on 31st March, 2018

Holding	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	2,98,278	96.20	12,86,55,411	5.94
5001 – 10000	6,662	2.15	4,68,25,709	2.16
10001 – 20000	3,069	0.99	4,25,02,240	1.96
20001 – 30000	754	0.24	1,82,89,669	0.85
30001 – 40000	314	0.10	1,07,88,957	0.50
40001 – 50000	176	0.06	77,93,348	0.36
50001 – 100000	341	0.11	2,40,47,715	1.11
100001 and above	469	0.15	188,56,25,728	87.12
TOTAL	**3,10,063**	**100.00**	**216,45,28,777**	**100.00**

Categories of Shareholders as on 31st March, 2018

Category	No. of Folios	Shares	%
Unilever PLC and its Affiliates	7	145,44,12,858	67.19
Mutual Funds & Unit Trust of India	256	3,60,72,231	1.67
Financial Institutions / Banks	132	1,60,75,240	0.74
Insurance Companies	18	9,61,00,521	4.44
Foreign Portfolio Investors	918	27,19,61,235	12.56
Bodies Corporate	2,067	2,55,73,530	1.18
NRIs / Foreign Bodies Corporate / Foreign Nationals	6,511	89,01,912	0.41
Directors and their Relatives	8	1,25,178	0.01
Resident Individuals & Others	3,00,146	25,53,06,072	11.80
TOTAL	**3,10,063**	**216,45,28,777**	**100.00**



Bifurcation of shares held in physical and demat form as on 31st March, 2018

Particulars	No. of Shares	%
Physical Segment	4,12,63,573	1.90
Demat Segment		
NSDL (A)	209,12,94,859	96.62
CDSL (B)	3,19,70,345	1.48
Total (A+B)	212,32,65,204 *	98.10
TOTAL	**216,45,28,777**	**100.00**

* includes shares held by Unilever PLC and its Affiliates representing 67.19% of the total shareholding. There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company.

Listing Details

Name and Address of Stock Exchange	Stock Code
BSE Limited (BSE) Floor 25, PhirozeJeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	500696
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	HINDUNILVR
ISIN	INE030A01027

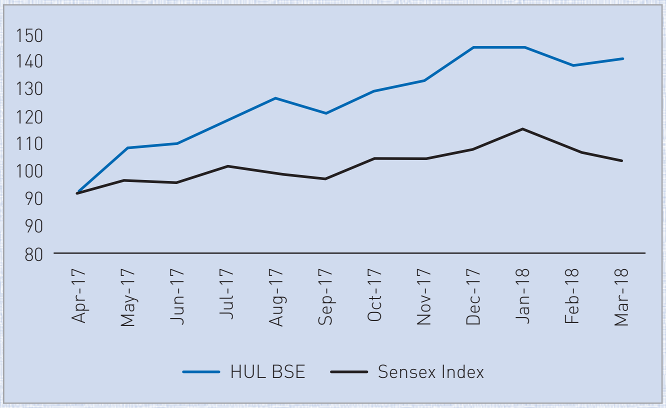
The listing fee for the financial year 2017-18 has been paid to the above Stock Exchanges.

Share Price Data

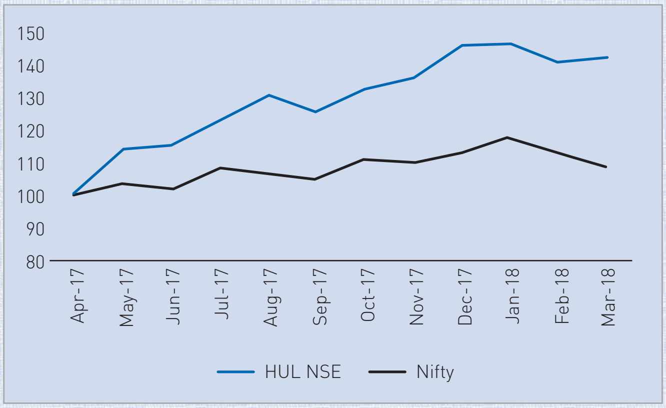
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2018 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-17	950.00	899.10	13,62,772	951.00	898.55	2,27,09,237
May-17	1,080.00	923.50	40,69,169	1.077.00	922.60	3,54,69,354
Jun-17	1,128.00	1,052.40	35,40,911	1.129.00	1.046.10	2,79,85,760
Jul-17	1,195.10	1,082.00	23,30,354	1.195.05	1,081.10	2,99,20,274
Aug-17	1,221.00	1,144.05	9,40,018	1.222.80	1143.55	1,97,34,055
Sep-17	1,286.00	1,169.00	22,76,969	1.287.60	1,169.00	2,46,54,473
Oct-17	1,288.00	1,173.00	15,42,582	1.288.65	1,171.00	2,25,35,108
Nov-17	1,314.50	1,227.00	16,35,283	1.315.00	1,226.35	2,30,65,722
Dec-17	1,384.10	1,241.30	13,56,665	1.382.80	1,241.20	2,03,57,621
Jan-18	1,410.65	1,331.05	17,84,654	1.410.00	1,328.55	2,54,76,315
Feb-18	1,415.15	1,305.00	22,22,723	1.384.80	1,299.00	2,38,15,135
Mar-18	1,344.05	1,281.60	28,09,940	1.340.00	1,281.10	2,17,94,188

BSE Sensex Vs HUL Share Price (Indexed)



NSE Nifty Vs HUL Share Price (Indexed)



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

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01/01/2009	250.75	437%	9,903.46	241%	250.75	436%	3,033.45	244%
01/04/2010	264.70	409%	17,558.73	93%	264.70	408%	5,232.20	99%
01/03/2011	313.15	330%	20,561.05	64%	313.15	329%	6,157.60	69%
01/03/2012	407.95	230%	15,939.36	112%	407.70	230%	4,765.30	119%
01/01/2013	530.60	154%	19,580.81	73%	530.60	153%	5,950.85	75%
01/01/2014	570.00	136%	21,222.19	59%	570.65	136%	6,301.65	66%
01/01/2015	758.25	78%	27,507.54	23%	758.45	77%	8,284.00	26%
01/01/2016	856.55	57%	26,160.90	29%	856.55	57%	7,963.20	31%
02/01/2017	824.55	63%	26,595.45	27%	825.35	63%	8,179.50	28%
01/01/2018	1,347.25	-	33,812.75	-	1,344.50	-	10,435.55	-

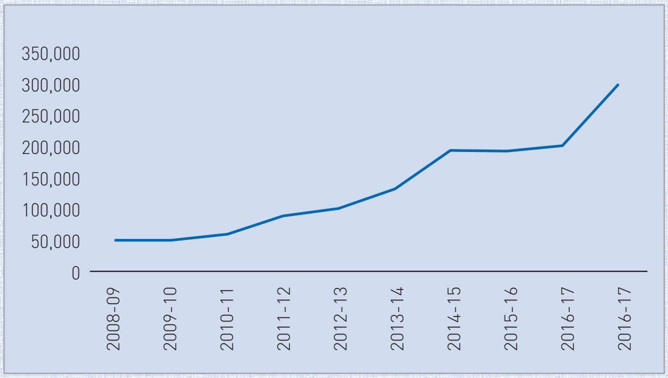
Source: BSE and NSE Website

All comparisons are with respect to 1st January, 2018 (the reference date).

Market Capitalisation

The Market Capitalisation of the Company based on year-end closing prices quoted in the BSE Limited is given below:

(₹ crore)



Mergers and Demergers

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

Plant Locations

The details of Plant Locations form part of this Annual Report.

COMMUNICATION TO SHAREHOLDERS

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

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

The Investor Relations page 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 Members have also been provided on the website of the Company.

All price sensitive information and matters that are material to Members are disclosed to the respective Stock Exchanges where the securities of the Company are listed. The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. The stock exchange filings are also made available on the website of the Company https://www.hul.co.in/investor-relations/shareholder-and-agm-information/.

Investor Services

Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting https://karisma.karvy.com/ and clicking on 'INVESTORS SERVICES' 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 generate the grievance a registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option 'VIEW REPLY' after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Relations page on website of the Company at https://www.hul.co.in/investor-relations/.

Alternative Dispute Redressal

Long pending litigations involve significant investment as monetary value of the disputed shares and accrued dividends / other benefits are locked up unutilised till the dispute is settled. Keeping this in mind, the Company in 2004, pioneered the mechanism of providing an alternate dispute redressal for Shareholders to resolve the shares related disputes pending before the courts / authorities by amicable settlement.

The Company had started this unique initiative of organising Alternative Dispute Redressal meetings wherein aggrieved investors come face to face and get a chance to settle their disputes, some of which were pending for years.

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

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

Address for Correspondence

- All Members' correspondence should be forwarded to Karvy Computershare Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for Investors' Complaints and other communications is levercare.shareholder@unilever.com
- SEBI vide its circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES). As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievances.

Karvy Computershare Private Limited	Investor Service Department	Compliance Officer
Unit : Hindustan Unilever Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 Phone: +91 - 040 - 67161500, 67162222 Fax: +91 - 040 - 23431551 Toll Free No.: 1800-345-4001 E-mail: einward.ris@karvy.com Website: www.karvy.com	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 Phone: +91 - 22 - 39832285 / 32452 Fax: +91 - 22 - 28249457 E-mail: levercare.shareholder@unilever.com Website: www.hul.co.in	Mr. Dev Bajpai Executive Director (Legal & Corporate Affairs) and Company Secretary E-mail: levercare.shareholder@unilever.com Phone: +91 - 22 - 39832557 / 34485 / 32532 / 32312

ANNEXURE TO THE CORPORATE GOVERNANCE REPORT

Dividend Distribution Policy

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is in excess of its immediate and foreseeable needs back to the shareholders over the long-term. Interim dividend is considered for declaration by the Board based on the performance of the Company during the year and final dividend is based on the performance for the full year. The actual quantum of dividend pay-out on a yearly basis will be dependent on the existing and expected underlying financial performance, market conditions, cash flow position, interim dividend, if any, already declared during the year and future requirements of funds. As such, any amount retained will be utilised for securing the long-term growth objectives of the business. With this in mind, the Company shall strive to declare a steady stream of dividends to the shareholders that is in their best long-term interest.

The declaration and distribution of dividends, whether interim or final, will, at all times, be in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, such other applicable provisions of law and the Articles of Association of the Company as amended.

This Policy is issued with the consent of the Board of Directors of the Company and can be amended only with the authority of the Board of Directors.

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, 2018 and to the best of 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.

Sanjiv Mehta
Managing Director and
Chief Executive Officer
DIN: 06699923

Srinivas Phatak
Executive Director - Finance & IT
and Chief Financial Officer
DIN: 02743340

Mumbai, 14th May, 2018

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Hindustan Unilever Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 10 July, 2017.

2. This report contains details of compliance of conditions of corporate governance by Hindustan Unilever Limited ('the Company') for the year ended 31 March, 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

4. Our examination was limited to 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 opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March, 2018.

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

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

9. 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.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai, 14th May, 2018

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hindustan Unilever Limited
CIN: L15140MH1933PLC002030
Unilever House, B. D. Sawant Marg,
Chakala, Andheri East, Mumbai - 400 099.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Unilever Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2018**, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **[Applicable only to the extent of Foreign Direct Investment and Overseas Direct Investment]**
v. 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, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **[Not Applicable as the Company has not issued any further share capital during the period under review]**;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]**;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **[Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review]**;
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not Applicable as there was no reportable event during the period under review]**;
   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not Applicable as there was no reportable event during the period under review]**;
vi. The Management has identified and confirmed the following laws as specifically applicable to the Company:
   i. The Hazardous Wastes Management Rules, 2016;
   ii. The Insecticide Act, 1968;
   iii. The Drugs and Cosmetics Act, 1940;
   iv. The Prevention of Food Adulteration Act, 1954;
   v. The Legal Metrology Act, 2009;
   vi. The Legal Metrology (Packaged Commodities) Rules 2011;
   vii. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and regulations;
   viii. Applicable BIS Standards for various categories and production process.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.;

We further report that:-

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance and a system exists for seeking and obtaining

further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All the decisions of the Board and Committees thereof were carried out with requisite majority.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:-

- As informed, the Company has responded appropriately to notices received from various statutory /regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were no following specific events/actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
FIRM REGISTRATION NO.: P1991MH040400

S. N. ANANTHASUBRAMANIAN
PARTNER
FCS No.: 4206, C.P. No.: 1774

Thane, 9th May, 2018

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDITORS' REPORT

To,

The Members,
Hindustan Unilever Limited
CIN L15140MH1933PLC002030
Unilever House, B. D. Sawant Marg,
Chakala, Andheri East, Mumbai- 400 099.

Our Secretarial Audit Report of even date, for the financial year 2017-18 is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
FIRM REGISTRATION NO.: P1991MH040400

S. N. ANANTHASUBRAMANIAN
PARTNER
FCS No.: 4206, C.P. No.: 1774

Thane, 9th May, 2018

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 7.97% for 2017-18 (7.42% for 2016-17)

*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 7.40% for 2017-18)

+

Market risk premium (taken at 9.80%) (x) Beta variant for the Company, (taken at 0.693) 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 = 7.40% + 9.8% (x) 0.693 = 14.19%

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:

a. Operating profits can be made to grow without employing more capital, i.e. greater efficiency.

b. Additional capital's invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.

c. 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.

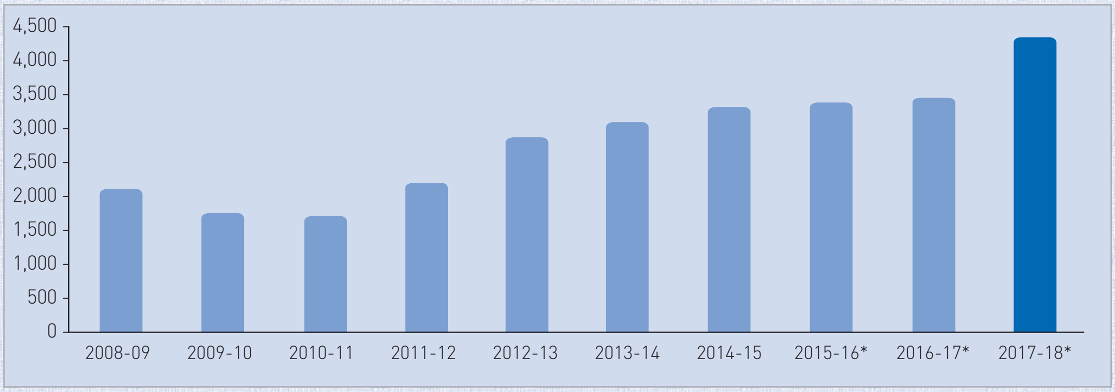
In Hindustan Unilever Limited, the goal of sustainable long-term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

EVA TRENDS: 2008-18 (UNAUDITED)

Particulars	I-GAAP							IND AS		
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	**2017-18**
Cost of Capital Employed (COCE)										
1. Average Debt	342	119	2	0	0	0	0	0	0	0
2. Average Equity	1,928	2,497	3,118	3,462	4,018	3,715	4,338	5,664	5,831	6,181
3. Average Capital Employed : (1) + (2)	**2,270**	**2,616**	**3,120**	**3,462**	**4,018**	**3,715**	**4,338**	**5,664**	**5,831**	**6,181**
4. Cost of Debt, post-tax %	3.91	3.95	5.36	6.20	6.02	6.36	5.56	5.43	4.90	5.21
5. Cost of Equity %	14.47	12.51	12.93	10.10	10.07	11.62	10.91	11.98	12.85	14.19
6. Weighted Average Cost of Capital % (WACC)	12.88	12.12	12.92	10.10	10.07	11.62	10.91	11.98	12.85	14.19
7. COCE : (3) x (6)	**365**	**317**	**403**	**350**	**405**	**432**	**474**	**679**	**749**	**877**
Economic Value Added (EVA)										
8. Profit after tax, before exceptional items	2,501	2,103	2,153	2,599	3,314	3,555	3,843	4,116	4,247	5,135
9. Add : Interest, after taxes	17	5	0	1	17	24	11	0	0	0
10. Net Operating Profits After Taxes (NOPAT)	2,518	2,108	2,153	2,600	3,331	3,579	3,854	4,117	4,247	5,135
11. COCE, as per (7) above	365	317	403	350	405	432	474	679	749	877
12. EVA : (10) - (11)	**2,154**	**1,791**	**1,750**	**2,250**	**2,926**	**3,147**	**3,380**	**3,438**	**3,498**	**4,258**

Economic Value Added (EVA)

(₹ crores)



* Figures as per IND AS

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Hindustan Unilever Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT (Contd.)

to the Members of Hindustan Unilever Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and 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 it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

1. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 24 to the standalone Ind AS financial statements.

2. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 45 to the standalone Ind AS financial statements.

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

4. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai
14th May, 2018

ANNEXURE A

to the Independent Auditor's Report - 31 March 2018 on the Standalone Ind as financial statements

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 3A to the standalone Ind AS financial statements, are held in the name of the Company, except for the following:

Particulars	Leasehold Land	Freehold Land	Buildings
Gross block as at 31 March 2018	0.76	0.19	78.48
Net block as at 31 March 2018	0.62	0.19	46.76

(ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Appendix I to this report.

(viii) The Company has not taken any loans or borrowings from any financial institution, bank or Government nor has it issued any debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai
14th May, 2018

APPENDIX I

Name of the Statute	Nature of dues	Amount Demanded ₹ in crores	Amount Paid ₹ in crores	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	69.48	3.85	1982-2017	Appellate Authority up to Commissioner's level
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	278.22	7.42	1994-2016	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	3.59	-	2003-2010	High Courts of various states
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	2.29	0.12	2011-2014	Appellate Authority up to Commissioner's level
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	8.42	0.36	2012-2017	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	270.71	49.64	1985-2017	Appellate Authority up to Commissioner's level
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	30.81	2.23	1984-2014	Sales Tax Appellate Tribunals of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	151.11	102.38	1977-2017	High Courts of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	24.44	9.40	1985-2017	Supreme Court
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, if applicable)	163.70	2.79	2005-2017	Appellate Authority up to Commissioner's level
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, if applicable)	47.55	3.58	2003-2015	Customs, Excise and Service Tax Appellate Tribunals of various states
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	151.11	-	1979-80, 1991, 2006-07, 2007-08, 2009-10, 2011-12	Appellate Authority - up to Commissioner's Level
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	0.20	-	1982-83	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	0.06	-	1963-1964, 1982- 1983	Bombay High Court

ANNEXURE B

to the Independent Auditor's Report - 31 March 2018 on the Standalone Ind as financial statements

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143 (3) (i) OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of Hindustan Unilever Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai
14th May, 2018

BALANCE SHEET
as at 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	3,776	3,654
Capital work-in-progress	3B	430	203
Goodwill	4	0	0
Other intangible assets	4	366	370
Investments in subsidiaries, associates and joint venture	5	254	254
Financial assets			
Investments	6	2	6
Loans	7	404	352
Other financial assets	8	6	6
Non-current tax assets (net)	9D	439	311
Deferred tax assets (net)	9C	255	160
Other non-current assets	10	78	70
Current assets			
Inventories	11	2,359	2,362
Financial assets			
Investments	6	2,855	3,519
Trade receivables	12	1,147	928
Cash and cash equivalents	13	573	572
Bank balances other than cash and cash equivalents mentioned above	14	2,800	1,099
Other financial assets	8	829	306
Other current assets	15	560	507
Assets held for sale	16	16	72
TOTAL ASSETS		**17,149**	**14,751**

BALANCE SHEET (Contd.)

as at 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	216	216
Other equity	18A	6,859	6,274
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	115	71
Provisions	20	772	485
Non-current tax liabilities (net)	9D	384	296
Other non-current liabilities	21	167	207
Current liabilities			
Financial liabilities			
Trade payables			
Dues to micro and small enterprises	22	-	0
Dues to Others	22	7,013	6,006
Other financial liabilities	19	203	181
Other current liabilities	23	769	628
Provisions	20	651	387
TOTAL EQUITY AND LIABILITIES		**17,149**	**14,751**
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities and commitments	24		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	25	35,218	34,487
Other income	26	569	526
TOTAL INCOME		**35,787**	**35,013**
EXPENSES			
Cost of materials consumed	27	12,491	11,363
Purchases of stock-in-trade	28	3,812	4,166
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	29	(71)	156
Excise duty	30	693	2,597
Employee benefits expenses	31	1,745	1,620
Finance costs	32	20	22
Depreciation and amortisation expenses	33	478	396
Other expenses	34	9,272	8,538
TOTAL EXPENSES		**28,440**	**28,858**
Profit before exceptional items and tax		**7,347**	**6,155**
Exceptional items	35	(62)	241
Profit before tax		**7,285**	**6,396**
Tax expenses			
Current tax	9A	(2,148)	(1,865)
Deferred tax credit/(charge)	9A	100	(41)
PROFIT FOR THE YEAR (A)		**5,237**	**4,490**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	18C	(16)	(32)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	9A	5	11
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	18C	(2)	1
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	9A	1	(0)
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		**(12)**	**(20)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**5,225**	**4,470**
Earnings per equity share			
Basic (Face value of ₹ 1 each)	36	**₹ 24.20**	**₹ 20.75**
Diluted (Face value of ₹ 1 each)	36	**₹ 24.19**	**₹ 20.74**
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2016	17	**216**
Changes in equity share capital during the year		0
As at 31st March, 2017	17	**216**
Changes in equity share capital during the year		0
As at 31st March, 2018	17	**216**

B. OTHER EQUITY

	Reserves and Surplus							Items of Other Comprehensive Income (OCI)		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Total
As at 31st March, 2016	**4**	**6**	**98**	**43**	**2,187**	**3,727**	**9**	**(11)**	**0**	**6,063**
Profit for the year	-	-	-	-	-	4,490	-	-	-	4,490
Other comprehensive income for the year	-	-	-	-	-	-	-	(21)	1	(20)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,490**	**-**	**(21)**	**1**	**4,470**
Dividend on equity shares for the year (Note: 37)	-	-	-	-	-	(3,571)	-	-	-	(3,571)
Dividend distribution tax (Note: 37)	-	-	-	-	-	(693)	-	-	-	(693)
Issue of equity shares on exercise of employee stock options	-	-	18	(18)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	5	-	-	-	-	-	5
As at 31st March, 2017	**4**	**6**	**116**	**30**	**2,187**	**3,953**	**9**	**(32)**	**1**	**6,274**
Profit for the year	-	-	-	-	-	5,237	-	-	-	5,237
Other comprehensive income for the year	-	-	-	-	-	-	-	(11)	(1)	(12)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**5,237**	**-**	**(11)**	**(1)**	**5,225**
Dividend on equity shares for the year (Note: 37)	-	-	-	-	-	(3,896)	-	-	-	(3,896)
Dividend distribution tax(Note: 37)	-	-	-	-	-	(755)	-	-	-	(755)
Issue of equity shares on exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	11	-	-	-	-	-	11
As at 31st March, 2018	**4**	**6**	**127**	**30**	**2,187**	**4,539**	**9**	**(43)**	**(0)**	**6,859**

a) Refer note 18B for nature and purpose of reserves.

b) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of balance of ₹ 2,187 crores standing to the credit of General Reserves to the Profit and Loss account (currently retained earnings). The Scheme, under relevant sections of the Companies Act, 1956 and 2013, was approved in annual general meeting held on 30th June, 2016 and is now pending for approval with National Company Law Tribunal (NCLT).

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai: 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai: 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

STATEMENT OF CASH FLOWS
for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2018	Year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before exceptional items and tax	**7,347**	**6,155**
	Adjustments for:		
	Depreciation and amortisation expenses	478	396
	(Profit) / loss on sale of property, plant and equipment	26	13
	Government grant accrued	(172)	-
	Interest income	(266)	(262)
	Dividend income	(190)	(178)
	Fair value (gain)/loss on investments	(113)	(86)
	Net (gain)/loss on sale of investments	-	(0)
	Interest expense	20	22
	Provision for expenses on employee stock options	11	4
	Impairment of non-current investments	-	8
	Provision/(write back) for Inventory (net)	41	27
	Inventory written off	124	101
	Provision/(write back) for doubtful debts and advances (net)	2	4
	Bad debts/assets written off	3	2
	Mark-to-market (gain)/loss on derivative financial instruments	(4)	13
	Cash Generated from operations before working capital changes	**7,307**	**6,219**
	Adjustments for:		
	(Increase)/decrease in Non current loans (Security deposits and Others)	(24)	(46)
	(Increase)/decrease in other non-current financial assets	(0)	20
	(Increase)/decrease in other current financial assets	(285)	(58)
	(Increase)/decrease in other non-current assets	(20)	(10)
	(Increase)/decrease in other current assets	(53)	(42)
	(Increase)/decrease in trade receivables	(224)	131
	(Increase)/decrease in inventories	(162)	38
	Increase/(decrease) in trade payables	1,007	508
	Increase/(decrease) in other non-current financial liabilities	(4)	52
	Increase/(decrease) in other current financial liabilities	2	(71)
	Increase/(decrease) in non-current provisions	271	(37)
	Increase/(decrease) in current provisions	219	61
	Increase/(decrease) in other non-current liabilities	(49)	(9)
	Increase/(decrease) in other current liabilities	141	1
	Cash generated from operations	**8,126**	**6,757**
	Taxes paid (net of refunds)	(2,194)	(1,783)
	Cash flow before exceptional items	**5,932**	**4,974**
	Exceptional items:		
	Amounts paid for other restructuring activities	(25)	(21)
	Taxes paid for exceptional items	9	
	Net cash (used in) / generated from operating activities - [A]	**5,916**	**4,953**

STATEMENT OF CASH FLOWS (Contd.)

for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2018	Year ended 31st March, 2017
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	(847)	(1,024)
	Sale proceeds of property, plant and equipment	16	5
	Purchase of Intangibles	(6)	(348)
	Sale proceeds of non-current investments	4	0
	Purchase of current investments	(47,755)	(26,230)
	Sale of current investments	48,530	25,260
	Loans given to subsidiaries	(183)	(84)
	Loans repaid by subsidiaries	154	48
	Redemption/maturity of bank deposits (having original maturity of more than 3 months)	1,135	2,590
	Investment in bank deposits (having original maturity of more than 3 months)	(2,811)	(1,555)
	Investment in non-current deposits with banks	(0)	(1)
	Interest received	229	266
	Dividend received from subsidiaries	188	167
	Dividend received from others	2	11
	Cash flow before exceptional items	**(1,344)**	**(895)**
	Exceptional items:		
	Consideration received on disposal of surplus properties	10	167
	Consideration received on disposal of joint venture	73	20
	Taxes paid for exceptional items	(3)	(44)
	Net cash (used in) / generated from investing activities - [B]	**(1,264)**	**(752)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividends paid	(3,872)	(3,561)
	Dividend distribution tax paid	(755)	(693)
	Amounts deposited in bank accounts towards unpaid dividends	(24)	(10)
	Interest paid	(0)	(0)
	Proceeds from share allotment under employee stock options/ performance share schemes	0	0
	Net cash (used in) / generated financing activities - [C]	**(4,651)**	**(4,264)**
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**1**	**(63)**
	Add: Cash and cash equivalents at the beginning of the year (refer note 13)	572	635
	Cash and cash equivalents at the end of the year (refer note 13)	**573**	**572**

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

NOTES

to the financial statements for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

NOTE 1 : COMPANY INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising primarily of Home Care, Personal Care, Foods and Refreshments segments. The Company has manufacturing facilities across the country and sells primarily in India through independent distributors and modern trade.

NOTE 2 : BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Measurement

(a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

The financial statements of the Company for the year ended 31st March, 2018 were approved for issue in accordance with the resolution of the Board of Directors on 14th May, 2018.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 40

(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 and 24

(c) Recognition of deferred tax assets - Note 9

(d) Key assumptions used in discounted cash flow projections - Note 42

(e) Impairment of Intangibles - Note 4

2.3 Recent Accounting Developments

(a) Standards issued but not yet effective:

IND AS 115: Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st April, 2018.

Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard from 1st April, 2018.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

2.4 Significant Accounting Policies

(a) Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Property, plant and equipment acquired in a business combination are recognised at fair value at the acquisition date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.

- assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Intangible Assets:

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Design	-	10 years
Know-how	-	10 years
Computer software	-	5 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

Goodwill is initially recognised based on the accounting policy for business combinations [refer note 2.4.(r)]. These assets are not amortised but are tested for impairment annually.

(c) Investments in Subsidiaries, Associates and Joint Ventures:

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

(d) Inventories:

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

(e) Cash and Cash Equivalents:

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(f) Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criterias are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

(g) Financial Instruments:

Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value. In case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified and measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt Instruments:

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the Company's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

(i) **Measured at amortised cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

(ii) **Measured at fair value through other comprehensive income:**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(iii) **Measured at fair value through profit or loss:**

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value , the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as 'other income' in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

Derivative Financial Instruments:

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Any changes therein are recognised in the statement of profit and loss account. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Asset

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables

ii. Financial assets measured at amortized cost (other than trade receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest rate method.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(h) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

(i) Revenue Recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as sales tax, value added tax, goods and services tax, etc.

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

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed in proportion to the stage of completion of the transaction at the reporting date and the amount of revenue can be measured reliably.

Interest income is recognized using the effective interest rate (EIR) method.

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

(j) Government Grant:

The Company is entitled to 'Scheme of budgetary support' under Goods and Service Tax Regime in respect of eligible manufacturing units located in specified regions. Such grants are measured at amount receivable from the government and are recognised as other operating revenue when there is a reasonable assurance that the Company will comply with all necessary conditions attached to that.

Income from such grants is recognised on a systematic basis over the periods to which they relate.

(k) Expenditure:

Expenses are accounted on accrual basis.

(l) Employee Benefits:

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits (in respect of certain employees) including to the employees of Indian subsidiaries and a subsidiary of parent company.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in the Statement of Profit and Loss). The amount of net interest expense calculated by applying the liability discount rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

The defined benefit plan surplus or deficit on the Balance Sheet date comprises fair value of plan assets less the present value of the defined benefit liabilities (using a discount rate by reference to market yields on government bonds at the end of the reporting period).

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-Based Payments

Employees of the Company receive remuneration in the form of share-based payments in consideration of the services rendered. Under the equity settled share based payment, the fair value on the grant date of the awards given to employees is recognised as 'employee benefit expenses' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 41 for details.

(m) Impairment of Non-Financial Assets:

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal 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 or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the Statement of Profit and Loss account.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(n) Income Taxes:

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(o) Leases:

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

(p) Foreign Currencies:

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

(q) Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(r) Business Combination:

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are recognised in the Statement of Profit and Loss.

Transaction costs are expensed as incurred, other than those incurred in relation to the issue of debt or equity securities. Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognised in the Statement of Profit and Loss.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

Refer Note 2.4 (a) for accounting policy on Property, Plant and Equipment

A Property, Plant and Equipment

	Land		Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
	- Freehold	- Leasehold					
Gross Block							
Balance as at 31st March, 2016	**58**	**27**	**872**	**2,157**	**43**	**38**	**3,195**
Additions	-	-	279	848	7	22	1,156
Disposals	(0)	(0)	(6)	(24)	(1)	(1)	(32)
Balance as at 31st March, 2017	**58**	**27**	**1,145**	**2,981**	**49**	**59**	**4,319**
Additions	-	-	133	471	9	19	632
Disposals	-	-	(5)	(70)	-	(8)	(83)
Balance as at 31st March, 2018	**58**	**27**	**1,273**	**3,382**	**58**	**70**	**4,868**
Accumulated Depreciation							
Balance as at March 31, 2016	**-**	**0**	**33**	**243**	**8**	**9**	**293**
Additions	-	0	38	325	9	12	384
Disposals	-	(0)	(1)	(10)	(1)	(0)	(12)
Balance as at March 31, 2017	**-**	**0**	**70**	**558**	**16**	**21**	**665**
Additions	-	0	48	397	8	15	468
Disposals	-	-	(1)	(33)	-	(7)	(41)
Balance as at March 31, 2018	**-**	**0**	**117**	**922**	**24**	**29**	**1,092**
Net Block							
Balance as at 31st March, 2017	58	27	1,075	2,423	33	38	3,654
Balance as at 31st March, 2018	58	27	1,156	2,460	34	41	3,776

NOTES:

(a) Buildings include ₹ 0 crores (31st March, 2017: ₹ 0 crores) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 0 crores (31st March, 2017: ₹0 crores), Leasehold Land, net block aggregating ₹ 1 crores, (31st March, 2017: ₹ 1 crores) are in the process of perfection of title.

(c) Additions in capital expenditure of ₹ 5 crores (2016-17: ₹ 1 crores) and ₹ 0 crores (2016-17: ₹ 1 crores) incurred at Company's inhouse R&D facilities at Mumbai and Bengaluru respectively are eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961.

(d) The Property, Plant and Equipment in 3A includes assets given on lease given in the below table:

	Building	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block as at 31st March, 2016	0	60	0	0	60
Accumulated Depreciation as at 31st March, 2016	(0)	(1)	-	(0)	(1)
Net Block as at 31st March, 2016	**0**	**59**	**0**	**0**	**59**
Gross Block as at 31st March, 2017	0	53	0	0	53
Accumulated Depreciation as at 31st March, 2017	(0)	(3)	(0)	(0)	(3)
Net Block as at 31st March, 2017	**0**	**50**	**0**	**0**	**50**
Gross Block as at 31st March, 2018	0	59	0	0	59
Accumulated Depreciation as at 31st March, 2018	(0)	(11)	(0)	(0)	(11)
Net Block as at 31st March, 2018	0	48	0	0	48

B Capital work-in-progress

Capital work in progress as at 31st March, 2018 is ₹ 430 crores (31st March, 2017: ₹ 203 crores)

For contractual commitment with respect to property, plant and equipment refer Note 24.B(ii).

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 4 : INTANGIBLE ASSETS

Refer Note 2.4 (b) for accounting policy on Intangible Assets

	Goodwill	Other intangible assets			
		Brands/ Trademarks	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 31st March, 2016	**-**	**4**	**-**	**19**	**23**
Additions	-	-	-	0	0
Disposals	-	-	-	(0)	(0)
Acquisitions through business combination (Refer note 42)	0	311	59	-	370
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**393**
Additions	-	-	-	6	6
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2018	**0**	**315**	**59**	**25**	**399**
Accumulated Amortisation and Impairment					
Balance as at 31st March, 2016	**-**	**4**	**-**	**7**	**11**
Additions	-	-	6	6	12
Disposals	-	-	-	-	-
Balance as at 31st March, 2017	**-**	**4**	**6**	**13**	**23**
Additions	-	-	6	4	10
Disposals	-	-	-	-	-
Balance as at 31st March, 2018	**0**	**4**	**12**	**17**	**33**
Net Block					
Balance as at 31st March, 2017	0	311	53	6	370
Balance as at 31st March, 2018	0	311	47	8	366

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were identified for FY 2017-18 (Nil for FY 2016-17).

SIGNIFICANT CASH GENERATING UNITS (CGUs)

The Company has identified its reportable segments, i.e. Home Care, Personal Care, Foods, Refreshments and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been entirely allocated to CGU 'Personal Care' segment of the Company. The carrying amount of goodwill and brand as at March 31, 2018 is ₹ 0 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing:

Long term sustainable growth rates	7%
Weighted Average Cost of Capital % (WACC) before tax (Discount rate)	14%
Average segmental margins	25%

The projections cover a period of five years, as the Company believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. Segmental margins are based on FY 2017-18 performance.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company).

The Company has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

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NOTE 5 : INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Refer Note 2.4 (c) for accounting policy on Investment in Subsidiaries, Associates and Joint Ventures

	As at 31st March, 2018	As at 31st March, 2017
Investment In Subsidiaries		
Unquoted		
7,36,560 equity shares [31st March, 2017: 7,36,560] of Nepalese ₹ 100 each held in Unilever Nepal Limited	5	5
29,75,000 equity shares [31st March, 2017: 29,75,000] of ₹ 10 each held in Unilever India Exports Limited	73	73
3,59,07,547 equity shares [31st March, 2017: 3,59,07,547] of ₹ 10 each held in Lakme Lever Private Limited	172	172
1,79,10,132 equity shares [31st March, 2017: 1,79,10,132] of ₹ 1 each held in Pond's Export Limited [net of impairment in value of ₹ 3 crores (31st March, 2017: 3 crores)]	-	-
50,00,000 equity shares [31st March, 2017: 50,00,000] of ₹ 10 each held in Jamnagar Properties Private Limited[net of impairment in value of ₹ 5 crores (31st March, 2017: 5 crores)]	-	-
2,21,700 equity shares [31st March, 2017: 2,21,700] of ₹ 10 each held in Daverashola Estates Private Limited	4	4
50,000 equity shares [31st March, 2017: 50,000] of ₹ 10 each held in Levindra Trust Limited	0	0
50,000 equity shares [31st March, 2017: 50,000] of ₹ 10 each held in Hindlever Trust Limited	0	0
50,000 equity shares [31st March, 2017: 50,000] of ₹ 10 each held in Levers Associated Trust Limited	0	0
7,600 equity shares [31st March, 2017: 7,600] of ₹ 10 each held in Hindustan Unilever Foundation	0	0
10,000 equity shares [31st March, 2017: 10,000] of ₹ 10 each held in Bhavishya Alliance Child Nutrition Initiatives	0	0
TOTAL	**254**	**254**
Aggregate amount of quoted investments	-	-
Aggregate Market value of quoted investments	-	-
Aggregate amount of unquoted investments	254	254
Aggregate amount of impairment in value of investments	8	8

Investment in Associate

The Company holds 24% of equity holdings in Comfund Consulting Limited and 26% equity and preference capital holding in Aquagel Chemicals (Bhavnagar) Private Limited. The Company does not exercise significant influence or control on decisions of the investee. Hence, they are not being construed as associate companies.

Information About Subsidiaries and Joint Venture

Name of the company	Country of incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2018	As at 31st March, 2017
Subsidiaries				
Unilever India Exports Limited	India	FMCG export business	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Export Limited	India	Leather products business (primarily exports)	90	90
Jamnagar Properties Private Limited	India	Real estate Company	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Name of the company	Country of incorporation	Principal activities	Proportion (%) of equity interest As at 31st March, 2018	Proportion (%) of equity interest As at 31st March, 2017
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100
Hindustan Unilever Foundation	India	Not-for-profit company in the field of community development initiatives.	76	76
Bhavishya Alliance Child Nutrition Initiatives	India	Not-for-profit company that works in the area of social development issues	100	100
Joint venture				
Kimberly Clark Lever Private Limited*	India	FMCG business (infant care and feminine care products)	-	50

* The Company has divested its stake in Kimberly-Clark Lever Private Limited (KCLL) to its Joint Venture partner, Kimberly-Clark Corporation (KCC) on 29th September, 2017

NOTE 6 : INVESTMENTS

Refer Note 2.4 (g) for accounting policy on Investments.

	As at 31st March, 2018	As at 31st March, 2017
Non-Current Investments		
A. Equity instruments		
Fair value through profit and loss		
Quoted	0	0
Unquoted	1	1
TOTAL (A)	**1**	**1**
B. Other instruments		
Amortised cost		
Unquoted		
Investment in debentures and bonds	0	0
Investment in National Savings Certificates	0	0
Fair value through profit and loss		
Unquoted		
Investment in preference shares	1	5
TOTAL (B)	**1**	**5**
TOTAL (A+B)	**2**	**6**
Current Investments		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	1,025	1,459
Fair value through profit and loss		
Quoted		
Investments in mutual funds	1,830	2,060
TOTAL (C)	**2,855**	**3,519**
TOTAL (A+B+C)	**2,857**	**3,525**
Aggregate amount of quoted investments	2,855	3,519
Aggregate Market value of quoted investments	2,855	3,519
Aggregate amount of unquoted investments	2	6
Aggregate amount of impairment in value of investments	-	-

Refer Note 38 for information about fair value measurement and Note 39 for credit risk and market risk of investments.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 7 : LOANS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Loans.

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Loans to related parties (Refer Note 43)	226	198
Security deposits	112	108
Others (including employee loans)	66	46
TOTAL	**404**	**352**

Refer Note 39 for information about credit risk and market risk for loans.

NOTE 8 : OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Investments in term deposits (with remaining maturity of more than twelve months)	1	1
Other assets (includes other receivables etc.)	5	5
TOTAL (A)	**6**	**6**
Current		
Current account balances with group companies and joint venture	83	70
Derivatives - foreign exchange forward contracts	5	0
Other assets (includes government grants, other receivables, etc.)	741	236
TOTAL (B)	**829**	**306**
TOTAL (A+B)	**835**	**312**

Refer Note 39 for information about credit risk and market risk for other financial assets.

NOTE 9 : INCOME TAXES

Refer Note 2.4 (n) for accounting policy on Income Taxes.

A. Components of Income tax Expense

	Year ended 31st March, 2018	Year ended 31st March, 2017
I. Tax expense recognised in the Statement of Profit and Loss		
Current tax		
Current year	2,290	1,930
Adjustments/(credits) related to previous years - (net)	(142)	(65)
TOTAL (A)	**2,148**	**1,865**
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(100)	41
TOTAL (B)	**(100)**	**41**
TOTAL (A+B)	**2,048**	**1,906**
II. Tax on Other Comprehensive Income		
Current tax		
(Gain)/loss on remeasurement of net defined benefit plans	(11)	-
(Gain)/loss on debt instruments through other comprehensive income	-	-
Deferred tax		
(Gain)/loss on remeasurement of net defined benefit plans	6	(11)
(Gain)/loss on debt instruments through other comprehensive income	(1)	0
	(6)	(11)

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Reconciliation of Effective Tax Rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	Year ended 31st March, 2018	Year ended 31st March, 2017
Statutory income tax rate	34.6%	34.6%
Differences due to:		
Expenses not deductible for tax purposes	1.6%	2.0%
Income exempt from income tax	-0.7%	-0.9%
Income tax incentives	-4.5%	-4.6%
Others*	-2.9%	-1.3%
Effective tax rate	**28.1%**	**29.8%**

* Others include prior period adjustment tax refunds and tax on exceptional items

C. Movement in Deferred tax Assets and Liabilities

Movement during the year ended 31st March, 2017	As at 31st March, 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31st March, 2017
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	158	(33)	11	-	136
Provision for doubtful debts and advances	21	(1)	-	-	20
Expenses allowable for tax purposes when paid	136	(13)	-	-	123
Depreciation	(280)	(71)	-	22	(329)
Fair value gain/(loss) on investments	(62)	(21)	-	-	(83)
Other temporary differences	195	98	(0)	-	293
	168	**(41)**	**11**	**22**	**160**

Movements during the year ended 31st March, 2018	As at 31st March, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31st March, 2018
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	136	(7)	(2)	-	127
Provision for doubtful debts and advances	20	2	-	-	22
Expenses allowable for tax purposes when paid	123	35	(1)	-	157
Depreciation	(329)	(17)	-	-	(346)
Fair value gain/(loss) on investments	(83)	29	2	-	(52)
Other temporary differences	293	58	(4)	-	347
	160	**100**	**(5)**	**-**	**255**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

D. Tax Assets and Liabilities

	As at 31st March, 2018	As at 31st March, 2017
Non current tax assets (net)	439	311
Non current tax liabilities (net)	384	296

NOTE 10 : OTHER NON-CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits with customs, port trust, excise and other government authorities	57	37
Capital advances	21	33
Other advances (includes advances for materials)	29	30
Less: Allowance for bad and doubtful advances	(29)	(30)
TOTAL	**78**	**70**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	30	35
Change in allowance for bad and doubtful assets during the year	(1)	4
Written off during the year	(0)	(9)
Balance as at the end of the year	**29**	**30**

NOTE 11 : INVENTORIES

Refer Note 2.4 (d) for accounting policy on inventories.

	As at 31st March, 2018	As at 31st March, 2017
Raw materials [includes in transit: ₹ 49 crores (31st March, 2017: ₹ 79 crores)]	763	789
Packing materials	65	90
Work-in-progress	249	205
Finished goods [includes in transit: ₹ 21 crores (31st March, 2017: ₹ 18 crores)] (Refer note (a) below)	1,221	1,214
Stores and spares	61	64
	2,359	**2,362**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2017-18 an amount of ₹ 165 crores (31st March, 2017: ₹ 128 crores) was charged to the Statement of Profit and Loss on account of damage and slow moving inventory. The reversal on account of above during the year amounted to Nil (31st March, 2017: Nil).

NOTE 12 : TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Refer Note 2.4 (g) for accounting policy on Trade Receivables.

	As at 31st March, 2018	As at 31st March, 2017
Considered good	1,147	928
Considered doubtful	34	31
Less: Allowance for bad and doubtful debts	(34)	(31)
	1,147	**928**
The movement in allowance for bad and doubtful debts is as follows:		
Balance as at beginning of the year	31	23
Change in allowance for bad and doubtful debts during the year	6	11
Trade receivables written off during the year	(3)	(3)
Balance as at the end of the year	**34**	**31**

Refer note 39 for information about credit risk and market risk of trade receivables.

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 13 : CASH AND CASH EQUIVALENTS

Refer Note 2.4 (e) for accounting policy on Cash and Cash Equivalents.

	As at 31st March, 2018	As at 31st March, 2017
Cash on hand	0	0
Balances with Banks		
In current accounts	44	65
Term deposits with original maturity of less than three months	529	507
	573	**572**

NOTE 14 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2018	As at 31st March, 2017
Earmarked balances with banks		
Unpaid dividend	138	114
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,662	985
	2,800	**1,099**

NOTE 15 : OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Export benefits receivable	27	3
VAT credit receivable	-	55
GST and CENVAT receivable	335	243
Other advances (includes prepaid expenses etc.)	198	206
	560	**507**

NOTE 16 : ASSETS HELD FOR SALE

Refer Note 2.4 (f) for accounting policy on Assets Held for Sale.

	As at 31st March, 2018	As at 31st March, 2017
Groups of assets held for sale		
Freehold Land	2	2
Buildings	6	7
Plant and equipment	8	12
Furniture and fixtures	0	0
Vehicles	0	0
Office equipment	0	0
Investment in Joint Venture	-	51
	16	**72**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 17 : EQUITY SHARE CAPITAL

	As at 31st March, 2018	As at 31st March, 2017
Authorised		
2,25,00,00,000 (31st March, 2017: 2,25,00,00,000) equity shares of ₹ 1 each	225	225
Issued, subscribed and fully paid up	216	216
2,16,45,28,777 (31st March, 2017: 2,16,43,49,639) equity shares of ₹ 1 each		
	216	**216**

a) Reconciliation of the number of shares

Equity Shares:	As at 31st March , 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,43,49,639	216	2,16,39,36,971	216
Add: ESOP shares issued during the year (Refer note 41)	1,79,138	0	4,12,668	0
Balance as at the end of the year	**2,16,45,28,777**	**216**	**2,16,43,49,639**	**216**

b) Rights, preferences and restrictions attached to shares

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

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

	As at 31st March, 2018	As at 31st March, 2017
Equity Shares of ₹ 1 each		
1,11,43,70,148 shares (31st March, 2017: 1,11,43,70,148) held by Unilever PLC, UK, the holding company	111	111
34,00,42,710 shares (31st March, 2017: 34,00,42,710) held by subsidiaries of the holding company	34	34

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

	As at 31st March, 2018	As at 31st March, 2017
Number of shares	1,11,43,70,148	11,143,70,148
Unilever PLC, UK, the holding company	51.48%	51.49%

e) Shares reserved for issue under options

	As at 31st March , 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of ₹ 1 each, at an exercise price of ₹ 132.05 per share	-	-	-	-
Under 2006 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share	-	-	-	-
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share (refer note 41)	4,53,191	0	5,52,414	0
	4,53,191	**0**	**5,52,414**	**0**

For terms and other details Refer note 41.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 18 : OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium Reserve	127	116
Employee Stock Options Outstanding Account	30	30
General Reserve	2,187	2,187
Retained Earnings	4,539	3,953
Other Reserves	9	9
Items of Other Comprehensive Income		
- Remeasurements of defined benefit plans	(43)	(32)
- Fair value of Debt instruments through OCI	(0)	1
Total Other Equity	**6,859**	**6,274**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on buyback of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

(c) **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(f) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

(h) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

(i) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of defined benefit plans	Debt instruments through Other Comprehensive Income	Total
As at 1st April, 2016	**(11)**	**0**	**(11)**
Remeasurement gain/(loss) on net defined benefit plans	(32)	-	(32)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	1	1
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	11	(0)	11
As at 31st March, 2017	**(32)**	**1**	**(31)**
Remeasurement gain/(loss) on net defined benefit plans	(16)	-	(16)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	(2)	(2)
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	5	1	6
As at 31st March, 2018	**(43)**	**(0)**	**(43)**

D. Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the board of directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTE 19 : OTHER FINANCIAL LIABILITIES

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Security deposits	24	22
Contingent consideration	91	49
TOTAL (A)	**115**	**71**
Current		
Unpaid dividends [Refer (a) below]	138	114
Derivative financial liabilities - forward contracts	1	13
Contingent consideration payable	13	-
Other payables (payable for purchase of property, plant and equipment, etc.)	51	54
TOTAL (B)	**203**	**181**
TOTAL (A+B)	**318**	**252**

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as 31st March,2018 (31st March, 2017: Nil).

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 20 : PROVISIONS

Refer Note 2.4 (h) for accounting policy on Provisions.

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Provision for employee benefits (pension, medical, compensated absences and others) [Refer Note 40]	100	105
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	672	380
TOTAL (A)	**772**	**485**
Current		
Provision for employee benefits (gratuity, pension, medical, compensated absences and others)[Refer Note 40]	92	41
Other provisions (including restructuring etc.) [Refer (a) below]	559	346
TOTAL (B)	**651**	**387**
Total (A+B)	**1,423**	**872**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax related	Legal and Other Matters	Total
Balance as at 31st March, 2016	**240**	**413**	**653**
Add: Provision/reclassified during the year *	132	69	201
Less: Amount utilised/reversed during the year	(92)	(36)	(128)
Balance as at 31st March, 2017	**280**	**446**	**726**
Add: Provision/reclassified during the year *	69	515	584
Less: Amount utilised/reversed during the year	(13)	(66)	(79)
Balance as at 31st March, 2018	**336**	**895**	**1,231**

* includes unwinding of discount and effect of change in discount rate.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

NOTE 21 : OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Employee and ex-employee related liabilities	167	207
	167	**207**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 22 : TRADE PAYABLES

Refer Note 2.4 (g) for accounting policy on Trade Payables.

	As at 31st March, 2018	As at 31st March, 2017
DUES TO MICRO AND SMALL ENTERPRISES (as per the intimation received from vendors)		
a. Principal and interest amount remaining unpaid	-	0
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Dues to Others		
Acceptances	141	242
Trade payables	6,872	5,764
	7,013	**6,006**

Refer note 39 for information about liquidity risk and market risk related to trade payables.

NOTE 23 : OTHER CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Salaries, wages, bonus and other employee payable	215	192
Statutory dues (including provident fund, tax deducted at source and others)	338	366
Advance from customers	55	70
Other payables	161	-
	769	**628**

NOTE 24 : CONTINGENT LIABILITIES AND COMMITMENTS

Refer Note 2.4 (h) for accounting policy on Contingent Liabilities.

	As at 31st March, 2018	As at 31st March, 2017
A. Contingent Liabilities		
Claims against the Company not acknowledged as debts		
Income tax matters	685	581
Sales tax matters	246	122
Excise duty, service tax and customs duty matters	481	193
Other matters including claims related to employees/ex-employees, property related demands, etc.	119	83
(i) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.		

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017
(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.		
(iii) The Company's pending litigations comprise of claims against the Company by employees and pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(iv) The Company has given Bank Guarantees in respect of certain contingent liabilities included above.		
Corporate Guarantee given	8	8

B. Commitments

i) Operating lease commitments

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 cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Company has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 13 crores (2016-17: ₹ 14 crores) on such lease is included in Rent.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st March, 2018	As at 31st March, 2017
Not later than one year	13	12
Later than one year and not later than five years	58	56
Later than five years	8	24

ii) Capital commitments

	As at 31st March, 2018	As at 31st March, 2017
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	160	254
	160	**254**

NOTE 25 : REVENUE FROM OPERATIONS

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of products (including excise duty*)	34,619	33,895
Other operating revenue		
Income from services rendered	360	513
Others (including government grant, scrap sales, commission, etc.)	239	79
	35,218	**34,487**

Total government grant recognized ₹ 172 crores (31st March, 2017: ₹ Nil) (Refer note 2.4 (j) for accounting policy on government grant)

* Up to 30th June, 2017

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 26 : OTHER INCOME

Refer Note 2.4 (i) for accounting policy on Revenue Recognition.

	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest income on		
Bank deposits	130	173
Current investments	122	74
Others	14	15
Dividend income from		
Subsidiaries	188	167
Current investments	-	11
Non-current investments	2	-
Fair value gain/(loss)		
Investments measured at fair value through profit or loss	113	86
Investments measured at fair value through other comprehensive income	-	0
Net gain on sale of investments	-	0
	569	**526**

NOTE 27 : COST OF MATERIALS CONSUMED

	Year ended 31st March, 2018	Year ended 31st March, 2017
Raw materials consumed	10,047	8,999
Packing materials consumed	2,444	2,364
	12,491	**11,363**

NOTE 28 : PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2018	Year ended 31st March, 2017
Purchases of stock-in-trade	3,812	4,166
	3,812	**4,166**

NOTE 29 : CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2018	Year ended 31st March, 2017
Opening inventories		
Finished goods	1,214	1,206
Work-in-progress	205	355
Closing inventories		
Finished goods	(1,221)	(1,214)
Work-in-progress	(249)	(205)
Excise duty on increase/(decrease) of finished goods	(20)	14
	(71)	**156**

NOTE 30 : EXCISE DUTY

	Year ended 31st March, 2018	Year ended 31st March, 2017
Excise duty	693	2,597
	693	**2,597**

Up to 30th June, 2017

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 31 : EMPLOYEE BENEFITS EXPENSES

Refer Note 2.4 (l) for accounting policy on Employee Benefits.

	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries and wages, bonus etc.	1,425	1,330
Contribution to provident funds and other funds	88	81
Defined benefit plan expense (Refer Note 40)	65	18
Share based payments to employees (Refer note 41)	79	94
Workmen and staff welfare expenses	88	97
	1,745	**1,620**

NOTE 32 : FINANCE COSTS

	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expense on bank overdraft and others	0	0
Net interest on the net defined benefit liability (Refer Note 40)	8	6
Unwinding of discount on provisions and liabilities	8	9
Unwinding of discount on employee and ex-employee related liabilities	4	7
	20	**22**

NOTE 33 : DEPRECIATION AND AMORTISATION EXPENSES

Refer Note 2.4 (a) and (b) for accounting policy on Property, Plant and Equipment and Intangible assets.

	Year ended 31st March, 2018	Year ended 31st March, 2017
Depreciation on property, plant and equipment	468	384
Amortisation on intangible assets	10	12
	478	**396**

NOTE 34 : OTHER EXPENSES

	Year ended 31st March, 2018		Year ended 31st March, 2017	
Advertising and promotion		4,105		3,470
Carriage and freight		1,492		1,457
Royalty				
- Technology	487		511	
- Brand	158	645	169	680
Fees for central services from Parent Company		348		364
Processing charges		405		290
Power, fuel, light and water		259		257
Rent		260		241
Travelling and motor car expenses		157		176
Repairs		109		117
Rates & taxes (excluding income tax)		94		116
Corporate social responsibility expense [Refer note (c) below]		116		104
Miscellaneous expenses [Refer note (a) below]		1,282		1,266
		9,272		**8,538**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2018	Year ended 31st March, 2017
(a) Miscellaneous expenses include:		
Auditor's remuneration and expenses		
Statutory audit fees	1	2
Tax audit fees	1	1
Others		
Fees for other audit related services	1	1
Fees for certification	1	0
Reimbursement of out-of-pocket expenses	0	0
Total	**4**	**4**

Previous year's remuneration is inclusive of taxes

(b) Total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 aggregates to ₹ 23 crores (2016-17: ₹ 28 crores). The details are as below:

	Year ended 31st March, 2018		Year ended 31st March, 2017	
Location of the R&D facility	**Bengaluru**	**Mumbai**	Bengaluru	Mumbai
Revenue expenditure eligible u/s 35(2AB)				
Salaries & wages	11	6	9	11
Materials, consumables and spares	1	2	1	2
Utilities	-	0	-	0
Other expenditure directly related to R&D	1	2	2	3
Total	**13**	**10**	**12**	**16**

(c) The Company has spent ₹ 116 crores (2016-17: ₹ 104 crores) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Company during the year: ₹ 112 crores (2016-17: ₹ 102 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2018		Year ended 31st March, 2017	
	In cash / payable	**Yet to be paid in Cash**	In cash / payable	Yet to be paid in Cash
i) Construction/acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	116	-	104	-
Total	**116**	**-**	**104**	**-**

III. Above includes a contribution of ₹ 32 crores (2016-17: ₹ 18 crores) to subsidiary Hindustan Unilever Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as water harvesting, health and hygiene awareness, women empowerment and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

IV. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 35 : EXCEPTIONAL ITEMS

	Year ended 31st March, 2018	Year ended 31st March, 2017
i) Profit on disposal of surplus properties	10	164
ii) Profit on disposal of business/subsidiary	-	19
ii) Profit on disposal of joint venture	46	-
iii) Decrease in liability on account of plans amendments basis actuarial valuation (refer note 40)	-	115
Total exceptional income (A)	**56**	**298**
i) Fair valuation of contingent consideration payable (refer note 42)	(48)	-
ii) Restructuring costs		
a) Other costs	(70)	(57)
Total exceptional expenditure (B)	**(118)**	**(57)**
Exceptional items (net) (A+B)	**(62)**	**241**

NOTE 36 : EARNING PER EQUITY SHARE

Refer Note 2.4 (q) for accounting policy on Earnings Per Share

	Year ended 31st March, 2018	Year ended 31st March, 2017
Earnings Per Share has been computed as under:		
Profit for the year	5,237	4,490
Weighted average number of equity shares outstanding	2,16,44,57,493	2,16,42,12,891
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ 24.20	₹ 20.75
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	4,66,552	4,25,681
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,24,045	2,16,46,38,572
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ 24.19	₹ 20.74

NOTE 37 : DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2018	Year ended 31st March, 2017
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 10.00 per share for FY 2016-17 (2015-16: ₹ 9.50 per share)	2,164	2,056
Dividend distribution tax on final dividend*	441	419
Interim dividend of ₹ 8.00 per share for FY 2017-18 (2016-17: ₹ 7.00 per share)	1,732	1,515
Dividend distribution tax on interim dividend*	314	274
	4,651	**4,264**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹ 12.00 per share for FY 2017-18 (2016-17: ₹10.00 per share)	2,597	2,164
Dividend distribution tax on final dividend	534	441
	3,131	**2,605**
Payout ratio for FY 2017-18	**99%**	

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on final dividend of FY 2016-17 and interim dividend of FY 2017-18 and the credit in respect of tax paid under Section 115 O of the Income-tax Act, 1961 by the Company on dividend received from its domestic and foreign subsidiaries during the year.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 38 : FINANCIAL INSTRUMENTS

Refer Note 2.4 (g) for accounting policy on Financial Instruments.

A. Accounting Classifications and Fair Values

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value /Fair value	
		As at 31st March, 2018	As at 31st March, 2017
Financial Assets			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	6	1,025	1,459
ii. Fair value through profit and loss	6	1,832	2,066
Derivatives - foreign exchange forward contracts	8	5	0
Financial assets measured at amortised cost			
Investments	6	0	0
Loans	7	404	352
Investments in term deposits	8,14	2,663	986
Other assets	8	746	241
		6,675	**5,104**
Financial Liabilities			
Financial liabilities measured at fair value			
Derivatives - foreign exchange forward contracts	19	1	13
Contingent consideration	19	104	49
Financial liabilities measured at amortised cost			
Security deposits	19	24	22
Other payables	19	51	54
		180	**138**

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, current account balances with group companies and joint venture, trade payables and unpaid dividends at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

B. Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year ended 31st March, 2018	Year ended 31st March, 2017
Financial assets measured at amortised cost		
Interest income	144	188
Allowance for doubtful debts	5	4
Financial assets measured at fair value through other comprehensive income		
Investment in debt instruments		
Interest income	122	74
Fair value gain/(loss) recognised in other comprehensive income	(2)	2
Reclassified from other comprehensive income to Statement of Profit and Loss	-	0
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in debt instruments	113	86
Dividend income on non current investment	-	11
Dividend income on current investment	2	-
Financial liabilities measured at amortised cost		
Interest expense	0	0
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	(14)	(6)

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

C. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into a three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2018				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,025	-	-	1,025
ii. Fair Value through Profit or Loss	1,830	-	2	1,832
Derivatives - foreign exchange forward contracts	-	5	-	5
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	1	-	1
Contingent consideration	-	-	104	104
As at 31st March, 2017				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,459	-	-	1,459
ii. Fair Value through Profit or Loss	2,060	-	6	2,066
Derivatives - foreign exchange forward contracts	-	0	-	0
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	13	-	13
Contingent consideration	-	-	49	49

The fair value classification of investment in mutual funds (fair value through profit and loss) has been reviewed and re-classified from Level 2 to Level 1 during FY 2017-18

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2017.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.

2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.

- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

SIGNIFICANT UNOBSERVABLE INPUTS USED IN LEVEL 3 FAIR VALUES

	Significant unobservable inputs	Sensitivity of input to fair value measurement
As at 31st March, 2018		
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue will have additional liability of ₹ 10 crores and 10% decrease will have opposite impact of ₹ 8 crores.
	Discount rate: 14%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.
As at 31st March, 2017		
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue will have additional liability of ₹ 5 crores and 10% decrease will have an equal but opposite effect.
	Discount rate: 12%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.

NOTE 39 : FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company.

A. Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2018 and 31st March, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated , over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2018				
Non-derivative liabilities				
Trade payables (including acceptances)	7,013	7,013	-	7,013
Security deposits	24	-	24	24
Unpaid dividend	138	138	-	138
Other Payables	51	51	-	51
Contingent consideration	104	13	127	140
Derivative liabilities				
Forward exchange contracts	1	1	-	1
As at 31st March, 2017				
Non-derivative liabilities				
Trade payables (including acceptances)	6,006	6,006	-	6,006
Security deposits	22	-	22	22
Unpaid dividend	114	114	-	114
Other Payables	54	54	-	54
Contingent consideration	49	-	73	73
Derivative liabilities				
Foreign exchange forward contracts	13	13	-	13

B. Management of Market Risk

The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

Potential Impact Of Risk	Management Policy	Sensitivity To Risk
1. Currency Risk The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2018, the net unhedged exposure to the Company on holding financial assets (trade receivables and capital advances) and liabilities (trade payables and capital creditors) other than in their functional currency amounted to ₹ 1 crores payable (31st March, 2017: ₹ 2 crores).	The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Company is exposed (net of hedge) would have led to approximately an additional ₹ 0 crores gain in the Statement of Profit and Loss (2016-17: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Potential Impact Of Risk	Management Policy	Sensitivity To Risk
2. Price Risk		
The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2018, the investments in debt mutual funds amounts to ₹ 1,830 crores (31st March, 2017: ₹ 2,060 crores). These are exposed to price risk	The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 18 crores gain in the Statement of Profit and Loss (2016-17: ₹ 21 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. Interest Rate Risk		
The Company is mainly exposed to the interest rate risk due to its investment in treasury bills. The interest rate risk arises due to uncertainties about the future market interest rate on these investments. In addition to treasury bills, the Company invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2018, the investments in treasury bil amounts to ₹ 1,025 crores (31st March, 2017: ₹ 1,459 crores). These are exposed to interest rate risk.	The Company has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 0 crore gain in the Statement of Profit and Loss (2016-17: ₹ 1 crore gain). A 0.25% increase in interest rates would have led to an equal but opposite effect.

C. Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Refer note 2.4(g) for accounting policy on Financial Instruments.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, government securities, money market liquid mutual funds and derivative instrument with financial institutions. The Company has set counter-party limits based on multiple factors including financial position, credit rating, etc. The Company has given inter-corporate deposits (ICD) only to its subsidiaries amounting ₹ 226 crores (31st March, 2017: ₹ 198 crores).

The Company's maximum exposure to credit risk as at 31st March, 2018 and 31st March, 2017 is the carrying value of each class of financial assets.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 40 : DEFINED BENEFIT PLANS

Refer note 2.4(l) for accounting policy on Employee Benefits.

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other post-employment benefit plans includes post retirement medical benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Company managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Company managed trust.

Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2018	As at 31st March, 2017	**As at 31st March, 2018**	As at 31st March, 2017
Present value of obligation	2,582	2,424	158	162
Fair value of plan assets	(2,483)	(2,377)	(88)	(93)
(Asset)/Liability recognised in the Balance Sheet	**99**	**47**	**70**	**69**
Of which in respect of:				
Funded plans in surplus:				
Present value of obligation	14	12	-	-
Fair value of plan assets	(39)	(42)	-	-
(Asset)/Liability recognised in the Balance Sheet*	**-***	**-***	**-**	**-**
**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.*				
Funded plans in deficit:				
Present value of obligation	2,568	2,412	158	162
Fair value of plan assets	(2,469)	(2,365)	(88)	(93)
(Asset)/Liability recognised in the Balance Sheet	**99**	**47**	**70**	**69**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2016	**2,208**	**2,318**	**111**	**92**	**146**	**54**
Current service cost	-	73	73	-	0	0
Past service cost	-	(115)	(115)	-	-	-
Interest cost	-	170	170	-	11	11
Interest income	171	-	(171)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	27	30	3	3	14	11
Actuarial (gain)/loss arising from experience adjustments	-	22	22	-	(1)	(1)
Employer contributions	76	-	(76)	-	-	-
Employee contributions	129	129	-	-	-	-
Assets acquired/ (settled)	(42)	(42)	0	-	-	-
Benefit payments	(162)	(162)	-	(9)	(9)	-
As at 31st March, 2017	**2,407**	**2,424**	**17**	**93**	**162**	**69**
Current service cost	-	81	81	-	0	0
Past service cost	-	45	45	-	-	-
Employee contributions	-	145	145	-	-	-
Interest cost	-	163	163	-	11	11
Interest income	163	-	(163)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	30	30	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	39	3	(36)	(1)	(18)	(17)
Actuarial (gain)/loss arising from experience adjustments	-	39	39	-	13	13
Employer contributions	102	-	(102)	-	-	-
Employee contributions	145	-	(145)	-	-	-
Assets acquired/ (settled)	(20)	(20)	-	-	-	-
Benefit payments	(328)	(328)	-	(10)	(10)	-
As at 31st March, 2018	**2,508**	**2,582**	**74**	**88**	**158**	**70**

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2018	Year ended 31st March, 2017	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Employee Benefit Expenses *:				
Current service cost	20	18	0	0
Past service cost	45	(115)	-	-
Finance costs * :				
Interest cost	42	44	11	11
Interest income	(39)	(42)	(6)	(7)
Net impact on profit (before tax)	**68**	**(95)**	**5**	**4**

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2018	Year ended 31st March, 2017	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Remeasurement of the net defined benefit plans:				
Actuarial gains/(losses) arising from changes in demographic assumptions	28	-	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	1	20	(17)	11
Actuarial gains/(losses) arising from experience adjustments	1	-	13	(1)
Net impact on other comprehensive income (before tax)	**30**	**20**	**(4)**	**10**

*: Service cost and Finance cost has not been recognised in the statement of profit and loss for Officer's Pension and Provident Fund

D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2018	Year ended 31st March, 2017	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Quoted				
Government debt instruments	907	809	-	-
Other debt instruments	967	1,000	88	93
Total (A)	**1,874**	**1,809**	**88**	**93**
Unquoted				
Other debt instruments	201	201	-	-
Others	433	397	-	-
Total (B)	**634**	**598**	**-**	**-**
Total (A+B)	**2,508**	**2,407**	**88**	**93**

Note: Assets to the extent of ₹ 39 crores is not recognised in Balance Sheet of Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust.

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Financial Assumptions	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2018	As at 31st March, 2017	**As at 31st March, 2018**	As at 31st March, 2017
Discount rate (per annum)	8.0%	7.0%	8.0%	7.0%
Salary escalation rate (per annum)				
Management employees - for first 5years	8.0%	7.0%		
Management employees - after 5 years	8.0%	5.0%		
Non-management employees	8.0%	8.0%		
Pension increase rate (per annum)*	2.5%	2.5%		
Annual increase in healthcare costs (per annum)			9.0%	9.0%

*For management pension only

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table
Mortality in Retirement : LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.

F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	Change in plan obligation (%)	Change in assumption (%)	Change in plan obligation (%)
Discount rate (per annum)	Increase	0.5%	-1.9%	0.5%	-5.1%
	Decrease	0.5%	2.0%	0.5%	5.6%
Salary escalation rate (per annum)	Increase	0.3%	1.4%	-	-
	Decrease	0.3%	-1.3%	-	-
Pension rate	Increase	0.3%	2.7%	-	-
	Decrease	0.3%	-2.6%	-	-
Life expectancy	Increase	1 year	2.0%	1 year	3.8%
	Decrease	1 year	-2.1%	1 year	-3.8%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	11.5%
	Decrease	-	-	1.00%	-9.7%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. Weighted average duration and expected employers contribution for FY 2017-18 for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2018	Year ended 31st March, 2017	
Gratuity	6.8	10.9	92.3
Management Pension	6.5	6.9	2.2
Officer's Pension	3.7	3.9	-
Provident Fund	7.7	15.2	67.6
Post-retirement medical benefits	10.7	11.9	-

NOTE 41 : SHARE BASED PAYMENTS

Refer note 2.4(l) for accounting policy on Share Based Payments.

Equity Settled Share Based Payments

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹ 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent company.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (₹) per share	Weighted Average Exercise Price (₹) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	1,23,887			1.00	1.00
	Interim 2017	21-Jul-17	6,846			1.00	1.00
	2018	16-Feb-18	63,421			1.00	1.00

		Number of Share Options					
Scheme	**Year**	**Outstanding at the beginning of the year**	**Granted during the year***	**Forfeited/ Expired during the year**	**Exercised during the year**	**Exercisable at the end of the year**	**Outstanding at the end of the year**
2012 HUL Performance Share Scheme	2013	-	-	-	-	-	-
		(3,08,705)	-	-	(3,08,705)	-	-
	Interim 2013	-	-	-	-	-	-
		(23,044)	(5,964)	-	(29,008)	-	
	2014	1,14,890	-	-	1,14,890	-	
		(2,31,763)	-	(41,918)	(74,955)	(1,14,890)	(1,14,890)
	Interim 2014	15,103	-	1,061	14,042	-	-
		(16,805)	-	(1,702)	-	-	(15,103)
	2015	1,27,151	28,084	-	50,206	1,05,029	1,05,029
		(1,36,054)	-	(8,903)	-	-	(1,27,151)
	Interim 2015	11,690	-	632	-	-	11,058
		(12,322)	-	(632)	-	-	(11,690)
	2016	1,47,859	-	10,826	-	-	1,37,033
		(1,56,351)	-	(8,492)	-	-	(1,47,859)
	Interim 2016	11,834	-	835	-	-	10,999
		-	(11,834)	-	-	-	(11,834)
	2017	1,23,887	-	4,667	-	-	1,19,220
		-	(1,23,887)	-	-	-	(1,23,887)
	Interim 2017	-	6,846	415	-	-	6,431
		-	-	-	-	-	-
	2018	-	63,421	-	-	-	63,421
		-	-	-	-	-	-

* Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to 2016-17)

Weighted average equity share price at the date of exercise of options during the year was ₹ 1154 (2016-17: ₹ 864)

Weighted average remaining contractual life of options as at 31st March, 2018 was 1.23 years (31st March, 2017: 1.68 years)

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2018	Year ended 31st March, 2017
Risk-free interest rate (%)	7.0%	6.6%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	21.4%	22.3%
Dividend yield	1.3%	1.9%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Cash Settled Share Based Payments

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the holding company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 200% of grant level, depending on the satisfaction of the performance metrics. The performance metrics of GPSP are underlying sales growth, operating cash flow and core operating margin improvement. The performance metrics of MCIP are underlying sales growth, underlying EPS growth and sustainability progress index. Under the SHARES Plan, eligible employees can invest up to EUR 200 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's employees at the end of the 3 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2018	As at 31st March, 2017
Other non-current liabilities	94	130
Other current liabilities	94	86
Total carrying amount of liabilities	**188**	**216**

Effect of share based payment transactions on the Statement of Profit and Loss:

	As at 31st March, 2018	As at 31st March, 2017
Equity settled share based payments	11	5
Cash settled share based payments	68	89
Total expense on share based payments	**79**	**94**

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 42 : BUSINESS COMBINATION

Refer note 2.4(r) for accounting policy on Business Combination.

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores (excluding taxes) and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19.

Basis the projection of the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2017, the fair value of the contingent consideration was ₹ 49 crores which was classified as other financial liability.

Deferred contingent consideration

Based on actual performance in financial year 2017-18 and current view of future projections for the brand, the Company has reviewed and fair valued the deferred contingent consideration so payable. As at 31st March 2018, the fair value of the contingent consideration is ₹ 104 crores which is classified as other financial liability.

The determination of the fair value as at Balance Sheet date is based on discounted cash flow method. The key model inputs used in determining the fair value of deferred contingent consideration were domestic turnover projections of the brand and weighted average cost of capital.

NOTE 43 : DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

		Year ended 31st March, 2018	Year ended 31st March, 2017
(a)	**Loans to subsidiaries**		
(i)	**Loan to subsidiary: Pond's Exports Limited, India**		
	Balance as at the year end	-	4
	Maximum amount outstanding at any time during the year	4	8
	[Pond's Export Limited has utilised the loan for meeting working capital requirements with an average rate of interest at 7.04% (2016-17: 7.58%)]		
(ii)	**Loan to subsidiary: Lakme Lever Private Limited, India**		
	Balance as at the year end	146	194
	Maximum amount outstanding at any time during the year	194	200
	[Lakme Lever Private Limited has utilised the loan for working capital requirements of salon business. It is repayable over a period of 7 years and carries an average rate of interest at 7.09% (2016-17: 7.60%)]		
(iii)	**Loan to subsidiary: Unilever India Export Limited, India**		
	Balance as at the year end	80	-
	Maximum amount outstanding at any time during the year	80	-
	(Unilever India Export Limited has utilised the loan for meeting working capital requirements of export business. It is repayable over a period of 7 years and carries an average rate of interest at 7.23%)		
(b)	**Investment by the loanees in the shares of the Company**		
	The loanees have not made any investments in the shares of the Company		

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 44 : RELATED PARTY DISCLOSURES

A.	**Enterprises exercising control**		
	(i) Holding Company	:	Unilever Plc
B.	**Enterprises where control exists**		
	(i) Subsidiaries (Extent of holding)	:	Daverashola Estates Private Limited (100%) Hindlever Trust Limited (100%) Jamnagar Properties Private Limited (100%) Lakme Lever Private Limited (100%) Levers Associated Trust Limited (100%) Levindra Trust Limited (100%) Pond's Exports Limited (90%) Unilever India Exports Limited (100%) Unilever Nepal Limited (80%) Bhavishya Alliance Child Nutrition Initiatives (100%) (with effect from March 12, 2015) (Section 8 company) Hindustan Unilever Foundation (76%) (Section 8 company)
	(ii) Trust	:	Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control)
	(iii) Joint Ventures	:	Kimberly Clark Lever Private Limited (50% control, ceases to be Joint venture after 29th September, 2017)
	(iv) Key Management Personnel		
	(a) Executive directors	:	Sanjiv Mehta PB Balaji (up to 13th November, 2017) Srinivas Phatak (with effect from 1st December, 2017) Pradeep Banerjee Dev Bajpai Geetu Verma BP Biddappa Priya Nair Sandeep Kohli Sudhir Sitapati Srinandan Sundaram
	(b) Non-executive directors		Harish Manwani Aditya Narayan S. Ramadorai O. P. Bhatt Sanjiv Misra Kalpana Morparia
	(v) Employees' Benefit Plans where there is significant influence	:	Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2018

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Holding Company	: Dividend paid	2,006	1,839
	Royalty expense	628	663
	Fees for central services	348	364
	Income from services rendered	350	500
	Expenses for other services received	237	96
	Outstanding as at the year end :		
	- Trade payables	372	338
Subsidiaries/ Trust	: Sale of finished goods / raw materials etc	355	393
	Processing charges	111	115
	Purchase of fixed assets	-	0
	Purchase of finished goods / raw materials etc	21	12
	Royalty income	8	8
	Rent income	1	1
	Commission paid	1	1
	Expenses shared by subsidiary companies	14	19
	Dividend income	188	167
	Interest income	12	13
	Reimbursement received/ receivable towards pension and medical benefits	34	19
	Purchase of export licences	30	36
	Rent expense	0	0
	Contribution to foundation	32	18
	Reimbursements paid	27	36
	Reimbursements received	26	14
	Inter corporate loans given during the year	183	84
	Inter corporate loans repaid during the year	154	48
	Deposit Received	-	0
	Deposit Paid	-	0
	Outstanding as at the year end:		
	- Current account balances receivable with subsidiaries and trust	44	19
	- Trade receivables	35	34
	- Trade payables	12	35
	- Loans & advances to subsidiaries	226	198
Fellow Subsidiaries	: Purchased of fixed assets	68	37
	Rent income	2	2
	Sale of fixed assets	27	-
	Income from services rendered	8	12
	Management fees paid	45	29
	Purchase of finished goods / raw materials etc.	799	581
	Dividend paid	612	561
	Royalty expense	17	17
	Expenses shared by fellow subsidiary companies	8	6
	Maintenance and support costs for licences and software	7	6

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
	Reimbursements paid	102	49
	Reimbursements received	57	34
	Outstanding as at the year end with fellow subsidiaries		
	- Current account balances receivable with fellow subsidiaries	39	28
	- Trade payables	353	209
Joint Venture :	Purchase of finished goods / raw materials etc.	122	303
	Reimbursements received	28	95
	Outstanding as at the year end with joint venture		
	- Current account balances receivable with joint venture	-	24
	- Trade payables	-	1
Key Management Personnel (Executive directors) :	Remuneration :		
	- Short-term employee benefits	50	47
	- Post-employment benefits*	2	4
	- Other long-term benefits*	0	-
	- Share-based payments	17	16
	Dividend paid	0	0
	Consideration received on exercise of options	0	0
Key Management Personnel (Non-executive directors) :	Dividend paid	0	0
	Commission paid	2	2
Employees' Benefit Plans where there is significant influence :	Contributions during the year (Employer's contribution only)	100	61
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	18	-
	- Payables	-	12

*Note: As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

For the year ended 31st March, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016-17: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 45

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

NOTE 46

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in this standalone financial statements.

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

INDEPENDENT AUDITOR'S REPORT

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Hindustan Unilever Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 325 crores and net assets of ₹ 99 crores as at 31 March 2018, total revenues of

₹ 332 crores and net cash inflows amounting to ₹ 5 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Section 143 (3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of a subsidiary as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

    d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of a subsidiary, as noted in the 'Other matter' paragraph:

        i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 25 to the consolidated Ind AS financial statements.

        ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 47 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group.

        iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2018;

        iv. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai
14th May, 2018

ANNEXURE A

to the Independent Auditor's Report - 31st March, 2018 on the Consolidated Ind as financial statements

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143 (3) (I) OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of Hindustan Unilever Limited ("the Holding Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's, and its subsidiary companies incorporated in India, internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial control system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statements criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Akeel Master
Partner
Membership No: 046768

Mumbai
14th May, 2018

CONSOLIDATED BALANCE SHEET

As at 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3A	4,080	3,968
Capital work-in-progress	3B	461	229
Goodwill	4A	0	0
Other intangible assets	4A	367	370
Goodwill on consolidation	4B	81	81
Financial assets			
Investments	5	2	6
Loans	6	184	168
Other financial assets	7	6	6
Non-current tax assets (net)	8E	635	461
Deferred tax assets (net)	8C	302	170
Other non-current assets	9	84	75
Current assets			
Inventories	10	2,513	2,541
Financial assets			
Investments	5	2,871	3,788
Loans	6	4	-
Trade receivables	11	1,310	1,085
Cash and cash equivalents	12	649	628
Bank balances other than cash and cash equivalents mentioned above	13	2,836	1,200
Other financial assets	7	805	331
Other current assets	14	656	552
Assets held for sale	15	16	47
TOTAL ASSETS		**17,862**	**15,706**

CONSOLIDATED BALANCE SHEET (Contd.)

As at 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	216	216
Other equity	17A	7,065	6,528
Non-controlling interests	18	20	22
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	119	73
Provisions	20	800	514
Non-current tax liabilities (net)	8E	558	432
Other non-current liabilities	21	197	207
Current liabilities			
Financial liabilities			
Borrowings	22	-	277
Trade payables			
Dues to micro and small enterprises	23	-	0
Dues to others	23	7,170	6,186
Other financial liabilities	19	214	195
Other current liabilities	24	815	664
Provisions	20	688	392
TOTAL EQUITY AND LIABILITIES		**17,862**	**15,706**
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities, capital and other commitments	25		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	26	36,238	35,759
Other income	27	384	369
TOTAL INCOME		**36,622**	**36,128**
EXPENSES			
Cost of materials consumed	28	12,927	11,946
Purchases of stock-in-trade	29	3,875	4,223
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	30	(72)	144
Excise duty	31	693	2,597
Employee benefits expenses	32	1,860	1,743
Finance costs	33	26	35
Depreciation and amortisation expense	34	520	432
Other expenses	35	9,456	8,766
TOTAL EXPENSES		**29,285**	**29,886**
Profit before exceptional items and tax		**7,337**	**6,242**
Exceptional items	36	(33)	237
Profit before tax from Continuing Operation		**7,304**	**6,479**
Tax expenses			
Current tax	8A	(2,216)	(1,947)
Deferred tax credit/(charge)	8A	137	(30)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS (A)		**5,225**	**4,502**
Profit/(Loss) from discontinued operations before tax	37A	2	(13)
Tax expenses of discontinued operations	37A	-	1
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS AFTER TAX (B)		**2**	**(12)**
PROFIT FOR THE YEAR (A+B)		**5,227**	**4,490**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	17C	(15)	(33)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	8A	5	11
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	17C	(2)	2

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd.)

For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of Debt instruments through other comprehensive income	8A	1	(0)
OTHER COMPREHENSIVE INCOME FOR THE YEAR (C)		**(11)**	**(20)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		**5,216**	**4,470**
Profit attributable to:			
Owners of the Company		**5,214**	4,476
Non-controlling interests		**13**	14
Other Comprehensive income attributable to:			
Owners of the company		**(11)**	(20)
Non-controlling interests		**-**	(0)
Total Comprehensive income attributable to:			
Owners of the company		**5,203**	4,456
Non-controlling interests	18	**13**	14
Earnings per equity share from Continuing Operations			
Basic (Face value of ₹ 1 each)	38A	₹ 24.08	₹ 20.74
Diluted (Face value of ₹ 1 each)	38A	₹ 24.07	₹ 20.73
Earnings per equity share from Discontinued Operations			
Basic (Face value of ₹ 1 each)	38B	₹ 0.01	₹(0.06)
Diluted (Face value of ₹ 1 each)	38B	₹ 0.01	₹(0.06)
Earnings per equity share from continuing and discontinued operations			
Basic (Face value of ₹ 1 each)		**₹ 24.09**	**₹ 20.68**
Diluted (Face value of ₹ 1 each)		**₹ 24.08**	**₹ 20.67**
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2016		216
Changes in equity share capital during the year		0
As at 31st March, 2017		216
Changes in equity share capital during the year		0
As at 31st March, 2018	16	**216**

B. OTHER EQUITY

	Reserves and Surplus									Items of Other Comprehensive Income (OCI)		Grand Total		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees' Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through Other Comprehensive Income	Total Attributable to owners of the company	Attributable to Non-controlling Interest	Total
As at 31st March, 2016	**4**	**6**	**98**	**43**	**2,301**	**3,864**	**9**	**43**	**0**	**(11)**	**0**	**6,357**	**20**	**6,377**
Profit for the year	-	-	-	-	-	4,476	-	-	-	-	-	4,476	14	4,490
Transfer to Employees' Housing Reserve	-	-	-	-	-	(5)	-	5	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(22)	2	(20)	(0)	(20)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,47 1**	**-**	**5**	**0**	**(22)**	**2**	**4,456**	**14**	**4,470**
Dividend on equity shares for the year	-	-	-	-	-	(3,571)	-	-	-	-	-	(3,571)	(12)	(3,583)
Dividend distribution tax	-	-	-	-	-	(718)	-	-	-	-	-	(718)	-	(718)
Exercise of employee stock options	-	-	18	(18)	-	-	-	-	-	-	-	0	-	0
Share based payment credit	-	-	-	4	-	-	-	-	-	-	-	4	-	4
As at 31st March, 2017	**4**	**6**	**116**	**29**	**2,301**	**4,046**	**9**	**48**	**0**	**(33)**	**2**	**6,528**	**22**	**6,550**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Contd.)

For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

	Reserves and Surplus									Items of Other Comprehensive Income (OCI)		Grand Total		
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Employee Stock Options Outstanding Account	General Reserve	Retained Earnings	Other Reserves	Employees' Housing Reserve	Export profit reserves	Remeasurements of net defined benefit plans	Debt instruments through Other Comprehensive Income	Total Attributable to owners of the company	Attributable to Non-controlling Interest	Total
Profit for the year	-	-	-	-	-	5,214	-	-	-	-	-	5,214	13	5,227
Transfer to Employees' Housing Reserve	-	-	-	-	-	(2)	-	2	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	(10)	(1)	(11)	-	(11)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**5,212**	**-**	**2**	**-**	**(10)**	**(1)**	**5,203**	**13**	**5,216**
Dividend on equity shares for the year	-	-	-	-	-	(3,896)	-	-	-	-	-	(3,896)	(15)	(3,911)
Dividend distribution tax	-	-	-	-	-	(781)	-	-	-	-	-	(781)	-	(781)
Exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-	-	-	-	-
Share based payment credit	-	-	-	11	-	-	-	-	-	-	-	11	-	11
As at 31st March, 2018	**4**	**6**	**127**	**29**	**2,301**	**4,581**	**9**	**50**	**0**	**(43)**	**1**	**7,065**	**20**	**7,085**

a) Refer note 17B for nature and purpose of reserves.

b) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of balance of ₹ 2,187 crores standing to the credit of General Reserves to the Profit and Loss account (currently retained earnings). The Scheme, under relevant sections of the Companies Act, 1956 and the Companies Act,2013, was approved in annual general meeting held on 30th June, 2016 and is now pending for approval with National Company Law Tribunal (NCLT).

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

STATEMENT OF CASH FLOWS
For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2018	Year ended 31st March, 2017
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before exceptional items and tax	**7,337**	**6,242**
	Adjustments for:		
	Depreciation and amortisation expenses	520	432
	(Profit) / loss on sale of property, plant and equipment	30	14
	Government grant accrued	(172)	-
	Interest income	(260)	(260)
	Dividend income	-	(14)
	Fair value (gain)/loss on investments	(122)	(95)
	Interest expense	26	35
	Provision for expenses on employee stock options	11	4
	Impairment of non-current investments	-	0
	Provision/(write back) for inventory (net)	49	48
	Inventory written off	124	101
	Provision/(write back) for doubtful debts and advances (net)	9	4
	Bad debts/assets written off	4	2
	Mark-to-market (gain)/loss on derivative financial instruments	(1)	(1)
	Cash Generated from operations before working capital changes	**7,555**	**6,512**
	Adjustments for:		
	(Increase)/decrease in Non current loans (Security deposits and Others)	(16)	(46)
	(Increase)/decrease in other non-current financial assets	(0)	19
	(Increase)/decrease in other current financial assets	(315)	(82)
	(Increase)/decrease in other non-current assets	(23)	(7)
	(Increase)/decrease in other current assets	(104)	(28)
	(Increase)/decrease in trade receivables	(238)	173
	(Increase)/decrease in inventories	(146)	37
	Increase/(decrease) in trade payables	984	501
	Increase/(decrease) in other non-current financial liabilities	(2)	31
	Increase/(decrease) in other current financial liabilities	(4)	(78)
	Increase/(decrease) in non-current provisions	271	(39)
	Increase/(decrease) in current provisions	253	63
	Increase/(decrease) in other non-current liabilities	(20)	12
	Increase/(decrease) in other current liabilities	151	10
	Cash generated from operations	**8,346**	**7,078**
	Taxes paid (net of refunds)	(2,268)	(1,859)
	Cash flow before exceptional items	**6,078**	**5,219**
	Exceptional items:		
	Profit from discontinued operations	2	(13)
	Amounts paid for other restructuring activities	(25)	(21)
	Taxes paid for exceptional items	9	-
	Net cash (used in) / generated from operating activities - [A]	**6,064**	**5,185**

STATEMENT OF CASH FLOWS (Contd.)

For the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

		Year ended 31st March, 2018	Year ended 31st March, 2017
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	(888)	(1,113)
	Sale proceeds of property, plant and equipment	17	9
	Purchase of Intangibles	(7)	(348)
	Investment in equity shares of a joint venture	-	(0)
	Purchase of non-current investments	-	0
	Sale proceeds of non-current investments	4	9
	Purchase of current investments	(51,855)	(31,214)
	Sale of current investments	52,893	30,074
	Redemption/maturity of bank deposits (having original maturity of more than 3 months)	1,200	2,652
	Investment in bank deposits (having original maturity of more than 3 months)	(2,812)	(1,662)
	Investment in non-current deposits with banks	(0)	(1)
	Interest received	297	264
	Dividend received from others	-	14
	Cash flow before exceptional items	**(1,151)**	**(1,316)**
	Exceptional items:		
	Consideration received on disposal of surplus properties	15	167
	Consideration received on disposal of joint venture	73	20
	Taxes paid for exceptional items	(5)	(44)
	Net cash (used in) / generated from investing activities - [B]	**(1,068)**	**(1,173)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Dividends paid	(3,887)	(3,572)
	Dividend distribution tax paid	(781)	(717)
	Amounts deposited in bank accounts towards unpaid dividends	(24)	(11)
	Amount borrowed for short term purpose	-	460
	Amount repaid taken for short term purpose	(277)	(360)
	Interest paid	(6)	(14)
	Proceeds from share allotment under employee stock options/ performance share schemes	0	0
	Net cash (used in) / generated financing activities - [C]	**(4,975)**	**(4,214)**
	Net increase/(decrease) in cash and cash equivalents - [A+B+C]	**21**	**(202)**
	Add: Cash and cash equivalents at the beginning of the year (refer Note 12)	628	830
	Cash and cash equivalents at the end of the year (refer Note 12)	**649**	**628**

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

NOTES

to the financial statements for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

NOTE 1 : GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India with its registered office located at Unilever House, B.D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising primarily of Home Care, Personal Care, Foods and Refreshments. The Company has manufacturing facilities across the country and sells primarily in India through independent distributors and modern trade.

The Company, its subsidiaries and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:

a) Subsidiaries

Name of the company	Country of incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2018	As at 31st March, 2017
Unilever India Exports Limited	India	FMCG export business	100	100
Lakme Lever Private Limited	India	(i) Beauty salons (ii) Job work business	100	100
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Export Limited	India	Leather products business (primarily exports)	100	100
Jamnagar Properties Private Limited	India	Real estate Company	100	100
Daverashola Estates Private Limited	India	Real estate Company	100	100
Levindra Trust Limited	India	Discharge trust business as a trustee	100	100
Hindlever Trust Limited	India	Discharge trust business as a trustee	100	100
Levers Associated Trust Limited	India	Discharge trust business as a trustee	100	100
Hindustan Unilever Foundation*	India	Not-for-profit company in the field of community development initiatives.	100	100
Bhavishya Alliance Child Nutrition Initiatives*	India	Not-for-profit company that works in the area of social development issues	100	100

*These companies are private companies limited by shares formed under Section 25 of the Companies Act, 1956, now Section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 20 Crores (31st March, 2017: ₹ 3 Crore) and ₹ 0 Crore (31st March, 2017: ₹ 1 Crores) respectively.

b) Joint venture

Name of the company	Country of incorporation	Principal activities	Proportion (%) of equity interest	
			As at 31st March, 2018	As at 31st March, 2017
Kimberly Clark Lever Private Limited #	India	FMCG business (infant care and feminine care products)	-	50

The Company has divested its stake in Kimberly-Clark Lever Private Limited (KCLL) to its Holding Company, Kimberly-Clark Corporation (KCC) on 29th September, 2017

c) Associates

Section 129(3) of the Companies Act, 2013, requires preparation of consolidated financial statement of the company and of all the subsidiaries including associate company and joint venture businesses in the same form and manner as that of its own. Indian Accounting Standard (Ind AS) 28 on Investments in Associates and Joint Ventures defines Associate Group as an entity over which the investor has significant influence. It mentions that if an entity holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case.

The Group holds investments in the below entities which by share ownership are deemed to be an associate company:

i) Comfund Consulting Limited where the Group has 24% equity holding. This is a Non Banking Finance Company (NBFC) set up between HUL and a partner company, currently dormant.

ii) Aquagel Chemicals (Bhavnagar) Private Limited where the Group has 26% equity and 26% preference capital holding. This is a company engaged in Silica business.

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

However, the Group does not exercise significant influence in any of the above entities, as demonstrated below :

i) The Group does not have any representation on the board of directors or corresponding governing body of the investee.

ii) The Group does not participate in policy making process.

iii) The Group does not have any material transactions with the investee.

iv) The Group does not interchange any managerial personnel.

v) The Group does not provide any essential technical information to the investee.

vi) As these are not investments strategic to the core business of HUL, these are intended to be divested/liquidated in the near future.

Since the Group does not exercise significant influence or control on decisions of the investees, these are not being construed as associate companies and therefore these have not been consolidated in the financial statement of the Group.

d) Share of Entities in Group

Name of the Entity	As at 31st March, 2018		For the year ended 31st March, 2018							
	Net Assets (Total Assets - Total Liabilities)		Share in Sales of Products and Services		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated net Sales	Amount	As % of Consolidated profit and loss	Amount	As % of consolidated other comprehensive income	Amount	As % of Consolidated total comprehensive income	Amount
Parent										
Hindustan Unilever Limited	96.9%	7,075	97.3%	34,619	100.1%	5,237	109.1%	(12)	100.2%	5,225
Subsidiaries										
Indian										
Unilever India Exports Limited	2.9%	214	2.5%	881	0.9%	49	-9.1%	1	1.0%	50
Lakme Lever Private Limited	2.7%	200	0.7%	246	0.4%	23	0.0%	-	0.4%	23
Pond's Exports Limited	0.0%	(3)	0.0%	-	0.0%	2	0.0%	-	0.0%	2
Daverashola Estates Private Limited	0.1%	4	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Levers Associated Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Levindra Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Hindlever Trust Limited	0.0%	0	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Jamnagar Properties Private Limited	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Hindustan Unilever Foundation	0.3%	20	0.0%	-	0.3%	17	0.0%	-	0.3%	17
Bhavishya Alliance Child Nutrition Initiatives	0.0%	0	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Foreign										
Unilever Nepal Limited	1.1%	79	0.8%	301	0.9%	49	0.0%	-	0.9%	49
Non-controlling interests	0.3%	20	0.0%	-	0.2%	13	0.0%	-	0.2%	13
Inter-company eliminations	-4.3%	(308)	-1.3%	(476)	-2.8%	(163)	0.0%	-	-3.0%	(163)
TOTAL	**100%**	**7,301**	**100%**	**35,571**	**100%**	**5,227**	**100%**	**(11)**	**100%**	**5,216**

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 2 : BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Measurement

(a) Basis of preparation and consolidation

These Consolidated Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Subsidiaries are entities where the group exercise or controls more than one-half of its total share capital. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits/losses, unless cost/revenue cannot be recovered.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence. The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes in these Consolidated Financial statements.

The Consolidated Financial statements of the Company for the year ended 31st March, 2018 were approved for issue in accordance with the resolution of the Board of Directors on 14th May, 2018.

(b) Basis of measurement

These Consolidated Financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 Key Accounting Estimates and Judgements

The preparation of Consolidated Financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations - Note 42

(b) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 and 25

(c) Recognition of deferred tax assets - Note 8

(d) Key assumptions used in discounted cash flow projections - Note 44

(e) Impairment of Intangible - Note 4

2.3 Recent Accounting Developments

(a) Standards issued but not yet effective:

IND AS 115: Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Group with effect from 1st April, 2018.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Group has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard from 1st April, 2018

2.4 Significant Accounting Policies

(a) These are set out under "Significant Accounting Policies" as given in the Company's standalone financial statements.

(b) Other Accounting Policies applicable to Group

i) Staff Bonus and Staff quarters [Unilever Nepal Limited]:

Staff bonus and staff quarters are accounted in accordance with the provisions of the Bonus Act, 2030 and Labor Act, 2048 respectively. In accordance with the decision of Honorable Supreme Court of Nepal, the Group has set aside "Employees' Housing Reserve" for the purpose of construction of staff quarters in line with the requirement of Section 41(2) of the Labor Act, 2048. This allocation has been done for all years including previous years since financial year 2005-06. There is no requirement of allocating fund for staff quarters as per the provision of new Labor Act enacted and effective from 4th September, 2017. Hence, the allocation of staff quarter from the retained earning is done only for the applicable fiscal year.

ii) Operating segments:

The managing committee is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in IND AS 108. The Operating Segment is the level at which discrete financial information is available. The CODM allocates resources and assess performance at this level. The group has identified the below operating segments:

1. Home Care - Fabric Wash, Household care and Water
2. Personal Care - Personal Wash, Skin Care, Hair Care, Oral Care, Deodorants and colours
3. Foods - Packaged foods and popular foods
4. Refreshments - Tea, Coffee, Ice Creams and Frozen Deserts.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 : PROPERTY, PLANT AND EQUIPMENT

A Property, Plant and Equipment

	Land - Freehold	Land - Leasehold	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block							
Balance as at 31st March, 2016	**60**	**28**	**931**	**2,370**	**61**	**41**	**3,491**
Additions	-	1	284	934	7	22	1,248
Disposals	-	-	(5)	(34)	(2)	(1)	(42)
Balance as at 31st March, 2017	**60**	**29**	**1,210**	**3,270**	**66**	**62**	**4,697**
Additions	-	1	139	500	10	20	670
Disposals	-	(3)	(6)	(79)	-	(8)	(96)
Balance as at 31st March, 2018	**60**	**27**	**1,343**	**3,691**	**76**	**74**	**5,271**
Accumulated Depreciation							
Balance as at 31st March, 2016	**-**	**2**	**36**	**272**	**8**	**8**	**326**
Additions	-	2	40	356	9	13	420
Disposals	-	-	(1)	(14)	(1)	(1)	(17)
Impairment Loss	-	-	-	0	0	0	0
Balance as at 31st March, 2017	**-**	**4**	**75**	**614**	**16**	**20**	**729**
Additions	-	2	51	433	8	16	510
Disposals	-	(1)	(1)	(39)	-	(7)	(48)
Balance as at 31st March, 2018	**-**	**5**	**125**	**1,008**	**24**	**29**	**1,191**
Net Block							
Balance as at 31st March, 2017	60	25	1,135	2,656	50	42	3,968
Balance as at 31st March, 2018	60	22	1,218	2,683	52	45	4,080

Notes:

(a) Buildings include ₹ 0 crores (31st March, 2017: ₹ 0 crores) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold Land aggregating ₹ 0 crores (31st March, 2017: ₹ 2 crores), Leasehold Land, net block aggregating ₹ 1 crores, (31st March, 2017: ₹ 5 crores) are in the process of perfection of title.

(c) The Property, Plant and Equipment in 3A includes assets given on lease mentioned in the below table:

	Building	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block as at 31st March, 2016	1	62	0	0	63
Accumulated Depreciation as at 31st March, 2016	(0)	(2)	(0)	(0)	(2)
Net Block as at 31st March, 2016	**1**	**60**	**0**	**0**	**61**
Gross Block as at 31st March, 2017	0	55	0	0	55
Accumulated Depreciation as at 31st March, 2017	(0)	(4)	(0)	(0)	(4)
Net Block as at 31st March, 2017	**0**	**51**	**0**	**0**	**51**
Gross Block as at 31st March, 2018	0	70	0	0	70
Accumulated Depreciation as at 31st March, 2018	(0)	(12)	(0)	(0)	(12)
Net Block as at 31st March, 2018	**0**	**58**	**0**	**0**	**58**

B Capital work-in-progress

Capital work in progress as at 31st March, 2018 is ₹ 461 crores (31st March, 2017: ₹ 229 crores)

For contractual commitment with respect to property, plant and equipment refer Note 25.B(ii).

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 4 : INTANGIBLE ASSETS

A Intangible Assets

	Goodwill	Other intangible assets			
		Brands	Knowhow and Design	Computer Software	Total
Gross Block					
Balance as at 31st March, 2016	**-**	**4**	**-**	**19**	**23**
Additions	-	-	-	1	1
Disposals	-	-	-	(1)	(1)
Acquisitions through business combination (Refer note 44)	0	311	59	-	370
Balance as at 31st March, 2017	**0**	**315**	**59**	**19**	**393**
Additions	-	-	-	7	7
Disposals	-	-	-	-	-
Balance as at 31st March, 2018	**0**	**315**	**59**	**26**	**400**
Accumulated Amortisation and Impairment					
Balance as at 31st March, 2016	**-**	**4**	**-**	**7**	**11**
Additions	-	-	6	6	12
Disposals	-	-	-	(0)	(0)
Balance as at 31st March, 2017	**-**	**4**	**6**	**13**	**23**
Additions	-	-	6	4	10
Disposals	-	-	-	-	-
Balance as at 31st March, 2018	**-**	**4**	**12**	**17**	**33**
Net Block					
Balance as at 31st March, 2017	0	311	53	6	370
Balance as at 31st March, 2018	0	311	47	9	367

IMPAIRMENT CHARGES

The goodwill and indefinite life intangible assets are tested for impairment and accordingly no impairment charges were identified for FY 2017-18 (Nil for FY 2016-17)

SIGNIFICANT CASH GENERATING UNITS (CGUS)

The Group has identified its reportable segments Home care, Personal Care, Foods, Refreshments and Others as the CGUs. The goodwill and brand (with indefinite life) acquired through business combination has been entirely allocated to CGU 'Personal Care' segment of the Group. The carrying amount of goodwill and brand as at 31st March, 2018 is ₹ 0 crores and ₹ 311 crores respectively.

Following key assumptions were considered while performing Impairment testing

Long term sustainable growth rates	7%
Weighted Average Cost of Capital % (WACC) before tax	14%
Average segmental margins	25%

The projections cover a period of five years, as the Group believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. Segmental margins are based on FY 2017-18 performance. Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta variant for the Company).

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

B Goodwill on consolidation

Pursuant to the merger of Aquagel Chemicals Private Limited (ACPL) with Lakme Lever Private Limited in the FY 2014-15, the excess of cost to the Group of its investment in ACPL over the Group's portion of equity in ACPL, amounting to ₹ 81 crores has been treated as 'Goodwill on consolidation'. The goodwill on consolidation is tested for impairment and accordingly no impairments charges were identified for FY 2017-18 (Nil for FY 2016-17)

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 5 : INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017
Non-Current Investments		
A. Equity instruments		
Fair value through profit or loss		
Quoted	0	0
Unquoted	1	1
TOTAL (A)	**1**	**1**
B. Other instruments		
Amortised cost		
Unquoted		
Investments in debentures and bonds	0	0
Investments in National Savings Certificates	0	0
Fair value through profit or loss		
Unquoted		
Investments in preference shares	1	5
TOTAL (B)	**1**	**5**
TOTAL (A+B)	**2**	**6**
Current Investments		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	1,025	1,459
Fair value through profit or loss		
Quoted		
Investments in mutual funds	1,846	2,329
TOTAL (C)	**2,871**	**3,788**
TOTAL (A+B+C)	**2,873**	**3,794**
Aggregate amount of quoted investments	2,871	3,788
Aggregate Market value of quoted investments	2,871	3,788
Aggregate amount of unquoted investments	2	6
Aggregate amount of impairment in value of investments	-	-

Refer Note 40 for information about fair value measurement and Note 41 for credit risk and market risk of investments.

NOTE 6 : LOANS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Security deposits	118	122
Others (including employee loans)	66	46
TOTAL (A)	**184**	**168**
Current		
Security deposits	4	-
TOTAL (B)	**4**	**-**
Total (A+B)	**188**	**168**

Refer Note 41 for information about credit risk and market risk for loans.

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 7 : OTHER FINANCIAL ASSETS
(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Investments in term deposits (with remaining maturity of more than twelve months)	1	1
Other assets (includes other receivables etc.)	5	5
TOTAL (A)	**6**	**6**
Current		
Current account balances with group companies and joint venture	40	71
Derivatives - foreign exchange forward contracts	5	14
Duty drawback receivable	6	-
Other assets (includes government grants, other receivables etc.)	754	246
TOTAL (B)	**805**	**331**
Total (A+B)	**811**	**337**

Refer Note 41 for information about credit risk and market risk for other financial assets.

NOTE 8 : INCOME TAXES
A. Components of Income tax Expense

	From Continuing Operation		From Discontinued Operations	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
I. Tax expense recognised in the Statement of Profit and Loss				
Current tax				
Current year	2,360	2,011	-	-
Adjustments/(credits) related to previous years - (net)	(144)	(64)	-	(1)
TOTAL (A)	**2,216**	**1,947**	**-**	**(1)**
Deferred tax charge/(credit)				
Origination and reversal of temporary differences	(137)	30	-	-
TOTAL (B)	**(137)**	**30**	**-**	**-**
TOTAL (A+B)	**2,079**	**1,977**	**-**	**(1)**
II. Tax on Other Comprehensive Income				
Current tax				
(Gain)/loss on remeasurement of net defined benefit plans	(11)	-	-	-
(Gain)/loss on debt instruments through other comprehensive income	-	-	-	-
Deferred tax charge/(credit)				
(Gain)/loss on remeasurement of net defined benefit plans	6	(11)	-	-
(Gain)/loss on debt instruments through other comprehensive income	(1)	0	-	-
	(6)	**(11)**	**-**	-

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

B. Reconciliation of Effective Tax Rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	As at 31st March, 2018	As at 31st March, 2017
Statutory income tax rate	34.6%	34.4%
Differences due to:		
Expenses not deductible for tax purposes	1.7%	2.0%
Income exempt from income tax	-0.7%	-0.9%
Income tax incentives	-4.4%	-4.5%
Others*	-2.7%	-0.4%
Effective tax rate	**28.5%**	**30.6%**

* Others include prior period adjustment tax refunds and tax on exceptional items

C. Deferred Tax Assets and Liabilities

	As at 31st March, 2018	As at 31st March, 2017
Deferred tax assets	302	170
Net Deferred tax assets/(liabilities)	**302**	**170**

D. Movement In Deferred Tax Assets and Liabilities

Movement during the year ended 31st March, 2017	As at 31st March, 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31st March, 2017
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	159	(33)	11	-	137
Provision for doubtful debts and advances	22	(0)	-	-	22
Expenses allowable for tax purposes when paid	141	(12)	-	-	129
Accelerated Tax Depreciation	(285)	(71)	-	22	(334)
Fair value (gains)/losses	(67)	(17)	-	-	(84)
Other temporary differences	197	103	0	-	300
	167	**(30)**	**11**	**22**	**170**

Movement during the year ended 31st March, 2018	As at 31st March, 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31st March, 2018
Deferred tax assets/(liabilities)					
Provision for post retirement benefits and other employee benefits	137	9	(3)	-	143
Provision for doubtful debts and advances	22	7	-	-	29
Expenses allowable for tax purposes when paid	129	37	(1)	-	165
Depreciation	(334)	(26)	-	-	(360)
Fair value gain/(loss) on investments	(84)	29	2	-	(53)
Other temporary differences	300	81	(3)	-	378
	170	**137**	**(5)**	**-**	**302**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

E. Tax Assets and Liabilities

	As at 31st March, 2018	As at 31st March, 2017
Non Current tax assets (net)	635	461
Non Current tax liabilities (net)	558	432

F. Unrecognised Deferred Tax Assets

	As at 31st March, 2018		As at 31st March, 2017	
	Gross Amount	Unrecognised Tax effect	Gross Amount	Unrecognised Tax effect
Deductible temporary difference	14	5	(59)	(20)
Tax losses	5	2	165	57
TOTAL	**19**	**7**	**106**	**37**

G. Tax Losses Carried Forward

	Year ended 31st March, 2018	Expiry date	Year ended 31st March, 2017	Expiry date
Brought forward losses (allowed to be carried forward for specified period)	-	-	63	2018-22
Brought forward losses (allowed to be carried forward for specified period)	5	2023-25	5	2023-25
Brought forward losses (allowed to be carried forward for infinite period)	0	-	97	-

Note: The above is arrived basis the balances as on date. Part of the tax losses expires in 2023-2025. The deductible temporary difference do not expire under the current tax legislation.

NOTE 9 : OTHER NON-CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Deferred lease rent	1	1
Security Deposits with customs, port trust, excise and other government authorities	62	39
Capital advances	21	35
Other advances (includes advances for materials)	29	30
Less: Allowance for bad and doubtful advances	(29)	(30)
TOTAL	**84**	**75**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	30	35
Change in allowance for bad and doubtful assets during the year	(1)	3
Written off during the year	(0)	(8)
Balance as at the end of the year	**29**	**30**

NOTE 10 : INVENTORIES

	As at 31st March, 2018	As at 31st March, 2017
Raw materials [includes in transit: ₹ 52 crores (31st March, 2017: ₹ 86 crores)]	813	863
Packing materials	83	107
Work-in-progress	263	229
Finished goods [includes in transit: ₹ 34 crores (31st March, 2017: ₹ 34 crores)] (Refer note (a) below)	1,285	1,268
Stores and spares	69	74
	2,513	**2,541**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2017-18 an amount of ₹ 174 crores (31st March, 2017: ₹ 151 crores) was charged to the Statement of Profit and Loss on account of damage and slow moving inventory. The reversal on account of above during the year amounted to ₹ 1 crore (31st March, 2017: ₹ 2 crores).

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 11 : TRADE RECEIVABLES
(Unsecured unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017
Considered good	1,310	1,085
Considered doubtful	49	39
Less: Allowance for bad and doubtful debts	(49)	(39)
	1,310	**1,085**
The movement in allowance for bad and doubtful debts is as follows:		
Balance as at beginning of the year	39	30
Change in allowance for bad and doubtful debts during the year	14	12
Trade receivables written off during the year	(4)	(3)
Balance as at the end of the year	**49**	**39**

Refer Note 41 for information about credit risk and market risk of trade receivables.

NOTE 12 : CASH AND CASH EQUIVALENTS

	As at 31st March, 2018	As at 31st March, 2017
Cash on hand	0	0
Balances with banks		
In current accounts	109	110
Term deposits with original maturity of less than three months	540	518
	649	**628**

NOTE 13 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2018	As at 31st March, 2017
Earmarked balances with banks		
Unpaid dividend account	140	116
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,696	1,084
	2,836	**1,200**

NOTE 14 : OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Export benefits receivable	49	33
VAT credit receivable	-	55
GST and CENVAT receivable	400	246
Balances with government authorities	1	4
Other advances (includes prepaid expenses etc.)	206	214
	656	**552**

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 15 : ASSETS HELD FOR SALE

	As at 31st March, 2018	As at 31st March, 2017
Group of assets held for sale		
Freehold Land	2	2
Buildings	6	7
Plant and equipment	8	12
Furniture and fixtures	0	0
Vehicles	0	0
Office equipment	0	0
Investment in Joint Venture	-	26
	16	**47**

NOTE 16 : EQUITY SHARE CAPITAL

	As at 31st March, 2018	As at 31st March, 2017
Authorised		
2,25,00,00,000 (31st March, 2017: 2,25,00,00,000) equity shares of ₹ 1 each	225	225
Issued, subscribed and fully paid up		
2,16,45,28,777 (31st March, 2017: 2,16,43,49,639) equity shares of ₹ 1 each	216	216
	216	**216**

a) Reconciliation of the number of shares

Equity Shares:	As at 31st March , 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,43,49,639	216	2,16,39,36,971	216
Add: ESOP shares issued during the year (Refer note 43)	1,79,138	0	4,12,668	0
Balance as at the end of the year	**2,16,45,28,777**	**216**	**2,16,43,49,639**	**216**

b) Rights, preferences and restrictions attached to shares

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

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

	As at 31st March, 2018	As at 31st March, 2017
Equity Shares of ₹ 1 each		
1,11,43,70,148 shares (31st March, 2017: 1,11,43,70,148) held by Unilever PLC, UK, the holding company	111	111
34,00,42,710 shares (31st March, 2017: 34,00,42,710) held by subsidiaries of the holding company	34	34

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

	As at 31st March, 2018	As at 31st March, 2017
Number of shares	1,11,43,70,148	1,11,43,70,148
Unilever PLC, UK, the holding company	51.48%	51.49%

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

e) Shares reserved for issue under options

	As at 31st March , 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of ₹ 1 each, at an exercise price of ₹ 132.05 per share	-	-	-	-
Under 2006 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share	-	-	-	-
Under 2012 HUL Performance Share Scheme: equity shares of ₹ 1 each, at an exercise price of ₹ 1 per share (refer note 43)	4,53,191	0	5,52,414	0
	4,53,191	**0**	**5,52,414**	**0**

For terms and other details Refer Note 43.

NOTE 17 : OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2018	As at 31st March, 2017
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium Reserve	127	116
Employee Stock Options Outstanding Account	29	29
General Reserve	2,301	2,301
Retained Earnings	4,581	4,046
Other Reserves	9	9
Employee's Housing Reserve	50	48
Export profit reserves	0	0
Items of Other Comprehensive Income		
- Remeasurements of net defined benefit plans	(43)	(33)
- Fair value of Debt instruments through OCI	1	2
TOTAL ATTRIBUTABLE TO OWNERS OF THE COMPANY	**7,065**	**6,528**
Attributable to Non-controlling Interest (Refer Note 18)	20	22
TOTAL OTHER EQUITY	**7,085**	**6,550**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets taken, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Company has recognised Capital Redemption Reserve on the buyback of equity shares from its retained earnings. The amount in the Capital Redemption Reserve is equal to the nominal amount of the equity shares bought back.

(c) **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(f) **Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

(g) **Other Reserves:** The Company has recognised Other Reserves on amalgamation of Brooke Bond Lipton India Limited as per statutory requirements. This reserve is not available for capitalisation/declaration of dividend/ share buy-back. Further it also includes capital subsidy and revaluation reserve.

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

(h) **Employee's Housing Reserve :** As required by the local labour act of Nepal, on a yearly basis a portion of gross profit earned by the company is transferred to housing fund reserve which will be used to provide housing facilities to the employees. Mandatory transfer to employee's housing reserve is not required with the new labour law enacted on 4th september, 2017.

(i) **Export profit reserves :** Export Profit Reserve has been created to protect, from any losses due to volatility in business.

(j) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

(k) **Debt Instruments through Other Comprehensive Income:** The fair value change of the debt instruments measured at fair value through other comprehensive income is recognised in Debt instruments through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

C. Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Remeasurements of defined benefit plans	Debt instruments through Other Comprehensive Income	Total
As at 31st March, 2016	**(11)**	**0**	**(11)**
Re-measurement gain/(loss) on net defined benefit plans	(33)	-	(33)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	2	2
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	11	(0)	11
As at 31st March, 2017	**(33)**	**2**	**(31)**
Re-measurement gain/(loss) on net defined benefit plans	(15)	-	(15)
Gain/(loss) on debt instruments recognised in other comprehensive income	-	(2)	(2)
Reclassified to Statement of Profit and Loss	-	-	-
Income tax effect	5	1	6
As at 31st March, 2018	**(43)**	**1**	**(42)**

D. Capital Management

Equity share capital and other equity are considered for the purpose of Group's capital management.

The Group manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the board of directors monitors the return on capital as well as the level of dividends to shareholders. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTE 18 : NON-CONTROLLING INTERESTS

The following table summarises the financial information relating to Unilever Nepal Limited that has non-controlling interests (20%).

	As at 31st March, 2018	As at 31st March, 2017
Non-current assets	184	156
Current assets	141	153
Non-current liabilities	(144)	(122)
Current liabilities	(82)	(78)
Net assets	**99**	**109**
Carrying amount of non-controlling interests	**20**	**22**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from operations	327	312
Profit for the year	62	69
Other comprehensive income for the year	-	(0)
Total comprehensive income for the year	**62**	**69**
Attributable to non-controlling interests (20%):		
Profit for the year	13	14
Other comprehensive income for the year	-	(0)
Cash flows from:		
Operating activities	70	57
Investing activities	8	(2)
Financing activities	(73)	(58)
Net increase/(decrease) in cash and cash equivalents	**5**	**(3)**
Dividend paid to non-controlling interests	15	12

NOTE 19 : OTHER FINANCIAL LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Security deposits	28	24
Contingent consideration	91	49
TOTAL (A)	**119**	**73**
CURRENT		
Unpaid dividends [Refer (a) below]	140	116
Derivatives - foreign exchange forward contracts	4	13
Contingent consideration payable	13	-
Other payables (payable for purchase of property, plant and equipment etc.)	57	62
Deferred borrowings	-	3
Book Overdraft	-	1
TOTAL (B)	**214**	**195**
TOTAL (A+B)	**333**	**268**

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as 31st March, 2018 (31st March, 2017: Nil)

NOTE 20 : PROVISIONS

	As at 31st March, 2018	As at 31st March, 2017
Non-Current		
Provision for employee benefits (pension, medical, compensated absences[Refer Note 42] and others)	101	106
Other provisions (including for statutory levies etc.) - net [Refer (a) below]	699	408
TOTAL (A)	**800**	**514**
Current		
Provision for employee benefits (gratuity, pension, medical, compensated absences[Refer Note 42] and others)	93	41
Other provisions (including restructuring etc.) [Refer (a) below]	595	351
TOTAL (B)	**688**	**392**
TOTAL (A+B)	**1,488**	**906**

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax related	Legal and Other Matters	Total
Balance as at 31st March, 2016	**253**	**431**	**684**
Add: Provision/reclassified during the year *	135	75	210
Less: Amount utilised/reversed during the year	(93)	(42)	(135)
Balance as at 31st March, 2017	**295**	**464**	**759**
Add: Provision/reclassified during the year *	70	548	618
Less: Amount utilised/reversed during the year	(15)	(68)	(83)
Balance as at 31st March, 2018	**350**	**944**	**1,294**

* includes unwinding of discount and change in discount rate.

The provisions for indirect taxes and legal matters comprises of numerous separate cases that arise in the ordinary course of business. These provisions have not been discounted as it is not practicable for the Group to estimate the timing of the provision utilisation and cash outflows, if any, pending resolution.

NOTE 21 : OTHER NON-CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Employee and ex-employee related liabilities	197	207
	197	**207**

NOTE 22 : CURRENT BORROWINGS

	As at 31st March, 2018	As at 31st March, 2017
Unsecured loan from banks	-	277
	-	**277**

Refer note 41 for information about liquidity risk and market risk of short term borrowings.

Unsecured loan taken from banks for export packing credit requirement amounting to ₹ Nil (31st March, 2017: ₹ 280 crores)

NOTE 23 : TRADE PAYABLES

	As at 31st March, 2018	As at 31st March, 2017
Dues to Micro and Small Enterprises (as per the Intimation Received from Vendors)		
a. Principal and interest amount remaining unpaid	-	0
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Dues to Others		
Acceptances	141	243
Trade payables	7,029	5,943
	7,170	**6,186**

Refer Note 41 for information about liquidity risk and market risk of trade payables.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 24 : OTHER CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Salaries, wages and bonus payable	239	211
Statutory dues (including provident fund, tax deducted at source and others)	353	375
Advance from customers	62	78
Other payables	161	-
	815	**664**

NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March, 2018	As at 31st March, 2017
A Contingent Liabilities		
Claims against the Group not acknowledged as debts		
Income tax matters	895	646
Sales tax matters	255	125
Excise duty, service tax and customs duty matters	482	194
Other matters including claims related to employees/ex-employees, property related demands, etc.	121	85
(i) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.		
(ii) The Group does not expect any reimbursements in respect of the above contingent liabilities.		
(iii) The Group's pending litigations comprise of proceedings pending with Income Tax, Excise, Custom, Sales tax/VAT, other authorities and claims against the Group by employees. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(iv) The Group has given Bank Guarantees in respect of certain matters of above contingent liabilities.		
Corporate Guarantee given	8	8

B Commitments

i) Operating lease commitments

The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are cancellable (other than those specified below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Group has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of ₹ 13 crores (2016-17: ₹ 14 crores) on such lease is included in Rent.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st March, 2018	As at 31st March, 2017
Not later than one year	14	14
Later than one year and not later than five years	61	58
Later than five years	10	24

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017
ii) Capital commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	164	257
iii) Other commitments		
Unexpired Letter of credit and acceptances	11	8
	175	**265**

NOTE 26 : REVENUE FROM OPERATIONS

	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of products (including excise duty*)	35,474	34,964
Sale of services	97	97
Other operating revenue		
Income from services rendered	360	513
Others (including government grant, scrap sales, export incentives, commission, lease license fee etc.)	307	185
	36,238	**35,759**

Total government grant recognized ₹ 172 crores (FY 2016-17 Nil)

* Up to 30th June, 2017

NOTE 27 : OTHER INCOME

	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest income on		
Bank deposits	136	184
Current investments	122	74
Others	2	2
Dividend income from		
Non-current investments	2	-
Current investments	-	14
Fair value gain/(loss)		
Investments measured at fair value through profit or loss	113	86
Investments measured at fair value through other comprehensive income	-	0
Net gain on sale of investments	9	9
	384	**369**

NOTE 28 : COST OF MATERIALS CONSUMED

	Year ended 31st March, 2018	Year ended 31st March, 2017
Raw materials consumed	10,358	9,383
Packing materials consumed	2,569	2,563
	12,927	**11,946**

NOTE 29 : PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2018	Year ended 31st March, 2017
Purchases of stock-in-trade	3,875	4,223
	3,875	**4,223**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

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

	Year ended 31st March, 2018	Year ended 31st March, 2017
Opening inventories		
Finished goods	1,268	1,251
Work-in-progress	229	375
Finished goods		
Finished goods	(1,285)	(1,268)
Work-in-progress	(263)	(229)
Excise duty on increase/(decrease) of finished goods	(21)	15
	(72)	**144**

NOTE 31 : EXCISE DUTY

	Year ended 31st March, 2018	Year ended 31st March, 2017
Excise duty	693	2,597
	693	**2,597**

Up to 30th June, 2017

NOTE 32 : EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2018	Year ended 31st March, 2017
Salaries and wages, bonus etc.	1,526	1,439
Contribution to provident funds and other funds	94	86
Defined benefit plan expense (Refer Note 42)	65	18
Share based payments to employees (Refer Note 43)	79	94
Workmen and staff welfare expenses	96	106
	1,860	**1,743**

NOTE 33 : FINANCE COSTS

	Year ended 31st March, 2018	Year ended 31st March, 2017
Interest expense on book overdraft and others	5	14
Net interest on the net defined benefit liability (Refer Note 42)	8	6
Unwinding of discount on provisions and liabilities	9	8
Unwinding of discount on employee and ex-employee related liabilities	4	7
	26	**35**

NOTE 34 : DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31st March, 2018	Year ended 31st March, 2017
Depreciation on property, plant & equipment	510	420
Amortisation on intangible assets	10	12
	520	**432**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 35 : OTHER EXPENSES

		Year ended 31st March, 2018		Year ended 31st March, 2017
Advertising and promotion		4,153		3,542
Carriage and freight		1,547		1,516
Royalty				
- Technology	493		521	
- Brand	158	651	170	691
Fees for central services from Parent Company		358		378
Power, fuel, light and water		295		295
Rent		285		267
Processing charges		309		193
Travelling and motor car expenses		162		179
Repairs		120		131
Rates & taxes (excluding income tax)		96		116
Corporate social responsibility expense [Refer note (a) below]		119		107
Miscellaneous expenses		1,361		1,351
		9,456		**8,766**

(a) The Group has spent ₹ 119 crores (2016-17: ₹ 107 crores) towards various schemes of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013. The details are:

I. Gross amount required to be spent by the Group during the year: ₹ 115 crores (2016-17: ₹ 105 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2018		Year ended 31st March, 2017	
	In cash /payable	Yet to be paid in Cash	In cash /payable	Yet to be paid in Cash
i) Construction/Acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	119	-	107	-
	119	**-**	**107**	**-**

III. The Group does not carry any provisions for Corporate social responsibility expenses for the current year and previous year.

NOTE 36 : EXCEPTIONAL ITEMS

	Year ended 31st March, 2018	Year ended 31st March, 2017
i) Profit on disposal of surplus properties	13	164
ii) Profit on disposal of business/subsidiary	-	19
iii) Profit on disposal of joint venture	72	-
iv) Decrease in liability on account of plans amendments basis actuarial valuation (refer Note 42)	-	115
Total exceptional income (A)	**85**	**298**
i) Fair valuation of contingent consideration payable (refer Note 44)	(48)	-
ii) Restructuring costs	(70)	(61)
Total exceptional expenditure (B)	**(118)**	**(61)**
Exceptional items (net) (A+B)	**(33)**	**237**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 : DISCONTINUED OPERATIONS

In previous year Ponds Exports Limited (PEL) has closed down its existing operation. This is in line with our group strategy of exiting non core business.

A Results of discontinued operation

	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue	5	90
Expenses	(3)	(103)
Results from discontinued operations before tax	**2**	**(13)**
Less: Inter-company Elimination	0	0
Tax Expense		
Current tax	-	1
Deferred tax credit/(charge)	-	-
Results from discontinued operations after tax	**2**	**(12)**

The profit from discontinued operations of ₹ 2 crores (2016-17 loss ₹ 12 crores) is attributable entirely to the owners of the Company.

B Net Cash (used in)/generated from discontinued operations

	Year ended 31st March, 2018	Year ended 31st March, 2017
Net cash generated from operating activities	4	(0)
Net cash (used in)/generated from investing activities	(0)	1
Net cash used in financing activities	(4)	0
Net cash flows for the year	**(0)**	**1**

NOTE 38 : EARNINGS PER EQUITY SHARE

A. From Continuing operations

	Year ended 31st March, 2018	Year ended 31st March, 2017
Earnings Per Share has been computed as under:		
Profit for the year attributable to the owners of the Company	5,212	4,488
Weighted average number of equity shares outstanding	2,16,44,57,493	2,16,42,12,891
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ 24.08	₹ 20.74
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	4,66,552	4,25,681
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,24,045	2,16,46,38,572
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ 24.07	₹ 20.73

B. From Discountinued operations

	Year ended 31st March, 2018	Year ended 31st March, 2017
Earnings Per Share has been computed as under:		
Profit/(Loss) for the year attributable to the owners of the Company	2	(12)
Weighted average number of equity shares outstanding	2,16,44,57,493	2,16,42,12,891
Earnings Per Share (₹) - Basic (Face value of ₹ 1 per share)	₹ 0.01	₹ (0.06)
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	4,66,552	4,25,681
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,49,24,045	2,16,46,38,572
Earnings Per Share (₹) - Diluted (Face value of ₹ 1 per share)	₹ 0.01	₹ (0.06)

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 39 : DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2018	Year ended 31st March, 2017
Dividend on equity shares declared and paid during the year		
Final dividend of ₹ 10.00 per share for FY 2016-17 (2015-16: ₹ 9.50 per share)	2,164	2,056
Dividend distribution tax on final dividend*	441	419
Interim dividend of ₹ 8.00 per share for FY 2017-18 (2016-17: ₹ 7.00 per share)	1,732	1,515
Dividend distribution tax on interim dividend*	314	274
	4,651	**4,264**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹ 12.00 per share for FY 2017-18 (2016-17: ₹10.00 per share)	2,597	2,164
Dividend distribution tax on final dividend	534	441
	3,131	**2,605**
Payout ratio for FY 2017-18	**99%**	

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on final dividend of FY 2016-17 and interim dividend of FY 2017-18 and the credit in respect of tax paid under Section 115 O of the Income-tax Act, 1961 by the Company on dividend received from its domestic and foreign subsidiaries during the year.

NOTE 40 : FINANCIAL INSTRUMENTS

A Accounting Classifications and Fair Values

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value /Fair value	
		As at 31st March , 2018	As at 31st March, 2017
Financial Assets			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	5	1,025	1,459
ii. Fair value through profit or loss	5	1,848	2,335
Derivatives - foreign exchange forward contracts	7	5	14
Financial assets measured at amortised cost			
Investments	5	0	0
Loans	6	188	168
Investments in term deposits	7,13	2,697	1,085
Other assets	7	759	251
		6,522	**5,312**
Financial Liabilities			
Financial liabilities measured at fair value			
Derivatives - foreign exchange forward contracts	19	4	13
Contingent consideration	19	104	49
Borrowings	22	-	277
Financial liabilities measured at amortised cost			
Security deposits	19	28	24
Other payables	19	57	62
		193	**425**

The Group has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, current account balances with group companies, trade payables, unpaid dividends, deferred borrowings, interest accrued but not due and book overdraft at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

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(All amounts in ₹ crores, unless otherwise stated)

B Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year ended 31st March, 2018	Year ended 31st March, 2017
Financial assets measured at amortised cost		
Interest income	138	186
Allowance for doubtful debts	13	6
Financial assets measured at fair value through other comprehensive income		
Investment in debt instruments		
Interest income	122	74
Fair value gain/(loss) recognised in other comprehensive income	(2)	2
Reclassified from other comprehensive income to Statement of Profit and Loss	0	0
Financial assets measured at fair value through profit or loss		
Fair value gain/(loss) on investment in debt instruments	113	86
Dividend income on non current investments	2	-
Dividend income on current investments	-	14
Net gain on sale of investments	9	9
Financial liabilities measured at amortised cost		
Interest expense	5	14
Derivatives - foreign exchange forward contracts		
Fair value gain/(loss)	(2)	22

C Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into a three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1: Quoted prices for identical instruments in an active market;
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: Inputs which are not based on observable market data.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2018				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,025	-	-	1,025
ii. Fair Value through Profit or Loss	1,846	-	2	1,848
Derivatives - foreign exchange forward contracts	-	5	-	5
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	4	-	4
Contingent consideration	-	-	104	104
As at 31st March, 2017				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	1,459	-	-	1,459
ii. Fair Value through Profit or Loss	2,329	-	6	2,335
Derivatives - foreign exchange forward contracts	-	14	-	14
Liabilities at fair value				
Derivatives - foreign exchange forward contracts	-	13	-	13
Contingent consideration	-	-	49	49
Borrowings	-	277	-	277

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to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The fair value classification of investment in mutual funds (fair value through profit and loss) has been reviewed and re-classified from Level 2 to Level 1 during FY 2017-18.

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2017.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

1. The fair values of investment in treasury bills and quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
2. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
3. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.

- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Significant unobservable inputs used in level 3 Fair Values

As at 31st March, 2018	Significant unobservable inputs	Sensitivity of input to fair value measurement
Contingent consideration	Forecast revenue:	10% increase in forecasted revenue will have additional Liability of ₹ 10 crores and 10% decrease will have opposite impact of ₹ 8 crores.
	Discount rate: 14%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.
As at 31st March, 2017		
Contingent consideration	Forecast revenue	10% increase in forecasted revenue will have additional Liability of ₹ 5 crores and 10% decrease will have an equal but opposite effect.
	Discount rate: 12%	1% increase in Discount rate will have P&L gain of ₹ 2 crores 1% decrease will have an equal but opposite effect.

NOTE 41 : FINANCIAL RISK MANAGEMENT

The Group business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group senior management has the overall responsibility for establishing and governing the Group risk management framework. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the Group risk management policies. The Group risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the company.

A Management of Liquidity Risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2018 and 31st March, 2017. Cash flow from operating activities provides the funds to service and finance the financial liabilities on a day-to-day basis.

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(All amounts in ₹ crores, unless otherwise stated)

The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated , over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

	Carrying amount	Undiscounted Amount		
		Payable within 1 year	More than 1 years	Total
As at 31st March, 2018				
Non-derivative liabilities				
Trade payables (including acceptances)	7,170	7,170	-	7,170
Security deposits	28	-	28	28
Unpaid dividend	140	140	-	140
Other Payables	57	57	-	57
Contingent consideration	104	13	127	140
Derivative liabilities				
Forward exchange contracts	4	4	-	4
As at 31st March, 2017				
Non-derivative liabilities				
Borrowings	277	277	-	277
Trade payables (including acceptances)	6,186	6,186	-	6,186
Security deposits	24	-	24	24
Unpaid dividend	116	116	-	116
Other Payables	66	66	-	66
Contingent consideration	49	-	73	73
Derivative liabilities				
Foreign exchange forward contracts	13	13	-	13

B Management of Market Risk

The Group size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group income and expenses, or the value of its financial instruments. The Group exposure to and management of these risks are explained below.

Potential Impact of Risk	Management Policy	Sensitivity To Risk
1. Currency Risk		
The Group is subject to the risk that changes in foreign currency values impact the Group exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2018, the net unhedged exposure to the Group on holding financial assets (trade receivables and Capital advances) and liabilities (trade payables and capital creditors) other than in their functional currency amounted to ₹ 4 crores payable (31st March, 2017: ₹ 5 crores).	The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. The aim of the Group's approach to management of currency risk is to leave the Group with no material residual risk.	A 5% strengthening of the INR against key currencies to which the Group is exposed (net of hedge) would have led to approximately an additional ₹ 0 crores gain in the Statement of Profit and Loss (2016-17: ₹ 0 crores gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

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(All amounts in ₹ crores, unless otherwise stated)

Potential Impact of Risk	Management Policy	Sensitivity To Risk
2. Price Risk		
"The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March 2018, the investments in debt mutual funds amounts to ₹ 1,846 crores (31st March, 2017: ₹ 2,329 crores). These are exposed to price risk	The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.	A 1% increase in prices would have led to approximately an additional ₹ 18 crores gain in the Statement of Profit and Loss (2016-17: ₹ 23 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.
3. Interest Rate Risk		
The Group is mainly exposed to the interest rate risk due to its investment in treasury bills. The interest rate risk arises due to uncertainties about the future market interest rate of these investments. The Group majorly invests in term deposits for a period of less than one year. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March 2018, the investments in treasury bill and borrowings amounts to ₹ 1,025 crores (31st March, 2017: ₹ 1,182 crores). These are exposed to interest rate risk.	The Group has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk.	A 0.25% decrease in interest rates would have led to approximately an additional ₹ 0 crores gain in the Statement of Profit and Loss (2016-17: ₹ 1 crores gain). A 0.25% decrease in interest rates would have led to an equal but opposite effect.

C Management of Credit Risk.

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in treasury bills, money market liquid mutual funds with financial institutions and derivative financial instruments.

The Group's maximum exposure to credit risk as at 31st March, 2018 and 31st March, 2017 is the carrying value of each class of financial assets.

NOTE 42 : DEFINED BENEFIT PLANS

Description of Plans

Retirement Benefit Plans of the Company include Gratuity, Management Pension, Officer's Pension and Provident Fund. Other post-employment benefit plans includes post retirement medical benefits.

Gratuity is funded through investments mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, investments with an insurance service provider and for some employees investments are managed through Company managed trust. Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund. Post-retirement medical benefits are managed through investment made under Company managed trust.

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Governance

The trustees of the trust fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Investment Strategy

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A. Balance Sheet

The assets, liabilities and surplus/(deficit) position of the defined benefit plans at the Balance Sheet date were:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2018	As at 31st March, 2017	**As at 31st March, 2018**	As at 31st March, 2017
Present value of obligation	2,582	2,424	158	162
Fair value of plan assets	(2,483)	(2,377)	(88)	(93)
(Asset)/Liability recognised in the Balance Sheet	**99**	**47**	**70**	**69**
Of which in respect of:				
Funded plans in surplus:				
Present value of obligation	14	12	-	-
Fair value of plan assets	(39)	(42)	-	-
(Asset)/Liability recognised in the Balance Sheet*	**-***	**-***	**-**	**-**
**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.*				
Funded plans in deficit:				
Present value of obligation	2,568	2,412	158	162
Fair value of plan assets	(2,469)	(2,365)	(88)	(93)
(Asset)/Liability recognised in the Balance Sheet	**99**	**47**	**70**	**69**

B. Movements in Present Value of Obligation and Fair Value of Plan Assets

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2016	**2,208**	**2,318**	**111**	**92**	**146**	**54**
Current service cost	-	73	73	-	0	0
Past service cost	-	(115)	(115)	-	-	-
Interest cost	-	170	170	-	11	11
Interest income	171	-	(171)	7	-	(7)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	27	30	3	3	14	11
Actuarial (gain)/loss arising from experience adjustments	-	22	22	-	(1)	(1)
Employer contributions	76	-	(76)	-	-	-
Employee contributions	129	129	-	-	-	-
Assets acquired/ (settled)	(42)	(42)	0	-	-	-
Benefit payments	(162)	(162)	-	(9)	(9)	-
As at 31st March, 2017	**2,407**	**2,424**	**17**	**93**	**162**	**69**

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(All amounts in ₹ crores, unless otherwise stated)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2017	**2,407**	**2,424**	**17**	**93**	**162**	**69**
Current service cost	-	81	81	-	0	0
Past service cost	-	45	45	-	-	-
Employee contributions	-	145	145	-	-	-
Interest cost	-	163	163	-	11	11
Interest income	163	-	(163)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	30	30	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	39	3	(36)	(1)	(18)	(17)
Actuarial (gain)/loss arising from experience adjustments	-	39	39	-	13	13
Employer contributions	102	-	(102)	-	-	-
Employee contributions	145	-	(145)	-	-	-
Assets acquired/ (settled)	(20)	(20)	-	-	-	-
Benefit payments	(328)	(328)	-	(10)	(10)	-
As at 31st March, 2018	**2,508**	**2,582**	**74**	**88**	**158**	**70**

C. Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2018	Year ended 31st March, 2017	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Employee Benefit Expenses *:				
Current service cost	20	18	0	0
Past service cost	45	(115)	-	-
Finance costs * :				
Interest cost	42	44	11	11
Interest income	(39)	(42)	(6)	(7)
Net impact on profit (before tax)	**68**	**(95)**	**5**	**4**
Remeasurement of the net defined benefit plans:				
Actuarial gains/(losses) arising from changes in demographic assumptions	28	-	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	1	20	(17)	11
Actuarial gains/(losses) arising from experience adjustments	1	-	13	(1)
Net impact on other comprehensive income (before tax)	**30**	**20**	**(4)**	**10**

*: Service cost and Finance cost has not been recognised in the statement of profit and loss for Officer's Pension and Provident Fund

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D. Assets

The fair value of plan assets at the Balance Sheet date for the defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
Quoted				
Government debt instruments	907	809	-	-
Other debt instruments	967	1,000	88	93
TOTAL (A)	**1,874**	**1,809**	**88**	**93**
Unquoted				
Other debt instruments	201	201	-	-
Others	433	397	-	-
Total (B)	**634**	**598**	**-**	**-**
Total (A+B)	**2,508**	**2,407**	**88**	**93**

Note: Assets to the extent of ₹ 39 crores is not recognised in Balance Sheet of Officer's Pension Fund as they are lying in an Income Tax approved irrevocable trust fund.

None of the plans invest directly in any property occupied by the Company or any financial securities issued by the Company.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Financial Assumptions	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
Discount rate (per annum)	8.0%	7.0%	8.0%	7.0%
Salary escalation rate (per annum)				
Management employees - for first 5 years	8.0%	7.0%		
Management employees - after 5 years	8.0%	5.0%		
Non-management employees	8.0%	8.0%		
Pension increase rate (per annum)*	2.5%	2.5%		
Annual increase in healthcare costs (per annum)			9.0%	9.0%

*For management pension only

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table
Mortality in Retirement : LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.

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F. Sensitivity Analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

		Retirement Benefit Plans		Other Post-Employment Benefit Plans	
		Change in assumption (%)	Change in plan obligation (%)	Change in assumption (%)	Change in plan obligation (%)
Discount rate (per annum)	Increase	0.5%	-1.9%	0.5%	-5.1%
	Decrease	0.5%	2.0%	0.5%	5.6%
Salary escalation rate (per annum)	Increase	0.3%	1.4%	-	-
	Decrease	0.3%	-1.3%	-	-
Pension rate	Increase	0.3%	2.7%	-	-
	Decrease	0.3%	-2.6%	-	-
Life expectancy	Increase	1 year	2.0%	1 year	3.8%
	Decrease	1 year	-2.1%	1 year	-3.8%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	11.5%
	Decrease	-	-	1.00%	-9.7%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

G. Weighted average duration and expected employers contribution for FY 2017-18 for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2018	Year ended 31st March, 2017	
Gratuity	6.8	10.9	92.3
Management Pension	6.5	6.9	2.2
Officer's Pension	3.7	3.9	-
Provident Fund	7.7	15.2	67.6
Post-retirement medical benefits	10.7	11.9	-

NOTE 43 : SHARE BASED PAYMENTS

Equity Settled Share Based Payments

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' Awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of ₹ 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

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The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent company.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (Rs) per share	Weighted Average Exercise Price (Rs) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00
	Interim 2016	25-Jul-16	11,834			1.00	1.00
	2017	13-Feb-17	1,23,887			1.00	1.00
	Interim 2017	21-Jul-17	6,846			1.00	1.00
	2018	16-Feb-18	63,421			1.00	1.00

		Number of Share Options					
Scheme	**Year**	**Outstanding at the beginning of the year**	**Granted during the year***	**Forfeited/ Expired during the year**	**Exercised during the year**	**Exercisable at the end of the year**	**Outstanding at the end of the year**
2012 HUL Performance Share Scheme	2013	-	-	-	-	-	-
		(3,08,705)	-	-	(3,08,705)	-	-
	Interim 2013	-	-	-	-	-	-
		(23,044)	(5,964)	-	(29,008)	-	-
	2014	1,14,890	-	-	1,14,890	-	
		(2,31,763)	-	(41,918)	(74,955)	(1,14,890)	(1,14,890)
	Interim 2014	15,103	-	1,061	14,042	-	-
		(16,805)	-	(1,702)	-	-	(15,103)
	2015	1,27,151	28,084	-	50,206	1,05,029	1,05,029
		(1,36,054)	-	(8,903)	-	-	(1,27,151)
	Interim 2015	11,690	-	632	-	-	11,058
		(12,322)	-	(632)	-	-	(11,690)
	2016	1,47,859	-	10,826	-	-	1,37,033
		(1,56,351)	-	(8,492)	-	-	(1,47,859)
	Interim 2016	11,834	-	835	-	-	10,999
		-	(11,834)	-	-	-	(11,834)
	2017	1,23,887	-	4,667	-	-	1,19,220
		-	(1,23,887)	-	-	-	(1,23,887)
	Interim 2017	-	6,846	415	-	-	6,431
		-	-	-	-	-	-
	2018	-	63,421	-	-	-	63,421
		-	-	-	-	-	-

* Granted during the year includes additional shares granted upon meeting the vesting conditions
(figures in bracket pertain to 2016-17)

Weighted average equity share price at the date of exercise of options during the year was ₹ 1,154 (2016-17: ₹ 864)

Weighted average remaining contractual life of options as at 31st March, 2018 was 1.23 years (31st March, 2017: 1.68 years)

NOTES
to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model:

	Year ended 31st March, 2018	Year ended 31st March, 2017
Risk-free interest rate (%)	7.0%	6.6%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	21.4%	22.3%
Dividend yield	1.3%	1.9%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period is taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Cash Settled Share Based Payments

The employees of the Company are eligible for Unilever PLC (the 'Holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP allows eligible employees to invest up to 100% of their annual bonus in the shares of the Holding Company and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the holding company's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 200% of grant level, depending on the satisfaction of the performance metrics. The performance metrics of GPSP are underlying sales growth, operating cash flow and core operating margin improvement. The performance metrics of MCIP are underlying sales growth, underlying EPS growth and sustainability progress index. Under the SHARES Plan, eligible employees can invest up to EUR 200 per month in the shares of the Holding Company and after three years one share is granted free of cost to the employees for every three shares invested, provided they hold the shares bought for three years. The Holding Company charges the Company for the grant of shares to the Company's employees at the end of the 3 years based on the market value of the shares on the exercise date. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

The Company grants share appreciation rights (SARs) to eligible employees for all cash settled share based plans mentioned above that entitles them to a cash/shares after three years of service. The amount of payment is also determined basis increase in the share price of the Holding Company between grant date and the time of exercise.

Details of the liabilities arising from the Company's cash settled share based payment transactions:

	As at 31st March, 2018	As at 31st March, 2017
Other non-current liabilities	94	130
Other current liabilities	94	86
Total carrying amount of liabilities	**188**	**216**

Effect of share based payment transactions on the Statement of Profit and Loss:

	As at 31st March, 2018	As at 31st March, 2017
Equity settled share based payments	11	4
Cash settled share based payments	68	90
Total expense on share based payments	**79**	**94**

NOTE 44 : BUSINESS COMBINATION

Acquisition of Indulekha Brand

On April 07, 2016, the Company completed the acquisition of the flagship brand 'Indulekha' from Mosons Extractions Private Limited ('MEPL') and Mosons Enterprises (collectively referred to as 'Mosons' and acquisition of the specified intangible assets referred to as the 'Business acquisition'). The deal envisaged the acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow for a total cash consideration of ₹ 330 crores (excluding taxes) and a deferred consideration of 10% of the domestic turnover of the brands each year, payable annually for a 5 year period commencing financial year 2018-19.

Basis the projection of the domestic turnover of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March 2017, the fair value of the contingent consideration was ₹ 49 crores which was classified as other financial liability.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Deferred contingent consideration

Based on actual performance in financial year 2017-18 and current view of future projections for the brand, the Company has reviewed and fair valued the deferred contingent consideration so payable. As at 31st March 2018, the fair value of the contingent consideration is ₹ 104 crores which is classified as other financial liability.

The determination of the fair value as at Balance Sheet date is based on discounted cash flow method. The key model inputs used in determining the fair value of deferred contingent consideration were domestic turnover projections of the brand and weighted average cost of capital.

NOTE 45 : RELATED PARTY DISCLOSURES

A. Enterprises exercising control

(i) Holding Company : Unilever Plc

B. Other Related Parties with whom the Company had transactions during the year

(i) Joint Ventures : Kimberly Clark Lever Private Limited (50% control, ceases to be Joint venture after 29th September, 2017)

(ii) Key Management Personnel

(a) Executive directors :
Sanjiv Mehta
PB Balaji (up to 13th November, 2017)
Srinivas Phatak (with effect from 1st December, 2017)
Pradeep Banerjee
Dev Bajpai
Geetu Verma
BP Biddappa
Priya Nair
Sandeep Kohli
Sudhir Sitapati
Srinandan Sundaram

(b) Non-executive directors
Harish Manwani
Aditya Narayan
S. Ramadorai
O. P. Bhatt
Sanjiv Misra
Kalpana Morparia

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

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2018

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Holding Company	: Dividend paid	2,006	1,839
	Royalty expense	634	673
	Fees for central services	358	378
	Income from services rendered	350	500
	Expenses for other services received	237	96
	Outstanding as at the year end :		
	- Trade payables	378	344

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

		For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Fellow Subsidiaries	: Sale of finished goods / raw materials etc	673	879
	Purchased of fixed assets	69	40
	Purchase of finished goods / raw materials etc	807	614
	Rent income	2	2
	Sale of fixed assets	27	-
	Income from services rendered	8	12
	Management fees paid	45	29
	Dividend paid	612	561
	Royalty expense	17	17
	Expenses shared by fellow subsidiaries	8	6
	Maintenance and support costs for licences and software	7	6
	Contribution to foundation	2	-
	Reimbursements paid	102	49
	Reimbursements received	134	34
	Outstanding as at the year end:		
	- Current account balances receivable with fellow subsidiaries	40	28
	- Trade receivables	109	133
	- Trade payables	357	218
Joint Venture (to the extent not consolidated)	: Purchase of finished goods / raw materials etc.	61	152
	Reimbursements received	14	48
	Investment in equity shares	-	-
	Outstanding as at the year end :		
	- Current account balances receivable with joint ventures	-	12
	- Trade payables	-	0
Key Management Personnel	: Remuneration :		
	- Short-term employee benefits	50	47
	- Post-employment benefits*	2	4
	- Other long-term benefits*	0	-
	- Share-based payments	17	16
	Dividend paid	0	0
	Consideration received on exercise of options	0	0
Other (Non Executive Chairman)	: Dividend paid	0	0
	Commission paid	2	2
Employees' Benefit Plans where there is significant influence	: Contributions during the year (Employer's contribution only)	101	62
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	18	-
	- Payables	-	12

***Note:** As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and on arm's length basis. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016-17: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTE 46 : SEGMENT INFORMATION

Business Segments

The Group has determined following reporting segments based on the information reviewed by the Group's Chief Operating Decision Maker ('CODM').

a) Home Care include detergent bars, detergent powders, detergent liquids, scourers, water business etc.

b) Personal Care include products in the categories of oral care, skin care (including soaps), hair care, deodorants, talcum powder, colour cosmetics, salon services etc.

c) Foods include branded staples (atta, salt, bread, etc.) and culinary products (tomato based products, fruit based products, soups, etc.)

d) Refreshment include tea and coffee and frozen desserts.

e) Others include exports, infant care products 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.

The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Committee as explained in the Director's Report section.

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

	Year ended 31st March, 2018			Year ended 31st March, 2017		
	External	Intersegment	Total	External	Intersegment	Total
Revenue						
Home care	11,626	-	11,626	11,346	-	11,346
Personal care	16,588	-	16,588	16,432	-	16,432
Foods	1,165	-	1,165	1,124	-	1,124
Refreshment	5,214	-	5,214	4,848	-	4,848
Others	1,630	-	1,630	1,960	-	1,960
TOTAL REVENUE	**36,223**	**-**	**36,223**	**35,710**	**-**	**35,710**
RESULT						
Home care			1,702			1,275
Personal care			4,205			3,889
Foods			99			86
Refreshment			897			759
Others			145			200
TOTAL SEGMENT			**7,048**			**6,209**
Un-allocated corporate expenses net of un-allocated income			(69)			(301)
Operating profit			6,979			5,908
Finance costs			(26)			(35)
Other Income			384			369
Profit before exceptional items and tax			**7,337**			**6,242**

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2018		Year ended 31st March, 2017	
		Total		Total
Exceptional items - income/(expenditure) - Segment				
Home care	(8)		(15)	
Personal care	(107)		(37)	
Foods	1		(1)	
Refreshment	(3)		(4)	
Others	(1)	(118)	(0)	(57)
Exceptional items - income/(expenditure) - unallocated/corporate		85		294
Profit before tax		**7,304**		**6,479**
Tax expense				
Current tax		(2,216)		(1,947)
Deferred tax charge/(credit)		137		(30)
Profit for the year from Continuing Operations (A)		**5,225**		**4,502**
Profit for the year from Discontinued Operations (B)		2		(12)
Profit For the Year (A+B)		**5,227**		**4,490**
Less: Non Controlling Interest		(13)		(14)
Profit for the Year		5,214		**4,476**

Other Information

Financial Assumptions	Segment Assets		Segment Liabilities	
	As at 31st March, 2018	As at 31st March, 2017	**As at 31st March, 2018**	As at 31st March, 2017
Home care	2,100	1,892	(2,865)	(2,337)
Personal care	5,185	4,456	(4,925)	(3,851)
Foods	312	300	(329)	(255)
Refreshment	1,608	1,542	(989)	(807)
Others	662	633	(342)	(300)
TOTAL	**9,867**	**8,823**	**(9,450)**	**(7,550)**
Unallocated Corporate Assets / (Liabilities)	7,995	6,883	(1,111)	(1,390)
Total Assets / (Liabilities)	**17,862**	**15,706**	**(10,561)**	**(8,940)**

	Year ended 31st March, 2018			Year ended 31st March, 2017		
	Capital expenditure	**Depreciation/ Amortisation**	**Non-cash expenses other than depreciation**	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation
Home care	242	95	60	367	78	7
Personal care	482	298	88	922	232	11
Foods	18	29	6	23	21	1
Refreshment	81	42	27	96	45	3
Others	31	23	38	32	21	3
Unallocated/Corporate	41	33	-	23	35	4

NOTES

to the financial statements for the year ended 31st March, 2018 (Contd.)

(All amounts in ₹ crores, unless otherwise stated)

Additional Information by Geographies

Although the Group's operations are managed by product area, we provide additional information based on geographies.

	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue by Geographical Market		
India	34,641	33,742
Outside India	1,582	1,968
	36,223	**35,710**
Carrying Amount of Segment Assets		
India	9,579	8,522
Outside India	288	301
	9,867	**8,823**

Revenue from major customers

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Notes

(a) Revenue comprises :

	Year ended 31st March, 2018	Year ended 31st March, 2017
Sale of products (including excise duty)	35,474	34,964
Sale of services	97	97
Income from services rendered	360	513
Government grants, export incentives, scrap sales included in other operating income	292	136
TOTAL	**36,223**	**35,710**

NOTE 47

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date

For B S R & Co. LLP
Firm Registration No. 101248W/W - 100022
Chartered Accountants

Akeel Master
Partner
Membership No. 046768

Mumbai, 14th May, 2018

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

FORM AOC-1

to the financial statement for the year ended 31st March, 2018

(All amounts in ₹ crores, unless otherwise stated)

Statement containing salient features of the consolidated financial statement of subsidiaries /joint venture

- **Part "A": Subsidiaries**

	Name of the subsidiary	Unilever India Exports Limited	Pond's Exports Limited	Unilever Nepal Limited - Indian ₹	Unilever Nepal Limited - NPR	Lakme Lever Private Limited	Jamnagar Properties Private Limited	Daverashola Estates Private Limited	Hindustan Unilever Foundation	Bhavishya Alliance Child Nutrition Initiatives	Hindlever Trust Limited	Levindra Trust Limited	Levers Associated Trust Limited
				(note i, ii and iii)									
1	The date since when subsidiary was acquired	26/06/1963	15/10/1998	22/06/1992		19/12/2008	16/10/2006	16/03/2005	19/12/2012	12/03/2015	01/04/1958	11/12/1946	11/12/1946
2	Reporting period	31/03/2018	31/03/2018	16/07/2017 (Ashaad, 31, 2074)		31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2018
3	Share capital	3	2	6	9	36	5	0	0	0	0	0	0
4	Reserves & surplus	211	(5)	93	149	164	(5)	4	20	0	(0)	(0)	(0)
5	Total assets	543	6	325	520	437	-	4	20	0	0	0	0
6	Total Liabilities	329	9	226	362	237	-	0	0	-	-	-	-
7	Investments	16	-	-	-	-	-	-	-	-	-	-	-
8	Turnover	915	1	327	524	249	-	-	37	-	-	-	-
9	Profit / (loss) before taxation	74	1	80	128	10	-	-	18	(0)	(0)	(0)	(0)
10	Provision for taxation	(25)	-	(18)	(28)	13	-	-	-	-	-	-	-
11	Profit /(loss) after taxation	49	1	62	100	23	-	-	18	(0)	(0)	(0)	(0)
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
13	% of shareholding	100%	90%	80%		100%	100%	100%	76%	100%	100%	100%	100%

Notes: i) Converted into indian Rupees at the Exchange rate ₹ 1 = 1.6 Nepalese Rupees.

ii) The financial statement have been audited by a firm of Chartered Accountants other than M/s. B S R & Co. LLP.

iii) The financial statement are as on 31st March, 2018.

- **Part "B": Joint Venture – Nil**

Note: Joint venture with Kimberly - Clark Lever Private Limited ceased w.e.f. 29th September, 2017.

For and on behalf of Board of Directors

Sanjiv Mehta
Managing Director and CEO
[DIN: 06699923]

Srinivas Phatak
Executive Director
(Finance & IT) and CFO
[DIN: 02743340]

Aditya Narayan
Chairman - Audit Committee
[DIN: 00012084]

Dev Bajpai
Executive Director
Legal & Corporate Affairs and
Company Secretary
Membership No. FCS 3354

Suman Hegde
Group Controller

Mumbai, 14th May, 2018

AWARDS AND RECOGNITION

WINNING WITH BRANDS AND INNOVATION

- HUL's purpose-driven brand Surf excel bagged a Gold at the 'WARC Prize for Asian Strategy 2017' for the Ramadan campaign 'Madad Ek Ibadat'
- HUL's brand, Surf excel's Ramadan 2017 campaign, 'Neki Ek Ibadat' won a Gold at the Indian Effies 2018, in the 'Consumer Product' category
- HUL's local jewel, Hamam bagged a Silver at Effies 2018 for the #GoSafeOutside campaign
- HUL's Brooke Bond Red Label bagged a Silver at Effies 2018 for the brand's journey of #SwadApnepanka
- HUL's Brooke Bond Red Label recognised at the Abby Awards for the purpose-driven web-series 'Breaking Barriers'
- HUL's purpose-driven brands Lux, Lifebuoy, Rin, Clinic Plus, Fair & Lovely, Dove, Closeup, Pepsodent, Vim, Surf excel, Pond's, Sunsilk, Vaseline, Wheel and Taj Mahal tea featured in the Economic Times Brand Equity's list of India's Most Trusted brands 2017
- HUL won two Gold and two Silver medals and bagged the title of 'Advertiser of the Year' at the Prime Time Awards 2017. In this year's edition, our 'RIN KBC' campaign won Gold under two categories i.e. 'Best use of entertainment Channel' and 'Best branded content on TV'. The 'LUX Golden Rose Awards' bagged a Silver under the 'Best integrated TV campaign' and 'Best use of entertainment Channel' categories

WINNING IN THE MARKETPLACE

- HUL adjudged the Most Innovative Company in India, in Forbes' list of The World's Most Innovative Companies, 2017
- HUL bagged 'Exemplary Leadership Award in Cold Chain Industry' at the 3rd edition of the Cold Chain Industry Awards
- HUL recognised as the winner in the FMCG sector at the Dun & Bradstreet Corporate Awards 2017. We won this award for the fourth consecutive year

WINNING THROUGH CONTINUOUS IMPROVEMENT

- HUL's beverage factory in Kolkata received the prestigious CII National Food Safety Award 2017 for outstanding achievements in food safety
- HUL's Puducherry Home & Personal Care (HPC) factory secured the second place at the Southern Region Environment, Health & Safety (EHS) Excellence Awards 2017 in the 'Manufacturing - Others' category organised by Confederation of India Industry (CII)
- HUL's Amli Factory was felicitated with the Platinum Award in the large-scale manufacturing category, at the 6th FICCI Quality Systems Excellence Awards for Industry
- HUL's five factories won an award in the area of Safety and Environment from National Safety Council
- HUL won an award for excellence in Energy Conservation and Management from Maharashtra Energy Development Agency (MEDA), Confederation of Indian Industry, Green Tech

WINNING WITH PEOPLE

- HUL retained the 'No.1 Employer of Choice' title amongst key business schools for the seventh year in a row
- HUL emerged as the Aon Best Employer of 2018
- HUL emerged winner at the Business Today's Best Companies to Work for awards in the Manufacturing sector
- HUL CEO Sanjiv Mehta declared the winner in the 'CA Business Leader' category at the 11th ICAI (The Institute of Chartered Accountants of India) Awards 2017
- The Institute of Company Secretaries of India (ICSI) conferred the Certificate of Recognition to HUL for Excellence in Corporate Governance at its 17th National Awards
- HUL's Puducherry HPC factory conferred with the FAME Excellence Award 2017 for excellence in promoting safety, health & environment practices and initiatives towards employees and stakeholders
- HUL honoured with the National Award for 'Excellence in Employee Relations' at the EFI Summit organised by the Employers' Federation of India (EFI)

UNILEVER SUSTAINABLE LIVING PLAN

- HUL Mumbai Office felicitated with the 'Platinum' rating, and the IGBC Green Existing Building - PLATINUM award by The Indian Green Building Council (IGBC)
- HUL received a Certificate of Appreciation for project Prabhat, for 'HUL's responsible contribution to the society in 2016-17', at ASSOCHAM's 9th Global CSR Summit
- HUL's Project Prabhat declared the winner under 'Community Development' category at the 'Social Change Awards'
- HUL adjudged the winner of The Confederation of Indian Industry(CII) – National Award for Excellence in Water Management 2017 under the 'Beyond the Fence' category
- HUL won the 'Green Marketer' Award at the 'Marquee Awards. Vim and Lifebuoy adjudged winners in Home Care and Personal Care categories, respectively
- HUL's factory units – Kolkata Beverages Factory and Etah Factory recognised for their sustainability achievements by New Frontiers in Engineering, Science, and Technology (NFEST) at its first International Conference

CORPORATE INFORMATION

REGISTERED OFFICE

Unilever House, B. D. Sawant Marg,
Chakala, Andheri (East),
Mumbai – 400 099.

AUDITORS

BSR & Co. LLP, Mumbai
Firm's Registration No.: 101248W/W-100022

BANKERS

Bank of America
Bank of Baroda
Bank of India
Citibank N.A.
Hongkong & Shanghai Banking Corporation
ICICI Bank
HDFC Bank
Punjab National Bank
Standard Chartered Bank
Union Bank of India
State Bank of India
Deutsché Bank

PLANT LOCATIONS

NORTHERN REGION

BAROTIWALA

- Khasra No. 94-96, 355-409, Village Balyana, Barotiwala 1A, Tehsil Kasauli District Solan - 174 103, Himachal Pradesh

BADDI

- Khasra No. 1350 – 1318, Bhatoli Kalan, Baddi, District Solan - 173 205,Himachal Pradesh

ETAH

- Village Asrauli, G.T.Road, Etah-207 001, Uttar Pradesh

HARIDWAR

- Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttarakhand

NALAGARH

- Hudbust No. 143, Khasra No. 182 / 183 / 187/1, Village Kirpalpur, Near Nalagarh Fire Station, Tehsil - Nalagarh, District Solan - 174 101, Himachal Pradesh

ORAI

- A-1,UPSIDC Industrial Area, Orai, District Jalaun - 285 001 Uttar Pradesh

RAJPURA

- A-5, Phase 2-B, Focal Point, Rajpura - 140 401, Punjab

SUMERPUR

- A-1,UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

SOUTHERN REGION

COCHIN

- Ernakulam North PO, Tatapuram, Cochin - 682 018, Kerala

HOSUR

- Plot No. 50 & 51, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu

MANGALORE

- Sultan Battery Road, Boloor, Mangalore – 575 003, Karnataka

MYSORE

- Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka

PONDICHERRY

- Off NH 45A, Vadamangalam, Pondicherry - 605 102
- No. 9 (3), Cuddalore Road, Kirumambakkam, Pondicherry – 605 702.
- 45/A National Highway Vadamangalam, Pondicherry - 605 102.

WESTERN REGION

CHHINDWARA

- V 5/6 KM Stone, Narsinghpur Road, Lehgadua, Post Khajari, Chhindwara – 480 002, Madhya Pradesh

CHIPLUN

- B-7/17, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra

GOA

- Plot Nos. 128 - 139 & 324 - 326, Kundaim Industrial Estate, Kundaim – 403 115, Goa

KHAMGAON

- C-9, MIDC, Khamgaon, District Buldhana – 444 303, Maharashtra

MUMBAI

- Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra

NASIK

- Plot No. A-8/9, MIDC, Malegaon, Sinnar - 422 103, Nasik, Maharashtra

SILVASSA

- Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230, Dadra and Nagar Haveli
- Survey No. 907, Kilwali Road, Amli Village, Near Gandhigram Bus Stop, Silvassa - 396 230, Dadra and Nagar Haveli

EASTERN REGION

HALDIA

- PO Durgachak, Haldia, District Purba Medinipur - 721 602, West Bengal

KOLKATA

- 1, Transport Depot Road, Kidderpore, Kolkata - 700 088, West Bengal
- 63, Garden Reach, Kolkata - 700 024, West Bengal
- P10 Taratola Road, Kolkata - 700 088, West Bengal

TINSUKIA

- Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, District Tinsukia - 786 151, Assam

Hindustan Unilever Limited

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

NOTICE

of Annual General Meeting

Notice is hereby given that the 85th Annual General Meeting of Hindustan Unilever Limited will be held on Friday, 29th June, 2018 at 2.30 p.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400099, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2018 and the Report of the Board of Directors and Auditors thereon.

2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st March, 2018.

3. To appoint a Director in place of Mr. Pradeep Banerjee (DIN 02985965), who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Dev Bajpai (DIN 00050516), who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr. Srinivas Phatak (DIN 02743340), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the Articles 172 and 173 of the Articles of Association of the Company and subject to such consents and permissions, as may be required, approval of the Members of the Company be and is here accorded for re-appointment of Mr. Sanjiv Mehta (DIN : 06699923), as the Managing Director and Chief Executive Officer of the Company, for a period of 5 (five) years with effect from 10th October, 2018, on such terms and conditions as set out in this resolution and the explanatory statement annexed hereto and payment of such remuneration, as may be determined by the Board or a duly constituted Committee thereof, from time to time, within the maximum limits of remuneration for Managing Director approved by the Members of the Company .

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

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, amounting to ₹ 11 lakhs (Rupees Eleven Lakhs only) as also the payment of applicable tax and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby approved."

NOTES :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty Members holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Members holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. If a Proxy is appointed for more than fifty Members, the Proxy shall choose any fifty Members and confirm the same to the Company not later than 48 hours before the commencement of the meeting. In case, the Proxy fails to do so, only the first fifty proxies received by the Company shall be considered as valid. The instrument of Proxy, in order to be effective, should be deposited, either in person or through post, at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / letter of authority, as applicable.

3. Corporate Members intending to send their authorised representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 23rd June, 2018 to Friday, 29th June, 2018 (both days inclusive).

5. The Final Dividend for the financial year ended 31st March, 2018, as recommended by the Board, if approved at the AGM, will be paid on or after Wednesday, 4th July, 2018 to those Members whose name appears in the Register of Members of the Company as on the book closure date.

6. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

7. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to Karvy Computershare Private Limited (Karvy) / Investor Service Department of the Company immediately.

8. Details as required in Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('Listing Regulations') in respect of the Directors seeking re-appointment at the AGM are provided at page nos. 177 and 178 of this Report. Requisite declarations have been received from the Directors seeking re-appointment. The Independent Directors of the Company have been appointed for a term of 5 years in accordance with the relevant provisions of the Companies Act, 2013 and are not eligible to retire by rotation.

9. Members of the Company had approved the appointment of M/s. BSR & Co. LLP, Chartered Accountants, as the Statutory Auditors at the Eighty First AGM of the Company which is valid till Eighty Sixth AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.

10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s). Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' available on the website of the Company www.hul.co.in, to Karvy or Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company who have registered their e-mail address are also entitled to receive such communication in physical form, upon request.

11. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

12. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 22nd June, 2018, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Monday, 25th June, 2018 and will end at 5.00 p.m. on Thursday, 28th June, 2018. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

PROCEDURE FOR REMOTE E-VOTING

I. The Company has entered into an arrangement with Karvy for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

(a) **In case of Member(s) receiving an e-mail from Karvy:**

(i) Launch an internet browser and open https://evoting.karvy.com/

(ii) Enter the login credentials i.e. User ID and Password, provided in the e-mail received from Karvy. However, if Member(s) are already registered with Karvy for e-voting, Member(s) can use existing User ID and Password for casting the vote.

(iii) After entering the above details, click on - 'Login'.

(iv) Password change menu will appear. Change the Password with a new Password of the Member(s) choice. The new Password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will also prompt Member(s) to update their contact details like mobile number, e-mail ID, etc. on first login. Member(s) may also enter a secret question and answer of his / her choice to retrieve the Password in case it is forgetten. It is strongly recommended that Member(s) do not share his / her Password with any other person and that the Member(s) take utmost care to keep his / her Password confidential. After changing the Password, Member(s) need to login again with the new credentials.

(v) On successful login, the system will prompt Member(s) to select the e-Voting Event.

(vi) Select 'EVENT' of Hindustan Unilever Limited - AGM and click on - 'Submit'.

(vii) Now Member(s) are ready for e-voting as 'Ballot Form' page opens.

(viii) Cast the vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.

(ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(x) Once Member(s) have confirmed his / her vote on the resolution, Member(s) cannot modify their vote.

(xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at scrutinizer@snaco.net. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

(b) **In case of Member(s) receiving physical copy of the Notice of AGM and Attendance Slip**

(i) Initial User ID and Password is provided at the bottom of the Attendance Slip in the following format:

USER ID	PASSWORD
–	–

(ii) Please follow all steps from Sr. No. (a)(i) to Sr. No. (a)(xi) mentioned above, to cast vote.

II. In case of any queries, Member(s) may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of the e-voting website of Karvy https://evoting.karvy.com/.

III. The voting rights shall be as per the number of equity shares held by the Member(s) as on Friday, 22nd June, 2018, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

IV. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may obtain the User ID and Password by sending a request at evoting@karvy.com or levercare.shareholder@unilever.com.

However, if Member(s) are already registered with Karvy for remote e-voting, then Member(s) can use their existing User ID and Password for casting the vote.

If Member(s) have forgotten their Password, it can be reset by using 'Forgot Password' option available on https://evoting.karvy.com or contact Karvy at toll free no. 1-800-3454-001 or e-mail at evoting@karvy.com.

In case of any other queries / grievances connected with voting by electronic means, Member(s) may also contact Mr. V. Rajendra Prasad of Karvy, at telephone no. 040-67161510.

The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

13. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.

14. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 and the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, will be available for inspection at the AGM.

15. Members can also provide their feedback on the shareholder services of the Company using the 'Shareholders Satisfaction Survey' form available on the 'Investor Relations' page of the website of the Company https://www.hul.co.in/investor-relations/. This feedback will help the Company in improving Shareholder Service Standards.

16. The Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules). As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the companies to transfer such shares of Members of whom dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the

Members to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 30th June, 2017 (date of last AGM) are available on the website of the Company https://www.hul.co.in/investor-relations/ and on Ministry of Corporate Affairs' website. The Members whose dividend / shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

17. Members are requested to contact Karvy / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on 'Investor Relations' page on the website of the Company https://www.hul.co.in/investor-relations/.

18. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Karvy / Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

19. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company during working hours on all working days except Saturdays, up to and including the date of the AGM of the Company.

Registered Office:	By Order of the Board
Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	**Dev Bajpai** Executive Director Legal & Corporate Affairs and Company Secretary FCS No: 3354 / DIN: 00050516

Mumbai, 14th May, 2018

EXPLANATORY STATEMENT

Item No. 6

Mr. Sanjiv Mehta was appointed as the Managing Director and Chief Executive Officer of the Company for a period of five years with effect from 10th October, 2013, post approval of the Members. The present term of Mr. Sanjiv Mehta comes to an end on 9th October, 2018.

The Board has, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members, approved the re-appointment of Mr. Sanjiv Mehta as Managing Director and Chief Executive Officer for a further period of five years, post completion of his present term in October 2018.

Consequent to the decision of Mr. Harish Manwani, Chairman of the Company, to retire as the Non-Executive Chairman and Board of Director's decision to appoint Mr. Sanjiv Mehta as the Chairman of the Board of Directors in succession to Mr. Harish Manwani, Mr. Sanjiv Mehta will be re-designated as Chairman and Managing Director after conclusion of the forthcoming AGM.

Mr. Sanjiv Mehta is not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Managing Director and Chief Executive Officer of the Company. Mr. Sanjiv Mehta satisfies all the conditions as set out in Section 196(3) of the Act and Part-I of Schedule V to the Act, for being eligible for his appointment.

A brief profile of Mr. Sanjiv Mehta, including nature of his expertise, is provided on page no. 177 of this Report.

In so far as the remuneration of Mr. Sanjiv Mehta as Managing Director and Chief Executive Officer is concerned, the Members have by a Special Resolution at the AGM held on 30th June, 2017, approved the following maximum limits within which the authority has been delegated to the Board or Committee thereof to fix the remuneration of the Managing Director(s).

Basic Salary: ₹ 4,00,00,000/-

OTHER TERMS AND CONDITIONS:

a) **Performance linked bonus / commission on profits**

The Managing Director shall be paid Performance Linked Bonus as may be decided by the Board of Directors or a Committee thereof from year to year, based on achievement of such performance parameters as may be determined by Board of Directors or a Committee thereof from time to time provided that the total remuneration including salary and perquisites paid to the Managing Director shall not exceed the limits laid down under Section 197 read with Schedule V of the Companies Act, 2013.

b) **Perquisites / Benefits**

The Managing Director shall be entitled to perquisites like the benefit of rent free accommodation for self, spouse and family or house rent allowance in lieu thereof, Company car with chauffeur, telephone at residence / cellular phones, statutory contribution to retirement funds, club membership fees, medical coverage, overseas medical expenses, leave encashment and long service award and other benefits / allowances in accordance with the scheme(s) and rule(s) of the Company from time to time, for the aforesaid benefits. The total remuneration and perquisites / benefits contemplated above, including contribution towards PF / superannuation fund, annuity fund, gratuity fund, etc. payable to all the Managing / Whole-time Director(s) of the Company shall not exceed 5%, where there is only one Managing / Whole-time Director(s), and 10% where there are more than one Managing / Whole-time Director(s), of the profits of the Company calculated in accordance with Section 198 of the Companies Act, 2013.

c) In the absence or inadequacy of the profits in any financial year, the remuneration including the perquisities will be paid to the managerial personnel including Managing / Whole-time Director(s) in accordance with the applicable provisions of Schedule V of the Act, and subject to approval of Central Government. However, in case of payment of remuneration to Professional Directors as provided under Section II of Part II of Schedule V of the Act, no approval of the Central Government shall be required subject to the compliances mentioned under the Act.

The remuneration payable to Mr. Sanjiv Mehta will be accordingly decided by Nomination and Remuneration Committee of the Company within the overall limits approved by the Members and shall be in compliance with the overall limits provided under the Act.

Mr. Sanjiv Mehta holds 10 equity shares of the face value of ₹ 1/- each in the Company and is not related to other Directors or Key Managerial Personnel of the Company.

It is proposed to seek the Members' approval for the re-appointment of and remuneration payable to Mr. Sanjiv Mehta as a Managing Director, in terms of the applicable provisions of the Act and the relevant Rules made thereunder.

This Explanatory Statement may also be considered as the requisite abstract under Section 190 of the Companies Act, 2013 setting out the terms and conditions of appointment of Mr. Sanjiv Mehta as the Managing Director of the Company.

None of the Directors or Key Managerial Personnel or the relatives except Mr. Sanjiv Mehta are concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 6 for the approval of Members.

Item No. 7

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be approved by the Members of the Company. Accordingly, consent of the Members is sought for the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel or their relatives, are concerned or interested, financially or otherwise, in this Resolution.

The Board commends the Ordinary Resolution set out at Item No. 7 for the approval of Members.

Registered Office:	By Order of the Board
Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099	**Dev Bajpai** Executive Director Legal & Corporate Affairs and Company Secretary FCS No: 3354 / DIN: 00050516
Mumbai, 14th May, 2018	

ATTENTION MEMBERS

Online Query Module

The Company is pleased to provide the new **Online Query Module** to enable the Members to seek informations / clarifications pertaining to this report in advance.

Members can post their queries related to this Annual Report by using their secure login credentials on the e-voting website of Karvy at https://evoting.karvy.com/.

Web check-in

To facilitate smooth registration / entry at the AGM, the Company has also provided a web check-in facility, which would help the Members enter the AGM hall expeditiously.

The Procedure for web check-in for the AGM is as follows:

- Log in to https://karisma.karvy.com and click on the AGM Web Check-in link.
- Select the Company name, 'Hindustan Unilever Limited'.
- Enter the security credentials as directed and click on 'Submit'.
- After validating the credentials, click on 'Generate my Attendance Slip'.
- The Attendance Slip in PDF format shall appear on the screen. Select the print option for printing or download the Attendance Slip for future reference.

Webcast

Your Company is pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the e-voting website of Karvy at https://evoting.karvy.com/ using their secure login credentials.

Members are encouraged to use this facility of webcast.

PROFILE OF DIRECTORS
(Seeking Re-appointment)

SANJIV MEHTA (DIN : 06699923)

Mr. Sanjiv Mehta (57) joined the Board of the Company in October 2013 as the Chief Executive Officer and Managing Director. He is also the Executive Vice President for Unilever in South Asia.

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

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

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

He is a member of the Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Chairman of Risk Management Committee of the Company.

In terms of external committees, Mr. Mehta is the Chairman of Federation of Indian Chambers of Commerce and Industry (FICCI) FMCG sub-committee and Chairman of Confederation of Indian Industry's (CII) MNC sub-committee.

Directorship in other Companies
Hindustan Unilever Foundation
Bhavishya Alliance and Child Nutrition Initiatives
Breach Candy Hospital Trust
Bombay Chamber of Commerce & Industry
Indian School of Business

Mr. Mehta does not hold any Membership / Chairmanship of the Board Committees in other Companies.

SRINIVAS PHATAK (DIN : 02743340)

Mr. Srinivas Phatak (46), a qualified Chartered Accountant and Cost and Works Accountant, joined the Company in 1999 after a brief 3 year stint with an external organisation. He has worked in various roles in the Company including factory commercial manager, Head of Treasury, followed by leadership roles such as General Manager, Finance for Foods & Refreshments and Head, Investor Relations of the Company. He was then seconded to Unilever as the Global Finance VP for Deodorants, followed by VP Finance, Supply Chain Americas and most recently as VP, Business Finance Services.

Mr. Phatak was appointed as Executive Director – Finance & IT and Chief Financial Officer of the Company in December, 2017.

He is a member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

Directorship in other Companies
Hindustan Unilever Foundation
Bhavishya Alliance Child Nutrition Initiatives

Mr. Phatak does not hold any Membership / Chairmanship of the Board Committees in other Companies.

PRADEEP BANERJEE (DIN : 02985965)

Mr. Pradeep Banerjee (59) 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.

He is a member of Risk Management Committee of the Company.

Directorship in other Companies
Unilever Nepal Limited
Unilever India Exports Limited
Gabriel India Limited

Membership / Chairmanship of Board Committees in other Companies
Unilever India Exports Limited *Nomination and Remuneration Committee – Member* *Corporate Social Responsibility Committee - Member*

DEV BAJPAI (DIN: 00050516)

Mr. Dev Bajpai (52) was appointed as the Executive Director – Legal and Company Secretary and a member of the Management Committee of the Company in 2010. Mr. Bajpai took additional responsibility of Corporate Affairs function in the year 2012. Mr. Bajpai was appointed as an Executive Director on the Board of the Company in January, 2017.

He has 30 years of experience in the areas of Legal, Compliance, Tax and Corporate Affairs across diverse industries including Automobiles, FMCG, Hospitality and Private Equity. Prior to joining the Company, Mr. Bajpai has worked in Maruti Udyog Limited, Marico Limited, The Indian Hotels Company Limited and ICICI Venture Funds Management Company Limited.

Mr. Bajpai has been a part of committees of apex industry organisations like CII and FICCI.

Mr. Bajpai is a Fellow Member of the Institute of Company Secretaries of India and holds a law degree from University of Delhi. He has also completed an Executive Programme for Corporate Counsels conducted by Harvard Law School.

He is a member of the Risk Management Committee of the Company.

Directorship in other Companies
Unilever Nepal Limited
Hindustan Unilever Foundation
Bhavishya Alliance Child Nutrition Initiatives
Indian Beauty and Hygiene Association

Membership / Chairmanship of Board Committees in other Companies
Unilever Nepal Limited
Audit Committee - Member

DIRECTORS' INTEREST

None of the Directors of the Company are inter-se related to each other. The Directors seeking approval for appointment / re-appointment 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
Sanjiv Mehta	10	0.0000
Pradeep Banerjee	52,886	0.0024
Srinivas Phatak	10,208	0.0005
Dev Bajpai	39,909	0.0018

Hindustan Unilever Limited

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
CIN: L15140MH1933PLC002030, Web: www.hul.co.in, Email: levercare.shareholder@unilever.com, Tel: +91 22 39832285 / 39832452

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): ______________________
Registered address: ______________________
____
E-mail Id: ______________ Folio No. / DP ID and Client ID: ______________

I/We, being the Member(s) of ______________ shares of the above named Company, hereby appoint

1. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________ , or failing him/her
2. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________ , or failing him/her
3. Name: ______________ E-mail ID: ______________
   Address: ______________
   ______________ Signature: ______________

as my/our Proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 85th Annual General Meeting of the Company, to be held on Friday, 29th day of June, 2018 at 2.30 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Financial Statements together with the Reports of Board of Directors' and Auditors' thereon for the financial year ended 31st March, 2018	☐	☐
2.	Confirmation of interim dividend and declaration of final dividend	☐	☐
3.	Re-appointment of Mr. Pradeep Banerjee as Director		
4.	Re-appointment of Mr. Dev Bajpai as Director	☐	☐
5.	Re-appointment of Mr. Srinivas Phatak as Director	☐	☐
6.	Re-appointment of Mr. Sanjiv Mehta as Managing Director & CEO for a further period of five years	☐	☐
7.	Ratification of the remuneration of M/s. RA & Co, Cost Accountants for the financial year ending 31st March, 2019	☐	☐

Signed this ______________ day of ______________ 2018.

Affix Revenue Stamp

Signature of Member (s) ______________

Notes:

* 1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as Proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy, who shall not act as Proxy for any other Member.

3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.

FOR FURTHER INFORMATION ON OUR ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE, PLEASE VISIT OUR WEBSITE:
WWW.HUL.CO.IN

HINDUSTAN UNILEVER LIMITED
Registered Office:
Unilever House,
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Andheri (East),
Mumbai - 400 099
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