

**HINDUSTAN UNILEVER LIMITED**

**MINUTES OF THE 77TH ANNUAL GENERAL MEETING OF THE MEMBERS OF HINDUSTAN UNILEVER LIMITED HELD AT BIRLA MATUSHRI SABHAGAR, 19, MARINE LINES, MUMBAI 400 020, ON TUESDAY, 27TH JULY, 2010 AT 3.00 P.M.**

**Present:**

**Mr. Harish Manwani**                      **Non-Executive Chairman of the Board of Directors and as a member of the Company**

Also, as an Authorised Representative of Unilever PLC, Brooke Bond Group Ltd., Brooke Bond Assam Estates Ltd., Brooke Bond South India Estates Ltd., Unilever Overseas Holdings AG., Unilever Overseas Holdings B.V. and Unilever UK & CN Holdings Ltd.

**Mr. Nitin Paranjpe**                      **Managing Director & CEO and as a member of the Company**

Also, as a proxy for 5 members

**Mr. Sridhar Ramamurthy**              **Executive Director – Finance & IT and CFO and as a member of the Company**

**Mr. D. S. Parekh**                      **Independent Director and as a member of the Company**

Also, as a Chairman of the Audit Committee

**Mr. A. Narayan**                      **Independent Director**

Also, as a Chairman of Shareholders/ Investors Grievance Committee and Remuneration Committee of the Company

**Mr. S. Ramadorai**                      **Independent Director and as a member of the Company**

**Dr. R. A. Mashelkar**                      **Independent Director**

**Mr. Gopal Vittal**                      **Executive Director - Home and Personal Care and as a member of the Company**

**Mr. Pradeep Banerjee**                      **Executive Director - Supply Chain and as a member of the Company**



<b>Ms. Leena Nair</b>	<b>Executive Director - Human Resources and as a member of the Company</b>
<b>Mr. Shrijeet Mishra</b>	<b>Executive Director - Foods and as a member of the Company</b>
<b>Mr. Hemant Bakshi</b>	<b>Executive Director - Customer Development and as a member of the Company</b>
<b>Mr. Dev Bajpai</b>	<b>Executive Director - Legal &amp; Company Secretary</b>

Mr. Sanjay Buch, Partner of M/s. Crawford Bayley & Co., the Solicitors of the Company and Mrs. Sharmila Karve, partner of M/s. Lovelock & Lewes, Auditors of the Company were present by invitation.

In addition, 3,646 members were present in person and 158 members were represented by their proxies.

In accordance with Article 82 of the Articles of Association, Mr. Harish Manwani, Chairman of the Board of Directors took the Chair.

The following documents and Registers were placed on the table:

1. Directors' Report for the financial year ended 31st March, 2010.
2. The Audited Accounts and Auditors' Report thereon for financial year ended 31st March, 2010.
3. The Proxy Register and 222 valid proxies lodged with the Company in connection with this Annual General Meeting (remained open for inspection during the meeting).
4. The Register of Directors' shareholdings (remained open for inspection during the meeting).
5. Auditors' Certificate in respect of Employees' Stock Option Plan of the Company (remained open for inspection during the meeting).

Ms. Shaweta Pandey, Head of Administration Department made the Members aware about the safety arrangements inside the meeting hall, in case of any emergency.

At 3.00 P.M., the Chairman welcomed the members and announced that the requisite quorum being present, called the meeting to order.

The Chairman expressed a deep sense of grief on unfortunate and untimely passing away of Prof. C. K. Prahalad, the Independent Director of the Company. The Chairman acknowledged the invaluable contribution made by Prof. Prahalad during his association of more than a decade with the Company. The Chairman conveyed his heartfelt condolences to the family members of Prof. C. K. Prahalad and requested all present to observe a two minutes silence in memory of Prof. Prahalad.

Thereafter the Chairman introduced the persons on the dais. The Chairman also placed on record the appreciation for the significant contributions made



by Mr. Ashok Gupta during his tenure of 23 years with the Company, including 3 years as Executive Director – Legal and Company Secretary.

The Chairman also placed on record the appreciation for the services rendered by Mr. Dhaval Buch during his tenure as the Executive Director – Supply Chain of the Company who has now been appointed as Senior Vice President - Strategic Projects for Unilever's Global Supply Chain organisation.

The Chairman inaugurated the first 'Sustainable Development Report' of the Company, showcasing the Company's commitment towards principles of Corporate Responsibility and progress on various sustainable business practices.

Thereafter, with the consent of the members present, the Notice convening the meeting, the Directors' Report and the Accounts for the financial year ended 31st March, 2010 were taken as read.

The Chairman then announced that until 48 hours before the time of the meeting, 222 valid proxies covering 25,52,93,148 equity shares of Re.1/- each and 7 representation under Section 187 of the Companies Act, 1956 from Unilever PLC and its Associates, covering 113,48,49,460 equity shares of Re.1/- each, had been received and the same were laid on the table along with the Register of Proxies, the Register of Directors' shareholdings, certificate from the auditors of the Company confirming the implementation of the Employees Stock Option Scheme in accordance with the SEBI guidelines and were open for inspection.

The Chairman then requested Mr. Dev Bajpai, Executive Director – Legal and Company Secretary to read the Auditors' Report on the Accounts for the financial year ended 31st March, 2010. Mr. Dev Bajpai then read the Auditors' Report.

The Chairman then shared his views on a subject that was relevant in the current environment for the Company and read excerpts from his speech titled 'Building Human Capital in India'. A copy of excerpts from the speech is attached as Annexure 1.

The Chairman then took up the official business of the meeting.

**1. ADOPTION OF ANNUAL REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010**

The Chairman took up the first agenda for the adoption of Reports and Accounts for the financial year ended 31st March, 2010.

With the consent of the members present, the resolution set at item no. 1 of the Notice pertaining to adoption of Annual Report and Accounts was taken as read.

The Resolution set at item no. 1 of the Notice reads as follows:

"Resolved that the Audited Profit and Loss Account for the financial year ended 31st March, 2010, the Balance Sheet as at that date, the Auditor's Report and the Directors' Report as circulated to the shareholders and laid before the meeting, be and are hereby approved and adopted."

Mr. Hariram Chaudhary proposed and Mr. Khambatta seconded the resolution.

After the above resolution was moved and seconded, but before it was put to the vote, the Chairman invited members (other than those present by



proxy) to make comments, offer suggestions and seek clarifications. The following members spoke on various items of the Notice.

Mr. Arvind Vyas, Mrs. Ashalata Maheshwari, Mr. Vasant Rao Mehendale, Mr. Vinit Kumar Parikh, Mr. Kesharuwala, Mr. Tamal Kumar Majumdar, Mr. Adil Polad, Mr. Bakul Joshi, Mr. Rusi Khambatta, Mr. S. A. Khanolkar, Mr. V S Khambatta, Mr. Milind Ashar, Mr. A. Poddar, Mr. Manish Shah, Mr. KRM Sundaram, Mr. Ashish Chaturvedi and Mr. Babulal Parekh.

The Chairman responded to the queries after every ten speakers and acknowledged the compliments and thanked the members for their comments, suggestions and offered clarifications.

Before putting the resolution to vote, the Chairman reminded the meeting that proxies were not eligible to vote on show of hands. The resolution for the adoption of the Reports and Accounts was put to the vote by show of hands and was carried nem con.

**2. DECLARATION OF DIVIDEND:**

With the consent of the members present, the resolution set at item no. 2 of the Notice pertaining to the Declaration of Dividend was taken as read.

The Resolution set at item no. 2 of the Notice reads as follows:

"Resolved that the interim dividend of Rs.3.00 for every Equity Share of face value of Re. 1/- each, paid to the shareholders for the financial year ended 31st March, 2010, as per the Resolution passed by the Board of Directors at their meeting held on 23rd November, 2009, be and is hereby noted and confirmed.

Resolved further that the final dividend of Rs. 3.50 for every Equity Share of face value of Re. 1/- each for the financial year ended 31st March, 2010 as recommended by the Board of Directors at their meeting held on 25th May, 2010 be and is hereby declared."

The resolution was proposed by Mr. Babulal Parekh and seconded by Mr. Kesharuwala, put to the vote on show of hands and was carried nem con.

**3. RE-ELECTION OF DIRECTORS:**

The Chairman stated that as per the Articles of Association of the Company, all the directors other than the Managing Director would retire at the Annual General Meeting.

It was informed that Mr. Nitin Paranjpe, who has been appointed as the Chief Executive Officer and Managing Director of the Company at the Extraordinary General Meeting of the Company held on 4th April, 2008 would hold office for a period of five years, commencing from the said date and hence will not be seeking re-election at the meeting.

The Chairman stated that the remaining Directors of the Company, i.e. Mr. D. S. Parekh, Mr. Aditya Narayan, Mr. S. Ramadorai, Dr. R. A. Mashelkar, Mr. R. Sridhar and Mr. Gopal Vittal, including himself would retire in accordance with Article 124 of the Articles of Association of the Company and being eligible, they offered themselves for re-election.

The Chairman proposed to have separate resolutions for the re-appointment of Directors, who were retiring at the meeting, subject to the consent of the members present at the meeting.



At this point of time, some of the members proposed that in order to save the time of the meeting, a single resolution be passed for re-election of all the seven directors, instead of seven separate resolutions being moved, seconded and voted upon individually.

The members present also agreed to elect all the retiring directors by a single resolution. It was:

"Resolved that the re-election of all the Directors by a single resolution be and is hereby approved".

The resolution was proposed by Mr. M. Khambatta and seconded by Mr. Bakul Joshi, put to the vote on show of hands and was carried nem con.

Thereafter, with the consent of the members present, the Ordinary Resolution as set at item no. 3 of the Notice pertaining to the Re-election of Directors was taken as read.

The Resolution set at item no. 3 of the Notice reads as follows:

"Resolved that Mr. Hansh Manwani, Mr. D. S. Parekh, Mr. Aditya Narayan, Mr. S. Ramadorai, Dr. R. A. Mashelkar, Mr. Gopal Vittal and Mr. Sridhar Ramamurthy be and are hereby re-elected as Directors of the Company."

The Resolution was proposed by Mr. Khambatta and seconded by Mr. Kesharuwala and on show of hands was carried nem con.

#### **4. APPOINTMENT OF AUDITORS AND TO FIX THEIR REMUNERATION**

The Chairman then took up item no. 4 relating to the appointment of M/s. Lovelock & Lewes, Chartered Accountants, Mumbai as the Statutory Auditors for the period commencing from this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

The Chairman informed the members that there was no increase proposed in the remuneration of the auditors for the next financial year 2010-11 and therefore the remuneration of the auditors is maintained at Rs. 250 Lakhs, which is in line with what was paid for the financial year 2009-10.

With the consent of the members present, the Resolution set at item no. 4 of the Notice pertaining to the appointment of Auditors their remuneration was taken as read.

The Resolution set at item no. 4 of the Notice reads as follows:

"Resolved that M/s. Lovelock & Lewes, Chartered Accountants, Mumbai, having firm registration number 301056E, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that their remuneration as Statutory Auditors of the Company for the year ending 31st March, 2011 be fixed at Rs. 250 Lakhs (Rupees Two Hundred Fifty Lakhs Only) plus applicable taxes, payable in quarterly / half yearly installments and reimbursement of traveling and out of pocket expenses incurred in connection with the audit."

The resolution was proposed by Mr. Babulal Parekh and seconded by Mr. Kapadia, put to the vote on show of hands and was carried nem con.



The Chairman then took up Special Business set out at Item nos. 5 to 7 of the Notice.

**5. APPOINTMENT OF MR. PRADEEP BANERJEE AS A DIRECTOR OF THE COMPANY**

The Chairman informed the members that Mr. Pradeep Banerjee was appointed as an Additional Director of the Company with effect from 1st March, 2010 and as required by law, the Company had received Notices under Section 257 of the Companies Act, 1956, from the members proposing the name of Mr. Pradeep Banerjee as Director along with a requisite deposit of Rs. 500/-.

With the consent of the members present, the Ordinary Resolution as at item no. 5 of the Notice for the appointment of Mr. Pradeep Banerjee as a Director of the Company was taken as read.

The Resolution set at item no. 5 of the Notice reads as follows:

"Resolved that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Pradeep Banerjee, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company."

The Resolution was proposed by Mr. Kesharuwala and seconded by Mr. Manish Shah, put to the vote on show of hands and was carried nem con.

**6. APPOINTMENT OF MR. PRADEEP BANERJEE AS A WHOLETIME DIRECTOR OF THE COMPANY AND TO FIX HIS REMUNERATION**

The Chairman informed that in the Annual General Meeting of the Company held on 4th April, 2008, the members had by a Special Resolution, approved the maximum limits within which, the authority was delegated to the Board to fix the remuneration of the Wholetime and Managing Directors of the Company. The resolution at item no. 6 is for appointment of Mr. Pradeep Banerjee as Wholetime Director of the Company and to fix his remuneration within the overall limit approved by the members.

With the consent of the members present, the Ordinary Resolution as at item no. 6 of the Notice for the appointment of Mr. Pradeep Banerjee as a Wholetime Director of the Company and to fix his remuneration was taken as read.

The Resolution set at item no. 6 of the Notice reads as follows:

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act, as amended, the approval of Members of the Company be and is hereby accorded to the appointment of Mr. Pradeep Banerjee as the Wholetime Director of the Company, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company.

Resolved further that the remuneration of Mr. Pradeep Banerjee in his capacity as a Wholetime Director be fixed by the Board or a duly constituted Committee thereof and thereafter be revised from time to time,



within the limits as approved by the Members by way of a Special Resolution adopted at their meeting held on 4th April, 2008."

The Resolution was proposed by Mr. Kapadia and seconded by Mr. Chaturvedi, put to the vote on show of hands and was carried nem con.

**7. INCREASE IN REMUNERATION OF NON-EXECUTIVE INDEPENDENT DIRECTORS**

The Chairman informed the members that the Members of the Company at the Annual General Meeting of the Company held on 24th June, 2005 had approved the maximum limits for the payment of remuneration to Non-Executive Directors of the Company upto a maximum of Rs. 60 lakhs in aggregate. The said resolution was due to expire on 31st December, 2010.

The Chairman further informed that, in light of the changes in the Corporate Governance norms, the role of and expectations from Non-Executive Independent Directors has undergone significant change over a period of time. The resolution at item no. 7 is for revision of the remuneration of Non-Executive Independent Directors on the expiry of the current shareholders' resolution.

With the consent of the members present, the Special Resolution as at item no. 7 of the Notice for the increase in remuneration of Non-Executive Independent Directors was taken as read.

The Special Resolution set at item no. 7 of the Notice reads as follows:

"Resolved that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company, the Company be and is hereby authorised to pay to its Directors (other than the Managing Director and Wholetime Directors of the Company), for a period of five years commencing from 1<sup>st</sup> January, 2011, such sum by way of commission as the Board may from time to time determine, not exceeding 1% (one percent) or such other percentage of the Net Profits of the Company in any financial year as may be specified by the Companies Act, 1956 from time to time and computed in the manner provided in Section 198(1) of the Companies Act, 1956 or Rs. 90 lakhs in aggregate whichever is lower."

The resolution was proposed by Mr. Khambatta and seconded by Mr. Kesharuwala, put to the vote on show of hands and was carried nem con.

The meeting concluded at 5.45 PM with a vote of thanks to the Chair from the floor.

Place: Mumbai

Dated this 25th day of August, 2010.

Sd/-  
(H. Manwani)  
CHAIRMAN



## BUILDING HUMAN CAPITAL IN INDIA

### INTRODUCTION

It is now an accepted position that the economic centre of gravity is shifting to the D&E world. There is an increasing level of self confidence, higher levels of investments and plenty of new opportunities. This changing landscape presents an exciting future for building the economic capital in developing countries like India.

But underlying the growth in economic capital has to be an equally strong foundation of building the human capital of the nation. Put simply, it is the development of our people that has to be at the heart of sustainable economic development. But where do we stand on this critical input?

According to a McKinsey & Company report, India will need to up-skill or re-skill 500 million people by 2020 to meet its growth requirements. However, at current capacities we can train barely 50 million – an astounding gap of 90%! Another report by Boston Consulting Group (BCG) highlights that out of the 89 million people who are expected to join the workforce from 2009-13, over 47 million people will be school dropouts.

This does not sound like a pretty picture.

### THE IMPORTANCE OF HUMAN CAPITAL

We clearly have an urgent and important task ahead of us.

After 20 years of economic reforms, India is recognised as one of the high growth economies with the potential to make the big leap from a developing to a developed nation within a generation. It is important we do not miss this opportunity. The steps we take now will decide where we go from here, making this a defining moment in the life of India as a nation.

We have a large army of youth. But this demographic dividend can be encashed only if this large army is well prepared to handle posts, positions and workstations – in offices, on shop-floors and on sites across the nation and indeed the globe. In a situation of rapid change, this preparedness must be fast tracked to empower our people for the enormous opportunities that lie ahead of us.

### BRIDGING THE SKILLS GAP

India needs trained and skilled people to operate efficiently and professionally as much on the shop-floor of its factories as it needs in the boardrooms of its corporations.

We will need a comprehensive approach if we are to accomplish this in a reasonable amount of time. The three principal stakeholders that must collectively address this agenda must be the Government, the educational institutions and the industry. There needs to be partnership and collaboration to enable an effective and integrated response to this challenge.

A close public-private partnership can change the entire ecosystem by uplifting the skills and capabilities of the nation on a scale that is required for our growth ambition.

#### a) Role of Government – Enablers of change

The right to education is fundamental and the starting point for building human capital. We need to strengthen the educational infrastructure at the grass roots level to achieve nothing less than hundred per cent literacy. The Government is now beginning to address this and is encouraging public-private partnerships to allow corporations or non-governmental organisations (NGOs) to put up schools across the country.

The Government must ensure that education at the secondary level is tailored for developing employable skills on a mass scale. At the same time, the Government needs to raise the bar on higher education. This entails increasing opportunities for enrolment as well as improving the quality of higher education. We need to unshackle the school sector from bureaucratic red tape and allow both public and private schools to co-exist and compete.

#### b) Role of Educational Institutions – Strengthening employability

The current educational institutions must embrace the culture of skills training so that it benefits the wider sections of society and addresses the big issue of employability.





India needs ITIs as much as it needs IITs. We need to accelerate access to technical training to address the key issue of skills development at the grass roots level.

E-learning is another big opportunity. With over 600 million live mobile connections and internet access rapidly connecting the country, there must be a creative use of technology to transform the access and cost of mass education while, at the same time, lifting the quality and consistency of teaching.

c) Role of Industry – Commitment to human development

Corporates are beginning to recognise the huge importance of Corporate Social Responsibility. An equally important part of progressive corporations has to be a commitment to what I would like to call 'Corporate Human Development Responsibility'.

In every single CEO survey, the war for talent features as the biggest challenge in fast growing economies like India. The industry has a huge role and enlightened self interest in ensuring a robust pipeline of talent. Most progressive companies prioritise continuous training and development of their employees.

However, corporates must also actively commit resources – time, money and people – to innovatively collaborate with educational institutions so that academic curriculum is tuned to changing needs of the industry. This is hugely beneficial in preparing our young population for employment and also in expanding the talent pool, much needed for our fast growing economy.

LEADERSHIP DEVELOPMENT AT HUL

As a multinational with a heritage of over 100 years in India, HUL has played a proactive role in grooming business leaders.

HUL has a unique and well recognised management training scheme which recruits widely from various educational institutions across the country. We have groomed thousands of young graduates into eminent business leaders who are now serving both Unilever and the Indian industry. We have as many as 195 managers from India working for Unilever in key leadership positions across the globe. It is not surprising that we have been referred to as the 'leadership factory'. More recently, HUL has been recognised as among the 'top ten' companies for leadership development globally in a survey done by Hewitt Associates in partnership with *Fortune* and The RBL Group.

It is our firm belief that business growth and people growth is intrinsically linked in a virtuous cycle where one cannot exist without the other.

THE HUL MODEL

The HUL model of 'Human Capital Development' builds around three key pillars –leadership development, organisational readiness for the future and broad-based talent development.

We do capability building across functions and at every level of the organisation. For example, we have 'skills-maps' against which the workforce in our manufacturing units and our sales force are benchmarked. Besides on the job training, they undergo up to eight man-days of training every year. On a conservative basis, this implies a staggering one lakh man-days of training across the organisation every year! We have the same emphasis on skills training even in our extended sales and distribution network and invest another one lakh man-days of training every year.

We define education and skill development in terms of our ability to create employability. This year, we provided sales internship opportunities for more than 1000 students from Tier II and Tier III MBA colleges, exposing them to best practices in industry and providing them with valuable work experience, thus enhancing their employability. Similarly, through Project Shakti, we have trained 45,000 women in remote and rural villages to provide them income generating opportunities. This is a fine example of providing livelihoods by building skills and capabilities at the grass roots. The 'Samruddhi' programme of HUL is another such example of building capabilities among local communities by equipping young students with vocational skills in partnership with the NGO, Aide et Action.

We realise that these are, in a broader context, small steps. But many such small actions add up to make a big difference. At HUL, we are committed to strengthening our efforts towards building 'human capital', which is the need of the nation today.

IN CONCLUSION

'Human capital' is key to realising the India of our dreams. HUL continues to be committed to 'Corporate Human Development Responsibility' and contributing to the broader national economic agenda.

