Hindustan Unilever Limited,
Unilever House,
B D Sawant Marg, Chakala,
Andheri East, Mumbai 400 099

Tel: +91 (22) 50433000 | Web: www.hul.co.in | CIN: L15140MH1933PLC002030

Hindustan Unilever Limited

27th May, 2021

Stock Code: BSE: 500696
NSE: HINDUNILVR
ISIN: INE030A01027

BSE Limited,
Corporate Relationship Department,
2nd Floor, New Trading Wing,
Rotunda Building, P.J. Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra – Kurla Complex,
Bandra (E),
Mumbai – 400 051

Dear Sir / Madam,

Sub.: Integrated Annual Report for the financial year ended 31st March, 2021

This is further to our letter dated 29th April, 2021 wherein the Company had informed that the Annual General Meeting (AGM) of the Company is scheduled to be held on Tuesday, 22nd June, 2021 through Video Conference / Other Audio-Visual Means, in accordance, with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

In terms of the requirements of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Integrated Annual Report of the Company including the Business Responsibility Report and the Notice of AGM for the financial year 2020-21, which is being sent through electronic mode to the Members.

The Integrated Annual Report containing the Notice of Annual General Meeting is also uploaded on the Company's website at https://www.hul.co.in/investor-relations/annual-reports/ and this is also available on the website of NSDL at www.evoting.nsdl.com.

You are requested to kindly take the above information on record.

Thanking you,

Yours faithfully,
For HINDUSTAN UNILEVER LIMITED

DEVOPAM NARENDRA BAJPAI
Digitally signed by DEVOPAM NARENDRA BAJPAI
Date: 2021.05.27 12:40:18 +05'30'

Dev Bajpai
Executive Director, Legal & Corporate Affairs and Company Secretary
DIN : 00050516 / FCS No. : 3354
Encl. as above

Purpose-led, future-fit

Hindustan Unilever Limited
Integrated Annual Report 2020-21

Hindustan Unilever Limited

BASIS OF PREPARATION AND PRESENTATION

Summary

The terms 'HUL', 'the Company', 'your Company', 'we', 'our' and 'us' refer to Hindustan Unilever Limited. Our Integrated Annual Report comprising the Statutory Reports, (page nos. 2 to 109), 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 the Management Discussion and Analysis detail our performance as well as our approach to sustainability and risk management. Our Corporate Governance Report, part of the Report of Board of Directors, (page nos. 80 to 109), contains an analysis of steps taken in the area of Corporate Governance including information as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). Our Financial Statements and Notes are on (page nos. 112 to 269). The Integrated Annual Report, Statutory Reports and Financial Statements have been approved by the Board of Directors.

Standards & Frameworks

The Integrated Annual Report is prepared in accordance with the guiding principles of the Integrated Reporting <IR> Framework recommended by the International Integrated Reporting Council (IIRC). Statutory Reports, including the Report of Board of Directors, the Management Discussion and Analysis (MD&A) and the Corporate Governance Report, are as per the regulatory requirements mandated by the Companies Act, 2013 (the Act), Listing Regulations and the Standards issued by the Institute of Company Secretaries of India.

Reporting Scope

The Integrated Annual Report including the Statutory Reports and Audited Financial Statements provides information with respect to the Company's operations for the financial year 2020-21 (unless specifically mentioned otherwise).

Accountability Statement

The Company's Board of Directors confirm that the HUL Integrated Annual Report, taken as a whole, is fair, balanced and provides fair and necessary information to shareholders on the Company's performance, business model and strategy, together with a description of the material risks and opportunities.

Cautionary Statement

Statements in this Integrated Annual Report, particularly those that relate to the 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.

Assurance by Independent Auditor

The enclosed standalone and consolidated Financial Statements of your Company have been audited by Independent Auditors M/s. B S R & Co. LLP, Chartered Accountants.

Your Company's Unilever Sustainable Living Plan (USLP) performance is a subset of the Unilever PLC's reported USLP performance. Independent assurance has been provided by PricewaterhouseCoopers LLP over the Unilever PLC aggregated USLP and Environmental and Occupational Safety performance indicators, details are indicators. Details are available at https://www.unilever.com/planet-and-society/.

The Company has obtained Certificate from M/s. B S R Co. & LLP, Chartered Accountants, Statutory Auditors confirming the compliance of conditions of Corporate Governance as stipulated under Listing Regulations and Certificate from M/s. S. N. Ananthasubramanian & Co., Company Secretaries confirming compliance with the Act, applicable Rules made under the Act, Listing Regulations issued by Securities and Exchange Board of India (SEBI). The Certificates form part of this Report.

Materiality Determination

This Report provides fair and balanced information about the relevant matters that substantively affect your Company's ability to create value both positively and negatively, including risks and opportunities and favourable and unfavourable performance or prospects.

To identify material information or matters, we have taken a holistic perspective by regularly engaging with the various key stakeholders.

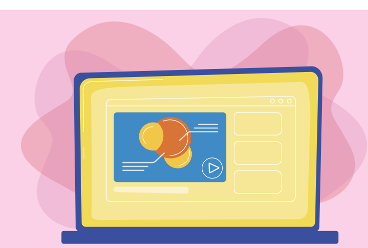
Online

- Find more information about HUL: www.hul.co.in
- Find more information about Unilever Compass Commitments: https://www.hul.co.in/planet-and-society/
- Integrated Annual Report along with other related documents can be downloaded: www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html

Kind Attention Members:

Instructions to join the AGM

For detailed instructions to join the AGM through Video Conference (VC)/ Other Audio Visual Means (OAVM) and the procedure to ask questions/ seek clarifications with respect to the Integrated Annual Report refer page nos. 273 to 277 of this Report.



Contents

At a Glance

As India's largest fast moving consumer goods Company, we are driven by our purpose to make sustainable living commonplace.

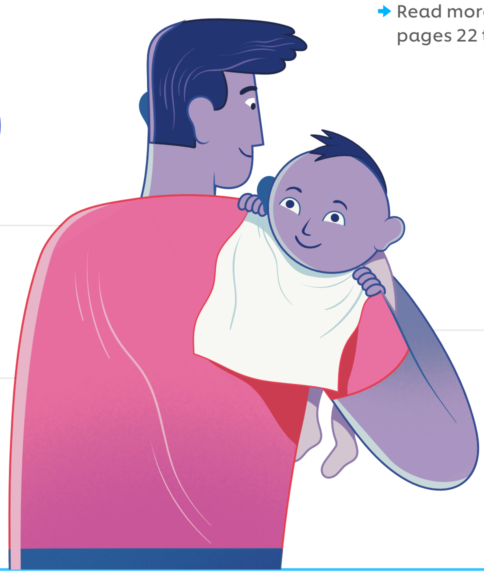
Over 85 years of heritage

More than nine out of ten Indian households use one or more of our products on any given day

~4,500
Distributors

~8mn
Stores sell our products

~1,150
Suppliers



Strong brands with purpose

Our 50+ brands help people feel good, look good and get more out of life

Read more about our brands and consumers on pages 22 to 25

14
Brands in India's Top 100 Most Trusted Brands 2020

14
Brands with turnover of over ₹1,000 crores

Our Financial Highlights (Standalone*)

Turnover	Reported Turnover Growth	Net Profit Growth
₹45,311cr	18%	18%
2019-20: ₹38,273cr	2019-20: 2%	2019-20: 12%

Earnings Per Share	Cash from Operations	Dividend Per Share
₹33.85	₹11,000+cr	₹40.50 (Includes special dividend of ₹ 9.50)
2019-20: ₹31.13	2019-20: ₹9,500+cr	2019-20: ₹25

* Including impact of merger of GlaxoSmithkline Consumer Healthcare Limited (GSK CH) and acquisition of 'VWash'

Powered by our people

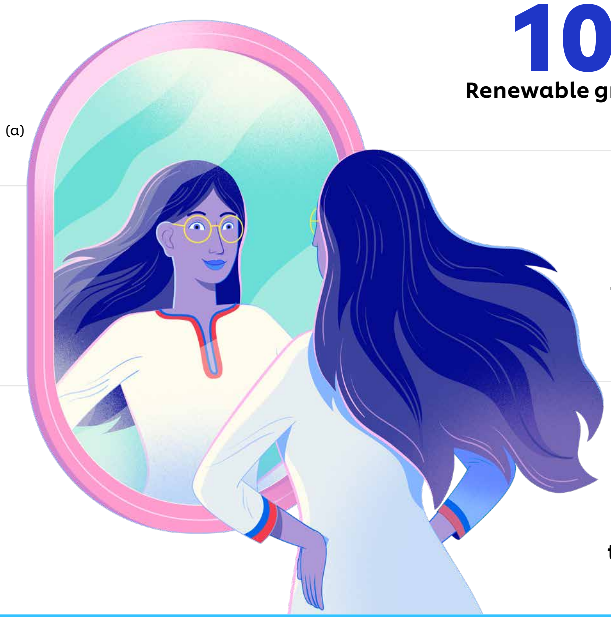
Our purposeful and inclusive culture attracts the best talent

Read more about our people on pages on 26 to 27

42/58
Gender balance in management (female/male) [a]

21,000
Employees

12
Years consecutive Employer of Choice



Using our scale for good

We have an ambitious sustainability agenda which is delivering significant impact

Read more about the planet & society on pages 31 to 33

100%
Renewable grid electricity

>1.3
Trillion litres of water potential created cumulatively by HUF [b]

>154mn
People reached cumulatively through our Water Sanitation and Hygiene initiatives [c]

Our Three Divisions

Home Care

What we stand for:
To make people's homes a better world, and to make our world a better home.

Our largest categories:
Fabric Solutions, Home and Hygiene

A selection of our brands:
Surf excel, Wheel, Rin, Vim and Sunlight

Revenue – ₹ 13,959 crores
EBIT – ₹ 2,773 crores

Beauty & Personal Care

What we stand for:
We believe in beauty that cares for people, society and our planet.

Our largest categories:
Skin Cleansing, Skin Care, Hair Care

A selection of our brands:
Lifebuoy, Glow & Lovely, Dove, Pond's, Clinic Plus, Lakmé, Lux and Closeup

Revenue – ₹ 17,964 crores
EBIT – ₹ 5,127 crores

Foods & Refreshment

What we stand for:
To make brands that not only taste and feel good, but that are a force for good.

Our largest categories:
Tea, Health Food Drinks and Coffee

A selection of our brands: Brooke Bond, Horlicks, BRU, Boost, Kissan, Knorr and Kwality Wall's

Revenue – ₹ 13,204 crores
EBIT – ₹ 2,189 crores

(a) excluding nutrition business (b) by end of financial year 2019-20 (c) up to December 2020

Overview

Chairman's Statement

"We have been able to bring down the curtains on the financial year 2020-21 with a robust set of numbers. We reported a turnover of ₹45,311 crores."

Mr. Sanjiv Mehta
Chairman and
Managing Director

Dear Shareholders,

The year 2020-21 has been challenging for each one of us. The Covid-19 pandemic has had a significant impact on lives, livelihoods, and the business. Operational challenges mounted due to restricted movement and disrupted supply lines during the first few months of the pandemic. As the second wave of the pandemic unfolds with predictions of a third wave in the offing, our focus continues to be on our people's health & safety, ensuring uninterrupted supplies of Covid relevant portfolio, meeting the demand arising out of evolving consumer needs, caring for the communities in which we operate, and finally, protecting our business model.

The relentless commitment and dedication of every member of the Hindustan Unilever family helped the business overcome many challenges in the past year. As a result, we have been able to bring down the curtains on the financial year 2020-21 with a robust set of numbers. We reported a turnover of ₹45,311 crores growing by 18% and Domestic Consumer Growth* was 6%. Profit after tax at ₹7,954 crores was up 18%. We managed Covid challenges well and sustained strong cash generation. The Board of Directors has proposed a final dividend of ₹17 per share, subject to approval of shareholders at the AGM. Together with interim dividend of ₹14 per share, the total dividend for the financial year ending 31st March, 2021 amounts to ₹31 per share. During the year, special dividend of ₹9.5 per share was also paid. If we add up, the total dividend payout during the year will be over ₹9,500 crores.

Last year saw significant change in what consumers buy and where they shop — from online shopping to a rising concern about health, hygiene, sanitation, and nutrition. Our brands strived to meet these changing needs by launching innovations, building awareness through communication, shifting to newer ways of reaching consumers and connecting with communities through purpose-led initiatives.

In the pandemic, the humble bar of soap became the first line of defense resulting in an unprecedented demand for Skin Cleansing and hand hygiene products. To serve the people of our country, Lifebuoy launched 15 new product variations in the hand hygiene portfolio within just 30 days. We completed the acquisition of female intimate hygiene brand VWash that is off to a good start. This year, we launched our Positive Beauty vision, to drive positive change for people and the planet through our brands. We took a decisive step to embrace diversity and promote inclusion across our Beauty and Personal care portfolio and renamed the iconic Fair & Lovely brand to Glow & Lovely. Dove furthered this vision through its #StopTheBeautyTest campaign and Clinic Plus, on Women's Day, launched its new campaign pledging to educate 1,00,000 women across our ecosystem to stand up against domestic violence.

As people continued to stay home, our Home Care portfolio had a major role to play. We launched the Surf excel Active Hygiene and introduced the Lifebuoy Laundry Sanitiser. We saw a significant rise in dishwasher sales in the country. Vim launched a new 'matic' range for dishwasher users and also addressed the growing need for hygiene with the launch of the anti-bacterial variant in bars and liquids. Domex launched a campaign highlighting its unique formulation with sodium hypochlorite that is proven to kill coronavirus within 60 seconds. In line with the growing consumer trend of natural hygiene solutions, we launched Nature Protect, with a neem-based portfolio comprising surface cleaners, laundry, fruit-and-veggie cleaners and on-the-go cleaner. Last September, we announced our Clean Future vision that aims to give people affordable, high-performing products that are kinder to both them and the environment.

Our Foods & Refreshment brands continued to focus on providing healthy options for the growing in-home eating trend and address the need for immunity. Our Tea business saw a significant rise in market share driven by robust growth across brands like Taaza, Brooke Bond Red Label and Taj Mahal. We expanded our fortified foods range and launched Hellmann's mayonnaise, an excellent source of good fats, nationally. We also launched Kissan Peanut Butter that is naturally a source of protein and zinc. To ensure that our consumers have access to their favourite ice-creams, we partnered with Swiggy and Zomato. Last year, we completed the merger of GSK Consumer Healthcare into HUL and welcomed the iconic brands Horlicks and Boost, virtually during the national lockdown. To address the need for building immunity, we launched the new Horlicks with added zinc and donated it to hospitals, frontline workers and even vulnerable children. The year saw Unilever launch its new Future Foods ambition to support a fairer, healthier and more sustainable global foods system. Through the new commitments, in India, we aim to create healthier and fortified foods that will address the challenges of unbalanced diet and micronutrient deficiency.

Across our Supply Chain and Sales, our top priority was the safety of our people and of those who work with us. We were one of the first companies to provide Covid-19 medical insurance for all those who work at the front-end. Our eB2B app, Shikhar enabled our retailer partners to place contactless orders conveniently and now, we have over 5 lakh retailers ordering through Shikhar. We have nearly 1,36,000 Shakti Entrepreneurs who played an important role and continue to do so in educating people on hand hygiene and ensuring critical supply of essential products in rural areas during the pandemic.

We made significant progress in our sustainability agenda. We reduced CO_2 emissions per tonne of production by 91% compared to 2008 baseline. We collected and safely disposed more than 1 lakh tonnes of post-consumer use plastic waste since 2018. Starting this year, we have committed to collect more plastic than we use in our packaging. Through interventions at the grassroot level, the Hindustan Unilever Foundation has created water potential of more than 1.3 trillion litres. Through our WASH initiatives, we have reached over 154 million people across the country till now.

The Unilever Sustainable Living Plan paved the way for the new Unilever Compass Commitments that were announced this year to address the key challenges of our time, such as plastic waste, gender equality, human rights and fair value—plus, of course, climate change and social inclusion.

I would like to assure you that we continue to stand with the nation during this challenging phase of Covid-19. We were among the first companies to commit ₹100 crores to the nation in its fight against coronavirus. Recently, we leveraged the strength of the larger Unilever ecosystem, and have swiftly procured over 5,000 oxygen concentrators to be made available to the most impacted areas in the country. We continue to donate essential health and hygiene products such as soaps and disinfectants to the frontline and to vulnerable communities including tea growing communities in Assam, along with our partners UNDP and UNICEF.

Despite our best efforts, we lost several Hindustan Unilever colleagues to the Covid-19 pandemic. Our thoughts go out to their families and friends and indeed to all those whose lives have been impacted. The pandemic tested us in unprecedented ways. It tested the resilience of our business, character of our people, agility of our operations and the depth of our financial strength. It has made us a more resilient business that is better prepared for the vagaries of the fast-changing world.

Our five growth fundamentals – Purposeful Brands, Improved Penetration, Impactful Innovations, Design 4 Channel and Fuel for Growth, combined with a clear focus on the four priorities of People, Supply, Demand, Cash & Cost, and the technology muscle that we have built over last few years, positions us well for the future.

I would like to take this opportunity to thank all our people who have been tirelessly working to ensure that we continue to serve the people of this country through this extremely challenging year. Most importantly, I would like to thank you, our shareholders, for your overwhelming trust, support, and confidence in Hindustan Unilever Limited.

Warm regards,

Sanjiv Mehta
Chairman and Managing Director

* excluding the impact of merger of GSK CH and acquisition of 'VWash'

Board of Directors

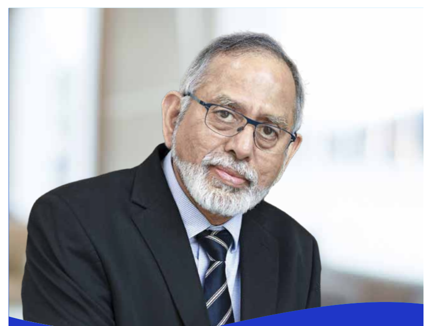
Mr. Sanjiv Mehta
Chairman and Managing Director

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

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

Mr. Wilhelmus Uijen
Executive Director, Supply Chain

Mr. O. P. Bhatt
Independent Director



Dr. Sanjiv Misra
Independent Director

Ms. Kalpana Morparia
Independent Director

Mr. Leo Puri
Independent Director

Dr. Ashish Gupta
Independent Director

For detailed Profile of Directors, refer (page nos. 282 to 285) of this Report

Management Committee

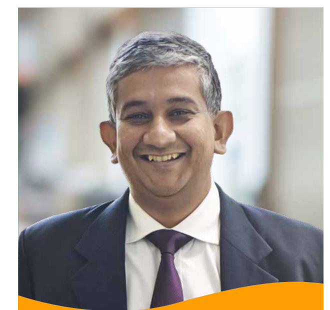
Mr. Sanjiv Mehta
Chairman and Managing Director

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

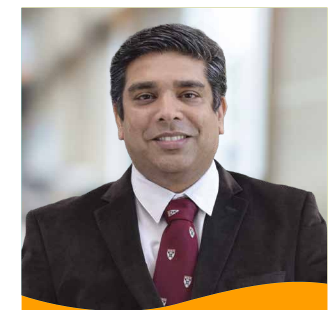
Mr. Dev Bajpai
Executive Director, Legal & Corporate Affairs and Company Secretary

Mr. Wilhelmus Uijen
Executive Director, Supply Chain

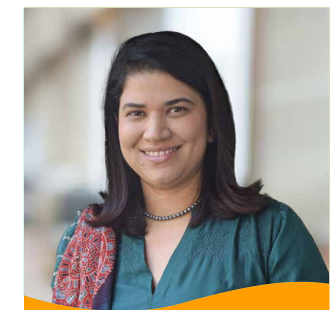
Ms. Priya Nair
Executive Director, Beauty & Personal Care



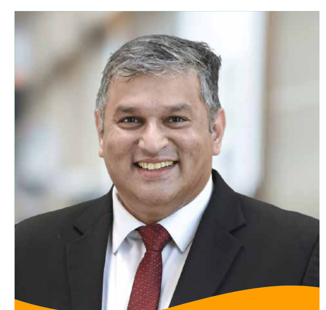
Mr. Sudhir Sitapati
Executive Director, Foods & Refreshment



Mr. Srinandan Sundaram
Executive Director, Sales and Customer Development



Ms. Anuradha Razdan
Executive Director, Human Resources



Dr. Vibhav Sanzgiri
Executive Director, Research & Development

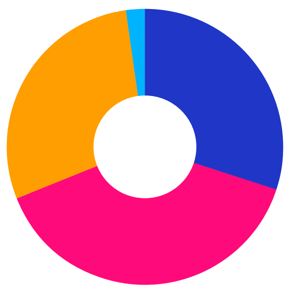
Ms. Prabha Narasimhan
Executive Director, Home Care

Our Performance

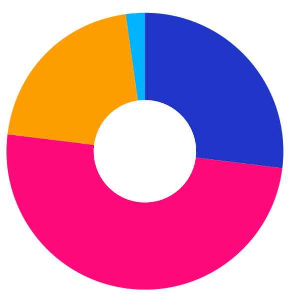
The benefits that our vision and strategy deliver, translate into growth-oriented performance for shareholders and the society at large.

SEGMENTAL PERFORMANCE IN 2020-21

Segmental Revenue (%)



Segmental Results (%)



FINANCIAL PERFORMANCE IN 2020-21

NET REVENUE

₹45,996 crores
Comparable Domestic consumer business grew by 6%, underlying volume growth 3%

EPS (BASIC)

₹33.85
Last year's basic EPS: ₹31.13 per share

EBITDA

₹11,324 crores
Earning Before Interest Tax Depreciation and Amortisation (EBITDA) increased by 18% vs last year.

CASH FROM OPERATIONS

₹11,000+ crores
Cash from operations was up ₹1,554 crores over the previous year

NON-FINANCIAL PERFORMANCE*

MANUFACTURING

2020: 91%
2019: 85%
Reduction in CO_2 emissions (kg/tonne of production) in our manufacturing operations compared to 2008 baseline

2020: 54%
2019: 58%
Reduction in water consumption (m^3/tonne of production) in our manufacturing operations compared to 2008 baseline

2020: 59%
2019: 63%
Reduction in total waste (kg/tonne of production) generated from factories compared to 2008 baseline

BETTER LIVELIHOODS

2020: ~1,36,000
2019: ~1,20,000
Shakti Entrepreneurs empowered

SUSTAINABLE SOURCING

2020: 67%
2019: 78%
Tea sourced from sustainable sources for Unilever brands

HEALTH AND WELLBEING

2020: >154 million
2019: >152 million
People reached cumulatively through our Water, Sanitation and Hygiene (WASH) initiatives

*Our non-financial performance is up to December 2020 (except when mentioned otherwise)

Financial Performance

Standalone

(₹ crores)

Statement of Profit & Loss Account	2018-19	2019-20	2020-21
Gross Sales	37,660	38,273	45,311
Other Income (includes other operating income)	1,228	1,245	1,198
Finance Cost	(28)	(106)	(108)
Profit Before Taxation@	8,749	9,289	10,717
Profit After Taxation@	6,080	6,743	7,963
Earnings Per Share of ₹1	27.89	31.13	33.85
Dividend Per Share of ₹1	22.00	25.00	40.50$

@Before Exceptional items $Includes Special Dividend

Balance Sheet	2018-19	2019-20	2020-21
Property, Plant and Equipment and Intangible Assets	4,716	5,569	51,650
Investments	2,949	1,500	2,995
Cash and Other Bank Balances	3,688	5,017	4,321
Net Assets (Current and Non-Current)	(3,694)	(4,055)	(11,532)
	7,659	**8,031**	**47,434**
Share Capital	216	216	235
Other Equity	7,443	7,815	47,199
	7,659	**8,031**	**47,434**

Key Ratios and EVA	2018-19	2019-20	2020-21
EBITDA (% of Gross Sales)	22.9	25.1	25.0
Fixed Asset Turnover (No. of Times)	8.0	6.9	0.9
PAT@/Gross Sales (%)	16.1	17.6	17.6
Return on Capital Employed (%)	131.2	128.5	22.9*
Return on Net Worth (%)	90.5	92.0	17.0*
Economic Value Added (EVA) (₹ crores)	5,291	6,085	3,810*

@ Before Exceptional items *Opening balances adjusted for GSK CH merger

Return on Net Worth, Return on Capital Employed and Economic Value Added have dropped in financial year 2020-21 on account of increase in shareholders' equity pursuant to the merger of GSK CH

Others	2018-19	2019-20	2020-21
HUL Share Price on BSE (Per Share of ₹1)*	1,708	2,298	2,431
Market Capitalisation (₹ crores)	3,69,688	4,97,514	5,71,133

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

Information on 10 years record of Financial Performance is available at www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html

India Sustainability Initiatives (Highlights)*

Target Performance

Improving Health And Wellbeing

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

1. HEALTH AND HYGIENE

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

>154 million
people have been reached through our Water, Sanitation and Hygiene (WASH) initiatives, in India.

2. NUTRITION

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.

51%
of HUL's Foods & Refreshment portfolio met the highest nutritional standards in 2020, based on globally recognised dietary guidelines.

* These are highlights of HUL's USLP performance which is a subset of the Unilever PLC's reported USLP performance

Enhancing Livelihoods

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

1. FAIRNESS IN THE WORKPLACE

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

HUL continued to embed human rights with a focus on human rights issues identified by Unilever globally.

2. OPPORTUNITIES FOR WOMEN

By 2020, Unilever will empower five million women.

~1,36,000 Shakti
entrepreneurs empowered through the Shakti programme by end of 2020.

3. INCLUSIVE BUSINESS

By 2020, Unilever will enhance the livelihoods of millions of people.

~6 million
people reached through Project Prabhat initiatives across our locations that focus on economic empowerment, environmental sustainability, health and education.

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.

1. GREENHOUSE GASES

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

91% reduction
in CO_2 emissions (kg/tonne of production) in HUL's manufacturing operations over 2008 baseline

2. WATER

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

54% reduction
in water consumption (in m^3/tonne of production) in HUL's manufacturing operations over 2008 baseline

>1.3 trillion litres*
of water potential created by HUF cumulatively through improved supply and demand water management

3. WASTE

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

59% reduction
in the total waste generated (kg/tonne of production) from HUL's factories over 2008 baseline

4. SUSTAINABLE SOURCING

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

67%
of Tea in India sourced for Unilever's brands is from sustainable sources

93%
of tomatoes used in Kissan ketchup were from sustainable sources

Our sustainability performance numbers are up to December 2020 (except when mentioned otherwise).
For further details, visit the Planet and Society section on our website https://www.hul.co.in/planet-and-society/.

* till financial year 2019-20

Our Strategy

A belief that sustainable business drives superior performance lies at the heart of the Unilever Compass.

OUR VISION

is to be a leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance delivering consistent, competitive, profitable and responsible growth.

Our **strategic choices and actions** will help us fulfil our purpose and vision

Developing our portfolio

Growing the Core	Accelerating Market Development	Driving Premiumisation

Win with our **brands** as a force for good, powered by purpose and innovation

Improve the health of the planet	Improve people's health, confidence, and wellbeing	Contribute to a fairer, more socially inclusive world	Win with differentiated science and technology

Lead in the **channels** of the future

Accelerate pure-play and omnichannel e-Commerce	Strengthen eB2B presence	Drive category leadership through shopper insight

Build differentiated **structures and capabilities**

Country Category Business Team (CCBT)	Winning in Many Indias (WiMI)	Digital transformation (Reimagine HUL)

Build a purpose-led, future-fit organisation and **growth culture**

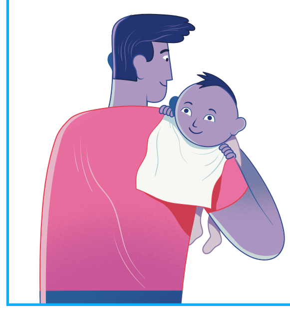
Unlock capacity through agility and digital	Be a beacon for diversity, inclusion and values-based leadership	Upskill through lifelong learning

Operational Excellence through the **5 Growth Fundamentals**

1. **Purposeful Brands**
2. **Improved Penetration**
3. **Impactful Innovation**
4. **Design for Channel**
5. **Fuel for Growth**

Our growth creates value through a multi-stakeholder model

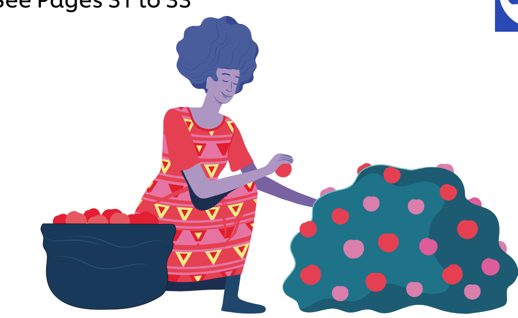
Consumers
See Pages 22 to 25



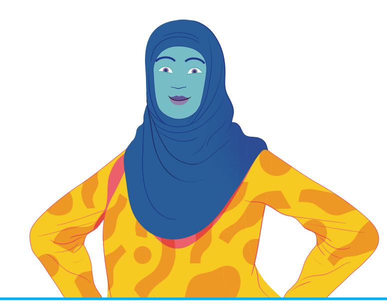
Suppliers & Business Partners
See Page 30

Our People
See Pages 26 to 27

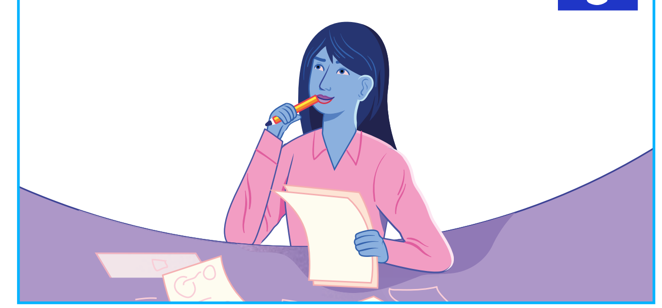
Planet & Society
See Pages 31 to 33



Customers
See Pages 28 to 29



Shareholders
See Pages 34 to 36



Our **4G Growth model**

- **Consistent Growth**
- **Competitive Growth**
- **Profitable Growth**
- **Responsible Growth**

Unilever Compass Commitments–Global

Unilever has long held the belief that being a responsible, sustainable business makes a stronger, better business. Ten years ago, it was codified in the Unilever Sustainable Living Plan (USLP), which set out an ambition to decouple business growth from its environmental impact, while increasing positive social impact. As the sun set on the USLP in 2020, the business realised that stakeholders no longer see sustainability commitments as a nice-to-have – they rightly expect them as a minimum. The Unilever Compass strategy was developed to further accelerate Unilever's commitments towards building a sustainable global business. The global Unilever Compass puts serving its stakeholders at the heart of everything the business does. Going forward, the global Unilever Compass will guide our sustainable business strategy.

At Hindustan Unilever, we are committed to the global Unilever Compass strategy to create a movement in which our suppliers, customers and consumers are all part of building a better future. We shall build and drive actionable programmes to tackle the most critical issues of our time, harnessing the full scale and impact of our brands and going further and faster to drive positive change.

Win with Unilever brands as a force for good, powered by purpose and innovation

IMPROVE THE HEALTH OF THE PLANET

Climate action

- Net zero emissions from all Unilever products – from sourcing to point of sale – by 2039
- Halve greenhouse gas impact of products across the lifecycle by 2030 globally
- Zero emissions in the operations by 2030 globally
- Communicate a carbon footprint for every product that Unilever sells globally
- Replace fossil-fuel derived carbon with renewable or recycled carbon in all Unilever cleaning and laundry product formulations by 2030

Protect and regenerate nature

- Deforestation – free global supply chain in palm oil, paper and board, tea, soy and cocoa by 2023
- Help protect and regenerate 1.5 million hectares of land, forests, and oceans globally by 2030
- 100% sustainable sourcing of key agricultural crops globally
- Empower farmers and smallholders to protect and regenerate farm environments
- 100% of Unilever's ingredients will be biodegradable by 2030
- Implement water stewardship programmes in 100 locations in water-stressed areas globally by 2030

Waste-free world

- 50% virgin plastic reduction by 2025 globally, including an absolute reduction of 100,000 tonnes
- 25% recycled plastic by 2025 globally
- Collect and process more plastic than we sell by 2025 globally
- 100% reusable, recyclable or compostable plastic packaging by 2025 globally
- Halve food waste in our Unilever operations by 2025
- Maintain zero waste to landfill in Unilever factories globally

Supported by Unilever's €1 billion Climate & Nature Fund

IMPROVE PEOPLE'S HEALTH, CONFIDENCE AND WELLBEING

Positive nutrition

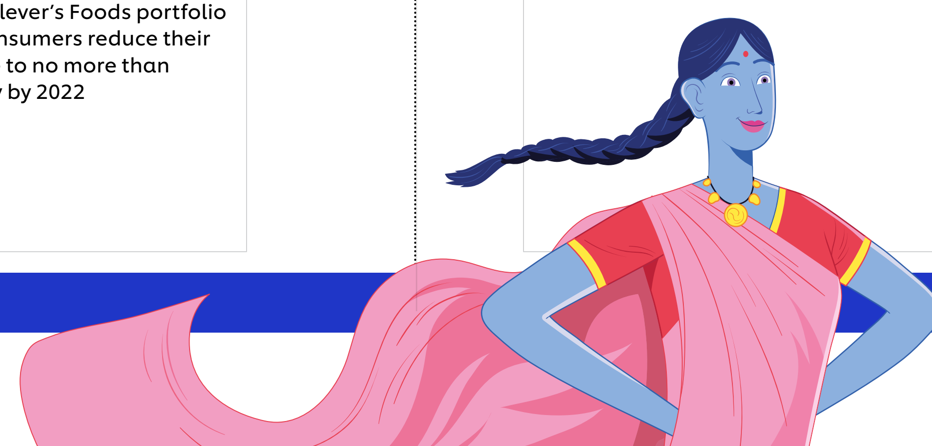
- €1 billion annual sales from plant-based meat and dairy alternatives by 2025-2027 globally
- Double the number of products sold that deliver positive nutrition by 2025 globally
- 70% of Unilever's portfolio to meet WHO-aligned nutritional standards by 2022
- 95% of packaged ice cream to contain no more than 22g total sugar per serving by 2025 globally
- 95% of packaged ice cream to contain no more than 250 kcal per serving by 2025 globally
- 85% of Unilever's Foods portfolio to help consumers reduce their salt intake to no more than 5g per day by 2022

Health and wellbeing

Take action through Unilever brands to improve health and wellbeing and advance equity and inclusion, reaching 1 billion people globally per year by 2030.

Unilever will focus on:

- Gender equity
- Race and ethnicity equity
- Body confidence and self-esteem
- Mental wellbeing
- Hand hygiene
- Sanitation
- Oral health
- Skin health and healing



CONTRIBUTE TO A FAIRER, MORE SOCIALLY INCLUSIVE WORLD

Equity, diversity and inclusion

- Achieve an equitable and inclusive culture by eliminating any bias and discrimination in Unilever practices and policies
- Accelerate diverse representation at all levels of leadership
- 5% of Unilever's workforce to be made up of people with disabilities by 2025
- Spend €2 billion annually with diverse businesses worldwide by 2025
- Increase representation of diverse groups in Unilever's advertising

Raise living standards

- Ensure that everyone who directly provides goods and services to Unilever will earn at least a living wage or income by 2030
- Help 5 million small and medium-sized enterprises (SMEs) grow their business by 2025 globally

Future of work

- Help equip 10 million young people with essential skills by 2030 globally
- Pioneer new models to provide Unilever employees with flexible employment options by 2030
- Reskill or upskill Unilever employees with future-fit skills by 2025

Respect human rights

Respect and promote human rights and the effective implementation of the UN Guiding Principles, and ensure compliance with our Responsible Sourcing Policy

Our responsible business fundamentals

- Business integrity
- Safety at work
- Employee wellbeing
- Product safety and quality
- Responsible innovation
- Responsible advertising and marketing
- Safeguarding data
- Engaging with stakeholders
- Responsible taxpayer
- Committed to transparency

Overview

Our Business Model

We work to create sustained value for our stakeholders through an adaptable and resilient business model.

What we depend on...

Relationships

Purposeful people
Our 21,000 talented people invest their skills and time in our offices, factories, R&D Centres and are increasingly working in more flexible and agile ways.
Pages 26 to 27

Trusted suppliers
Around 1,150 supplier partners source materials and provide critical services for us. Page 30

Committed partners
Our relationships with governments, customers, NGOs, and other organisations help us to increase our impact beyond what we could achieve on our own. Pages 30, 73 & 74

Resources

Input materials
We use thousands of tonnes of agricultural raw materials, packaging materials, and chemicals for our products.
Pages 32, 152 & 162

Financial resources
Capital from our shareholders allows us to invest for the long-term. Pages 154 to 157

Intangible assets
50+ brands, R&D capabilities and intellectual property, such as patents and trademark, manufacturing excellence, technological capabilities, and organisational design set us apart.
Page 144

Owned and leased assets
Over 29 factories, 15 offices, and 47 logistics warehouses spread all across the country. Pages 142 to 144

What we do...

1 Consumer insights
We track changing consumer sentiment through our People Data Centre, combining social listening with traditional consumer research.

2 Innovation
Our marketing and R&D teams use these insights, plus the best ideas and thinking from specialists outside your Company to develop our brands and products.

3 Sourcing
Each year, we buy large quantities of raw materials and packaging materials to make our products and services to run our business.

4 Manufacturing
Our factories and third-party manufacturers turn materials into the product we sell.

5 Logistics
A countrywide network of logistics warehouses ultimately delivers our products to millions of retail outlets.

6 Marketing
We are one of the largest advertisers in the country based on media spends. We create an increasing amount of tailored digital content ourselves to connect with consumers and make it easy for them to choose our brand.

7 Sales
We use many channels to make our brands available to consumers wherever and whenever they shop. Our products are available in ~8 million retail outlets.

8 Consumer use
More than 9 out of 10 Indian households use our products every day to feel good, look good, and get more out of life.

Hindustan Unilever Limited

All underpinned by the management of our principal risks; pages 37 to 43

The value we create for...

Consumers
We aim to provide superior-quality products and purposeful brands that take action on the issues that matter to people and planet.
Pages 22 to 25

Our People
We aim to reward people fairly for the work they do, while helping them find their purpose so they become the best they can be with your Company.
Pages 26 to 27

Customers
We partner with large & small retailers to grow our business and theirs.
Pages 28 to 29

Suppliers & Business Partners
We partner with suppliers to help innovate our products and support mutual and sustainable growth.
Page 30

Planet & Society
We aim to improve the health of the planet while contributing to a fairer and more socially inclusive world.
Pages 31 to 33

Shareholders
We aim to deliver consistent, competitive, profitable and responsible growth.
Pages 34 to 36

Contributing to the SDGs

1 No Poverty
2 Zero Hunger
3 Good Health and Well-Being
5 Gender Equality
6 Clean Water and Sanitation
8 Decent Work and Economic Growth
10 Reduced Inequalities
12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
17 Partnerships for the Goals

Overview

Report of Board of Directors

and Management Discussion and Analysis

Your Board of Directors is pleased to share with you the Business Performance along with the Audited Financial Statements for the financial year ended 31st March, 2021.

THE CHANGING WORLD

We operate in a complex and volatile world. Our strategy is constantly evolving to adapt to the trends and forces shaping our markets and impacting our stakeholders.

Hindustan Unilever Limited is part of the Fast-Moving Consumer Goods (FMCG) industry which continues to be one of the biggest long-term sustainable business opportunities that our country offers. Despite being one of the fastest growing markets globally for FMCG products, India's per capita FMCG consumption is still amongst the lowest in the world, giving the industry a long runway for growth.

2020 was a highly volatile and challenging year. Covid-19 changed almost every aspect of human lives in ways never imagined. The economic toll from the pandemic was unprecedented. Operational challenges mounted due to restricted movement and disrupted supply lines. As the Covid-19 cases continued to rise exponentially, the economy declined sharply. Our focus was on our people's health & safety, ensuring uninterrupted supplies of Covid-19 relevant portfolio, meeting the demand of consumers arising out of changed behaviour and needs, caring for the communities in which we operate, preserving cash and protecting our business model.

As the country navigated through the crisis, the Government and the Reserve Bank of India took effective measures to support a robust economic recovery. The Union Budget 2021 focused on regaining the growth momentum in the economy through several measures including keeping tax rates stable and enhancing investments in infrastructure.

The agriculture sector performed well, leading to a strong performance by rural markets. The impact of Covid-19 was more pronounced in metros and bigger towns, resulting in a slower recovery in urban markets.

Global trade dynamics, volatile commodity cycles and climate concerns continue to create challenges and uncertainties for companies and categories across the spectrum. New technologies are changing the landscape of the consumer goods market, bringing opportunities for brands and consumers alike. Consumers are shopping through more diverse channels and smaller local brands as well as digital-first brands are increasingly entering the market. In these times, as the consumer and channel landscapes rapidly evolve, we continue to be agile and responsive to leverage market opportunities and deftly navigate through the challenges. By staying close to the consumers and their needs, we ensure that our business continues to grow, while having a positive impact on people and the planet. Our strategy is constantly evolving to adapt to the trends and forces shaping our markets and impacting our multi stakeholders.

A. STAKEHOLDER REVIEW

The Unilever Compass and our business model are designed to create value for our stakeholders. Understanding their changing needs helps us to make informed strategic decisions.

Our multi-stakeholder model

We have identified six stakeholder groups critical to our future success: consumers, our people, customers, suppliers & business partners, planet & society, and shareholders. The stakeholder review on pages 19 to 36 explains how we have worked to create value for each of our stakeholders in 2020-21 as well as how our business benefits from these vital relationships.

In light of our purpose and our strategy to create long-term value as set out on page no. 12, we take steps to understand the needs and priorities of each stakeholder group through a number of mediums, including by direct engagement or via their delegated committees and forums. Here, we provide a high-level summary of the concerns of our stakeholders and how we engaged with them and had regard to their interests when setting our strategy and taking decisions concerning the business in the last year.

Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
Consumers **Changes in consumer behaviour have accelerated, leading to new insights about the way people shop and buy our products** For more on consumers see pages 22 to 25	The pandemic has impacted consumer spending habits, particularly for discretionary purchases. Consumers have become more conscious about their health and hygiene as well as being value seeking as they look to protect themselves from the consequences of the pandemic. Digital engagement and online shopping gained prominence as people pivoted to E-everything and a contactless culture.	We have many direct and indirect touchpoints with our consumers. Our People Data Centre combines social listening with traditional consumer research while our Consumer Carelines give us rich insights into the experiences of consumers when using our products. We continue to collaborate with research agencies and household panels to conduct consumer surveys and understand on-ground consumer behaviour patterns, their interests and concerns. We also engaged with consumers through our digital platforms such as Cleanipedia and BeBeautiful. These insights help us in building our understanding of consumer trends, including those that are likely to continue in a post-Covid world.	Our Board and Management Committee members regularly review consumer trends, their concerns and consider these when making decisions. Basis insights on new trends, shaping consumer choices and behaviours during the pandemic, the Management Committee made changes to strategic directions and investments. We focused our innovations to serve health and hygiene needs of our consumers and launched more than 150 Stock Keeping Units (SKU). We also repurposed our brands to make them contextually relevant and drive salience.
Our People **We stepped up engagement with employees significantly to help our people through the pandemic** For more on people see pages 26 to 27	Covid-19 has been the overriding concern for our people during the year as the pandemic impacted virtually every part of their lives, especially work arrangements. Through our engagement, we also consistently see that career opportunities, wellbeing, purpose, sustainability and being a more simple and agile business remain important for our people.	Our leadership team members directly engaged with our employees throughout the year on issues of concern. Through empathetic leadership and always on two-way communication, our line-managers across all levels could provide clarity in the time of crisis and strengthen connectedness. With our 'Care to Connect' programme, factory leadership teams connected individually with all our factory employees and their families. We conducted frequent pulse-check surveys throughout the year for instant feedback. Our annual UniVoice survey garnered a participation from 84% of our office-based employees.	Safety and wellbeing of our employees is paramount to us. We operated with stringent safety protocols to protect our people in factories and frontline sales. We transitioned to 100% remote working for all our office-based employees and as the country opened up we resumed our office operations in a calibrated and safe manner wherever possible. Through the year, we built a systemic approach on wellbeing with customised interventions for various employee segments. Our UniVoice survey showed improvements across all dimensions, especially remarkable was that 88% employees felt positive and optimistic, 90% believe that their line manager had supported them to be effective during Covid-19 crisis.

Reports

Report of Board of Directors (continued)

Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
Customers **This year e-Commerce grew exponentially, as shifting shopping behaviours affected retailers of all types. General trade also saw a resurgence** For more on customers see pages 28 to 29	Covid-19 has given a huge fillip to e-Commerce. Our retail partners are working to become more competitive in a world where shoppers move seamlessly between online and offline channels. Traditional trade also saw a resurgence during Covid-19, the small retailers we partner with are increasingly embracing digital solutions like app-based ordering, to speed up the restocking of products.	Our customers play a critical role in our journey to reach consumers. During the peak of crisis, we actively engaged with our retail partners to build a response plan to ensure availability of stocks. We also imparted training on safety and hygiene practices, to help get shoppers into the stores. We are collaborating with e-Commerce and modern trade to capture the shopper trends and design portfolios appropriate for the channel. Shikhar our eB2B ordering app was useful in getting direct feedback from retail stores.	We are investing in building capabilities for channels of the future viz. e-Commerce and modern trade and are co-creating differentiated offerings which are fit for the channel. We are scaling up adoption of Shikhar our eB2B app to create a digitally wired customer ecosystem which will help in optimising space and speed up restocking. Our partnership with the State Bank of India is aimed at solving liquidity issues for small retailers. We continue to empower women through our Shakti programme which now has nearly 1,36,000 Shakti entrepreneurs.
Suppliers & Business Partners **We worked closely with suppliers and partners to overcome unexpected challenges** For more on suppliers and business partners see page 30	This year has been challenging for our suppliers and partners. Initial lockdowns affecting production and the challenges they had to face to service the surge in demand affected their cash flow. Border restrictions hampered logistics; and new government regulations to protect employees and ensure safe working environments demanded new ways of working, often at very short notice. Our suppliers looked to us for working capital support.	We communicated frequently with our high-risk material suppliers this year, often daily. We leveraged our Unilever global supplier network to source materials from multiple countries. We built a Covid-19 information site for suppliers to share protocols and useful information to help keep them running safely. We ran workshops with key partners (including third-party manufacturers) to explain our new factory tier system, as well as the protocols in place for site cleaning and employee safety.	Dynamically monitoring the on-ground situation, we did a number of interventions to support our suppliers during the pandemic including cashflow relief, early payments to small and medium-sized suppliers. We carved a 'Together We Can' programme with our suppliers to secure availability of essential material and land additional savings to protect our financial model. We also flexed our formulations and onboarded new suppliers as part of our resilience plan.

Stakeholder	Interests and concerns	How we engaged in FY 2020-21	Considerations and outcomes
Planet & Society **People all over the world are speaking up and demanding that business does more for the planet and society** For more on the planet and society see pages 31 to 33	Awareness and concerns around the environmental impact of human activity on the planet is growing. NGOs continue to campaign to reduce the impact of plastic packaging and products on the environment as well as for stronger action on climate change, while citizens demand more from companies on these same issues. People increasingly want to know where the products they buy come from, what's in them, how they'll affect the environment and whether they've been tested on animals. Concerns around poverty, inequality and jobs have been heightened by the economic uncertainty. We are seeing real desire for businesses to limit their use of plastic and take bold action on climate.	We focus our external advocacy on the social, environmental, and economic issues most important to your Company and are also guided by our parent Company Unilever Plc on sustainability issues. In response to Covid-19, your Company stood with the nation and committed ₹100 crores to the nation in the fight against Coronavirus. Our Chairman and Managing Director Co-chairs the Advisory Network to the High-Level Panel for a "Sustainable Ocean Economy". We continue to partner with trade associations like FICCI-India Sanitation Coalition on WASH, international organisations like UNDP and Xynteo to drive behavioural change and work together on end-to-end plastic waste management projects. Hindustan Unilever Foundation, the not-for-profit subsidiary of your Company, continued its water conservation efforts across the country while generating livelihoods for the community.	Sustainability issues form part of our Board/Corporate Social Responsibility committee discussions. Cross Functional Leadership Team reports to the Management Committee on the progress of our initiatives. Our new Unilever Compass strategy integrates sustainability into our business strategy reflecting our leadership's focus on doing business responsibly. Unilever's new commitments around Climate, Nature and Society is the next step in our journey of being the leader in sustainable business.
Shareholders **In this eventful year, it's been even more important to keep our shareholders closely informed about our business** For more on shareholders see pages 34 to 36	As well as an ongoing interest in our strategy and business performance, our shareholders were interested in our priorities during the Covid-19 pandemic and the potential impact of this on our business. And they continued to be focused on our approach to sustainability, including specific issues such as plastic waste, as well as sustainability targets and reporting.	Your Company has a large shareholder base close to 7.6 lakh shareholders. We speak directly to our shareholders through investor events, meetings and calls, quarterly results broadcasts and investor conference presentations. Our Chairman and Managing Director and Chief Financial Officer speak directly to shareholders at investor meetings on a broad range of strategic imperatives of the business such as business environment, performance, sustainability commitments and more. The Stakeholders Relationship Committee of the Board engages on issues that concern our shareholders and maintains oversight on shareholder queries and grievances. Apart from this, relevant information is hosted on our website: www.hul.co.in. During the year, your Company paid a special dividend of ₹9.50 per equity share, in pursuance to the Scheme of Arrangement for transfer of the balance standing to the credit of the General Reserves to the Profit and Loss Account, resulting in total dividend payout of ₹2,232 crores.	Shareholder feedback – around our strategy, digital journey, merger and acquisitions strategy and sustainability – forms a part of boardroom conversations. After each quarterly market update, our Chairman and Managing Director shares feedback with the Board. A quarterly update is shared with the Management Committee on the investors' questions and feedback.

CONSUMERS

People's concerns around health & hygiene, as well as the planet, continued to grow this year

As the pandemic unfolded, it reshaped how people lived, worked and shopped. Almost overnight, people's immediate concerns – health, hygiene and immunity became a priority as people sought to protect themselves and their near-ones from Covid-19. With the country going into a lockdown, daily habits changed dramatically: from eating out to eating at home, from shopping in stores to shopping online and from working in offices to working from home. While the immediate focus for many people was to deal with the crisis, however, concerns around waste, water, climate change, social inequality remained relevant for people. People continued to look for convenient, eco-friendly, natural and chemical free products.

Our three Divisions worked to meet these changing consumer needs in a variety of ways viz. serving through product innovations, creating awareness through contextual communication, shifting to new distribution models and connecting with consumers through their brand's purpose-led initiatives.

Beauty & Personal Care

We believe in beauty that cares for people, society, and our planet

In the Beauty & Personal Care (BPC) division, we operate in categories that play a significant role in consumers' lives and touch a vast majority of Indian households. The categories manifest an excellent opportunity to boost penetration, consumption, and premiumisation, presenting a healthy long-term potential. Leveraging our Winning in Many Indias strategy we offer an extensive portfolio with many products tailored to specific regional preferences. With a product portfolio straddling the price-benefit pyramid, we ensure that our brands are accessible and aspirational for all consumers across the country.

Exhibiting resilience and portfolio strength during Covid–19

Covid-19 has had a varied impact on our categories. The humble bar of soap became people's first line of defence against the risk of catching the infection resulting in an unprecedented demand for Skin Cleansing, especially hand hygiene products. In contrast, categories like Skin Care, Colour Cosmetics, and Deodorants witnessed a sharp decline as people stayed at home.

We swiftly pivoted to service consumers' needs by expanding our range of hygiene products, focused on supplying essential products, drove relevant innovation designed for channels like e-Commerce and communicated with contextually relevant messaging. Within a short span of 30 days, we launched 15 new SKUs in hand hygiene portfolio primarily through our brand Lifebuoy to ensure the accessibility and availability of our products. During the year, LUX was re-launched with a superior product formulation. In line with our strategic intent to enter fast-growing segments of the future in the premium Beauty & Personal Care category, we completed the acquisition of female intimate hygiene brand VWash and were off to a good start.

In Hair Care, we continued to drive focus on the core brands and drive salience with impactful communication while innovating to meet the emerging consumer needs. TRESemmé launched a successful campaign, "salon at home" to address the beauty-at-home trend while driving innovation with its sulfate-free range and new offerings on serums and masks. Dove brand launched a new campaign highlighting its proposition on hair damage repair.

In Oral Care, Closeup has always stood for confidence to get close, superior freshness and white teeth. The brand has upheld good oral hygiene that helps in building confidence in the youth and it continued to do so with a very relevant in-home contextual messaging during the lockdown.

We continue to strengthen our 'naturals' strategy through the three-pronged approach. While LEVER Ayush, the master brand maintained focus on its key market in southern India, we continued to build specialist brands like Indulekha and Hamam. Your Company expanded the Indulekha franchise with the launch of a new variant- Indulekha Neemraj Oil and Shampoo. Your Company also introduced one of Unilever's brand, Love, Beauty and Planet in India and it has been on its journey of making people more beautiful while giving love to our planet. The third leg of our naturals strategy involves natural variants of our existing brands like TRESemmé Botanique, Glow & Lovely Ayurvedic Care, Lifebuoy Neem and Turmeric, Pears Naturale etc.

Building purpose-led brands

Our brands responded to Covid-19 through product donations, innovations, and communications supporting people's hygiene and wellbeing. Lifebuoy was the first to launch a public service campaign to use any soap for combating Covid-19. Lifebuoy also launched a new campaign 'H for handwashing' when teaching alphabet to children to highlight the importance of hand hygiene.

Across our Beauty & Personal Care portfolio, we are removing the word 'normal' from advertising and packaging. It's one of several commitments your Company is making as part of the new Positive Beauty vision that aims to usher in a new era of beauty that is inclusive, equitable and sustainable. In Skin Care, having successfully changed the proposition of Fair & Lovely to 'HD Glow' at the time of its relaunch in 2019, your Company took the decisive and logical step towards inclusive beauty by renaming this iconic brand to Glow & Lovely in 2020. This was accompanied by purposeful communication, and a massive media outreach to ensure each consumer of the brand is touched. Furthering our commitment towards promoting inclusion, Dove through its #StopTheBeautyTest campaign, is challenging the societal stereotypes and urging people to adopt a more inclusive lens of beauty for women.

Celebrating International Women's Day, our brand Clinic Plus, that reaches 85% Indian households, launched a film under its inspiring #MeriBetiStrong campaign to educate mothers about domestic violence and ignite meaningful conversations around the lessons of strength that need to be imparted to daughters in their developmental years. Your Company has taken an audacious goal to reach over 100,000 women across our ecosystem and educate them on their rights as well as provide resources to speak up against domestic violence.

For more on sustainability refer to Planet & Society on pages 31 to 33

Winning in channels of the future

e-Commerce has gained unprecedented relevance in these times and has been the go-to channel for many of our consumers during physical lockdowns. Your Company has set up the Premium Beauty Business Unit within Beauty & Personal Care organisation to strengthen its play in 'Mass-tige' beauty segment. The unit will work closely with our e-Commerce sales team and lead our entry into niche premium formats like serums, sheet masks, hair masks etc. through existing and new brands.

Technology-driven commerce will continue to grow disproportionately, and we aim to invest in it ahead of the curve. With new channels, new benefit segments and new brands, we are also focusing on the new marketing models to take our innovations and activations to consumers. We continue to strengthen the content creation with platforms such as 'Be Beautiful' which educates consumers on their Beauty & Personal Care needs. While the pandemic impacted our Colours and Deodorants categories, it also presented an opportunity to leverage technology to get closer to our consumers. The Lakmé Direct to Consumer (D2C) site (www.lakmeindia.com) is a great example of our agility and intent to continue to drive growth.

We continue to strengthen our core by making our bigger brands better, with consistent support and sustained innovation. Given our wide portfolio, we aim to play it to our advantage by reaching up as well as reaching down the pyramid to serve our consumers. Besides designing for e-Commerce, each of our big brands is also ensuring availability in access/recruiter packs in the right channels to continue to grow penetration and increase usage. We are energised with the opportunity of leading market development across categories with very low penetration, through education, sampling and targeted communication.

Home Care

We want to make people's homes a better world, and to make our world a better home.

In financial year 2020-21, the need for a better home further got highlighted due to Covid-19. As people stayed inside their homes more to avoid infection and there was lesser outdoor activity, we witnessed differential impact on our categories. Parts of the business like dish washing and surface cleaning became extremely relevant overnight and on the other side category like laundry got impacted due to reduced usage.

Exhibiting resilience and portfolio strength during Covid–19

Fabric cleaning became less frequent during the year due to reduced mobility. Reverse migration and drop in income levels caused downtrading. With hygiene becoming the topmost concern, consumers are looking for germ-free wash for their clothes. Our biggest brand Surf quickly innovated and launched 'Surf excel Active Hygiene'. We also launched the first Home Care product under Lifebuoy brand the 'Lifebuoy Laundry Sanitiser' and stepped up our focus behind Anti Bac variants of Rin and Comfort. Surf excel introduced smart spray with stain lifting technology, a smart and convenient way to remove stains. Premium portfolio of liquid detergents and fabric conditioner was more resilient during these times, delivering strong performance, and driving our premiumisation journey ahead.

Our dishwash portfolio benefitted from in-home cooking trend and the need for clean, germ-free dishes. Serving the consumers' needs, Vim launched anti-bacterial variants of dishwash bars and liquids. Premiumisation opportunity on dishwash continues to be strong and we are well placed to lead this trend with Vim liquid which pioneers the format upgradation in the country through its large-scale direct contact programme. During the year Vim launched its Vim Matic range targeting dishwasher users. In floor cleaners, we launched Domex with a formulation containing sodium hypochlorite that is proven to destroy Coronavirus in 60 seconds. Domex also rolled out surface cleaner spray and wipes to extend the brand usage.

We also launched Nature Protect, our new brand that caters to the soft hygiene needs of consumers. A neem-based portfolio with the proposition of "Kill germs with nature's superpower", it comprises of surface cleaners, laundry, fruit-and-veggie cleaners and on-the-go cleaner.

Life Essentials category faced severe disruption during the lockdown in the first half of the year. However, during the second half of the year water purifier business picked up momentum to win consumers through value-added innovations and channel differentiating products in e-Commerce. Our Pureit Copper+, innovation inspired by the age-old tradition of storing water in copper vessels, continues to garner consumer appreciation.

Building purpose-led brands

Putting purpose at the heart of every action and communication, our brands continue to drive salience. Domex donated toilet and surface cleaners to community toilets and also partnered with the Municipal Corporation of Greater Mumbai to offer disinfection services for strategic places including public toilets. Domex also partnered Mumbai railways to help disinfect key stations, as train services opened up for general public.

We continued our unabated journey of brand love through purpose filled proposition. Surf excel has been spreading its philosophy of 'Daag Acche Hain' or 'Dirt is Good', on the occasion of Holi this year, Surf excel joined hands with HelpAge India to bring colours of joy to the elderly. Wheel has always valued the husband-wife relationship and has been acknowledging the evolution of this relationship towards a more progressive outlook, given that today's woman performs multiple responsibilities and is the anchor of the family. Through its new social media campaign Vim resolved to bust stereotype and communicated gender equality in performing household chores like dishwashing.

Towards a Clean Future: With a purpose of 'Cleaning up Cleaning'

We know that consumers want sustainable products that perform just as well as conventional ones. In September, Unilever announced Clean Future, an ambitious blueprint for reinventing cleaning and laundry products to give people affordable, high-performing products that are kinder to both them and the environment.

Unilever, globally will be investing €1 billion over ten years in researching and developing new technologies to reduce the carbon footprint, plastic waste and water use, and increase the biodegradable and sustainable ingredients associated with our products. For example, we will be replacing the crude oil and other fossil fuels used to make some of our chemicals with renewable and recycled carbon. We will achieve all of this through partnerships and cutting-edge innovation – applying the latest science and biotechnology at scale to create cleaner, more sustainable products that clean, remove stains, and disinfect at least as well as conventional products. Our aim is to continue to deliver superior products which are better for the planet at affordable costs.

Winning in channels of the future

We continue our journey of growth in e-Commerce and modern trade. We have a strong portfolio of products with the right pack price architecture, exclusively designed for these channels such as Surf excel Matic value pack offers value to the consumers and is economically viable from a last-mile delivery perspective. We are using e-Commerce channel to drive new benefit segments and new formats such as Vim Matic dishwash range. We are also seeding e-Commerce first brands like Nature Protect to expand our portfolio in this channel.

Cleanipedia, our online platform for housekeeping and cleaning tips, stepped up to create meaningful content to ease consumers' worries around the pandemic and the lockdown. This helped our brands to engage with their consumers while resolving their queries.

Foods & Refreshment

We have a responsibility to make brands that not only taste and feel good, but that are a force for good

Our country faces the challenge of insufficient calories for the poor, unsafe eating out and a diet excessive in carbohydrates but deficient in protein and micronutrients. As one of India's largest Foods & Refreshment businesses, we will help lead the country's processed food revolution by making food healthier, safer, and have less wastage.

Exhibiting resilience and portfolio strength during Covid–19

The need for healthy eating and strong immunity got further accentuated this year as the pandemic enveloped the country. In response to this, we focused on providing healthy in-home eating options through our portfolio of brands.

During 2020-21, we have made significant gains in both market share as well as household penetration of our Tea business. The year saw unprecedented inflation on account of the loss of tea crop led by Covid-19 induced lockdowns and a natural calamity in India's eastern region. We took judicious price increases to partly offset this inflation while maintaining market competitiveness of our brands. In Coffee, we continue to perform well and have launched natural variant of our brand 'BRU Veda'.

Riding on the in-home consumption trends our foods portfolio which includes soups, ketchups, sauces and noodles, performed well. Expanding our portfolio of fortified foods, Hellmann's mayonnaise, a source of good fats was launched nationally. We also launched Kissan Peanut Butter that is made from 100% real peanuts and is an excellent source of protein and zinc.

Our out-of-home portfolio comprising of Ice Cream and Unilever Food Solutions professional business that caters to institutional buyers like hotels and office catering had a challenging year on account of lockdowns. We collaborated with last-mile delivery partners like Swiggy & Zomato to provide home-delivery solution for Ice Creams. In food solutions, we extended our range of products directly to consumers via e-Commerce. As more people stepped out of their homes, we witnessed sequential recovery in our Out-of-home categories quarter on quarter and are well poised for the coming year.

Nutrition – Our journey towards becoming one of India's largest Foods & Refreshment businesses

This year we integrated the Nutrition portfolio which was acquired from GSK CH. The category has low penetration levels and offers huge headroom for growth. We have a clear strategy of improving accessibility and reach, landing impactful innovations, increasing profitability through synergies and investing behind the brands to drive growth. To make our brands more accessible to the consumers your Company introduced new pouch packs and ₹2 sachets for Horlicks and Boost. Your Company has also expanded Boost across India.

We continued to invest in building a future-fit portfolio, looking at the immunity needs of consumers we launched Horlicks with added zinc which is known to boost immunity. We also relaunched "Plus" range from the house of Horlicks making our entry into the high sciences space of Nutrition. Horlicks in its new campaign "When did you grow up" is celebrating the confidence that empowers children.

Purpose-led Brands

As India's largest hot beverages business, we continue to lead the expansion of tea and coffee as a carrier of nutrition and as a beacon of sustainable agriculture practices. Brooke Bond Red Label which has very firmly embedded the brand purpose of "Taste of Togetherness" continued to drive the #unstereotype agenda. It emphasised the importance of compassion during lockdown with a lovely message that 'we can be socially connected even when we are physically distant'. Horlicks led the purpose agenda by donating 2 lakh kilograms of Horlicks' products to essential workers and vulnerable children. In this challenging period, Kwality Wall's went out of its way to support people in the extended value chain.

OUR PEOPLE

When we take care of our people, our people take care of the business.

2020 was an unusually challenging year for our people. We were all affected by the pandemic in different ways. Even as the national lockdown hit us, the tremendous efforts of our people across our sites enabled us to continue to work safely, whether on factory sites, in the market, in our research & development labs, or from a home office. We quickly scaled up new ways of working – rethinking and reshaping our business.

As we worked with speed and agility to respond to the unexpected events this year, we continued to nurture a culture in which our people can thrive and to prepare our people for the future of work.

Going above and beyond

Consumers across the country were relying on us to produce the household necessities they needed most during the pandemic, so it was essential that we kept our factories and distribution centres operating. We are grateful to our employees and to everyone in our extended value chain at our distributor points, depots and third-party manufacturing sites, who made this happen. We saw many heroes coming to the fore–our people in our factories and frontline sales, going above and beyond their jobs to grow our business, our medical & occupational health teams working very hard to keep our people safe, and many inspiring stories of our people volunteering their time to help communities around our sites.

Working safely and at speed

In the midst of Covid-19, we concentrated on business continuity, making it safe for essential staff, such as factory workers and sales teams, to return to workplace. We did so with extremely strict protocols to protect everyone's safety, such as protective equipment, social distancing regulations and frequent health checks, including on people's mental health.

We seamlessly transitioned to 100% remote working for all our office-based employees. Each person needed the right equipment and systems to perform their roles and the Company provided the necessary support. We rolled out guidelines on working from home and our teams swiftly found their own rhythm and cadence of working effectively.

People presence has been a key unlock to stabilising our operations. Our frontline leadership teams ensured this through focused interventions, dynamically adapting to the challenges. In our factories, each employee's family was mapped to a member of the factory leadership team to support them through this journey. 100% employees were touched with individual connect through this Care to Connect Programme. For our sales teams, we followed a robust tier system to monitor high risk areas supported by standard operating procedures for market work, thereby reducing risk to our people.

HUL has always had a best-in-class medical policy that includes medical cover for our employees and their dependents, extensive tie-ups with hospitals and doctors in all locations, and cashless facilities. Early in the pandemic, we reviewed our medical readiness and resilience, particularly at our factories in remote locations, and ramped up our medical infrastructure with observation and testing facilities and engaged more doctors and medical staff. We also extended a Covid-19 medical insurance to people in our extended value chain.

We are providing support to our employees and their families to accelerate the coverage of the national vaccination programme.

Wellbeing for all

During Covid-19, wellbeing emerged as a key priority for our people and their families. Through the year, we built a systemic approach on wellbeing with customised interventions for various employee segments. We provided our people a range of tools to help them to focus on their wellbeing. In a wider focus on mental health across the business, we are building a network of Mental Health Champions (MHCs) and till now we have more than 500 MHCs in place.

Becoming more agile

We are transforming how we work at HUL by introducing more flexible and agile ways of working. This year has highlighted our agility in many ways, most notably in our response to Covid-19. With the dual objective of protecting livelihoods & resourcing business growth imperatives, we embarked on a holistic programme of redeployment. In a short span of time, we redeployed a number of people from business areas that were slowing, such as our out-of-home food business, to teams experiencing high demand like those producing personal and home hygiene products.

Preparing for the future of work

We have extensive online learning programmes not only to enable our people to upskill and reskill for their roles at Unilever but also to help them prepare for the changing landscape of work.

a) Building Capabilities for the Future

We continue to build organisational capabilities with clear focus on functional learning priorities to make our people future-fit and purpose-led. Our ambition is to make sure all our people can reskill, upskill, work more flexibly and adapt to the changing world of work.

To prepare our end-to-end value chain for technology-led consumption models, we are investing significantly in our digital transformation programme – 'Reimagine HUL'. A Digital Council comprising cross functional leaders is the Steering Committee for this initiative.

b) Managing Talent and Strengthening our Employer Brand

We continued to build meaningful and deep engagements with students, digitally as well as on campus, to strengthen our brand amongst them and attract the best talent for the Company. Our purpose-led and future-fit vision and culture ensured that we continue to hold our title of 'No. 1 Employer of Choice' for the 12th year in a row.

c) Nurturing our Growth Culture

Our endeavour is to shape a Growth Culture based on three tenets: Human, Purposeful and Accountable. We remain committed to listening to our employees and build these insights into actions. Our annual employee survey 'UniVoice' conducted during the year garnered a participation from 84% of our office-based employees. The survey showed improvements across all dimensions. Overall engagement stood at 90%, pride to work in HUL at 96%, and 94% of our employees said that they believe we have the right strategy to win. The employee voice through these encouraging scores is testimony to our actions and how our employees experience our Company every day.

d) A Beacon for Diversity

We strive continually to be a diverse and inclusive organisation, thereby enabling our people to bring their real selves to work. Apart from enabling infrastructure such as creche across 19 of our factories, we are making some of our large manufacturing sites accessible for persons with disabilities. In our endeavour to #Unstereotype the workplace, in 2020, we started an inclusive leaders training programme and are kick-starting conversations to sensitise employees on unconscious biases and helping them break limiting stereotypes. We are committed to be gender balanced in our managerial team in the next few years. Another small but important step in our diversity journey has been the recent induction of female shop-floor employees at our Haldia and Kidderpore factories. We want to make sure that people's experience of Unilever is fair for everyone and that we are fully including members of LGBTQI+ communities, persons with disability and other minority groups.

With the alarming rise in domestic violence cases during the lockdown we took the baton to be the first employer in India to formally launch a holistic, gender-neutral policy for survivors of domestic and other abuse. On the occasion of International Women's day, 2021, HUL launched the campaign #UNMUTE, where we are committed to encourage employees to speak up against domestic violence and to support all employees and their families with the education, awareness, and resources around safety. We have taken an audacious aim to reach over 100,000 women across our ecosystem and educate them on their rights as well as access to resources.

CUSTOMERS

We are supporting our customers, from e-Commerce partners to small family-owned stores, as they respond to people's rapidly changing ways of shopping.

We sell our products through 8 million retail outlets spread across the country. Through our network of distributors, we reach a diverse universe of retailers from small family-owned shops and value shops to large 'brick & mortar' store partners, online-only retail. As the route to reach consumers, our customers are critical to our business success and our primary aim is to help them grow sustainably alongside HUL. With Covid-19 affecting retailers of all types in unexpected and often very challenging ways, we worked closely with our customers to navigate the challenges and opportunities.

Protecting people in our extended value chain

Our people are our biggest asset and protecting their lives and livelihoods is paramount to us during Covid-19. As the infection started spreading, we implemented strict safety protocols based on global best practices, WHO guidelines, and Government requirements. We setup supply lines to ensure availability of personal protective equipment (PPE) for not only our employees but also for employees of our business partners and customers. We were one of the first companies to provide Covid-19 medical insurance for all the front-end manpower including that of our distributors. Your Company also launched life cover policy for workforce working in the market, to ensure their family's financial needs and children's education is taken care of in case of an unfortunate event.

HUL has proactively partnered with Ministry of Consumer Affairs to drive Suraksha Stores Programme in key states in India. This included providing training to the stores on key safety practices like sanitising the stores at regular interval, social distancing markers, the use of Aarogya Setu app, etc. Our sales team was trained to cascade safety practices to these stores.

Adapting to the changing world of shopping

People's behaviour changed everywhere in response to Covid-19, and this created a surge in demand in some product categories. As retailers worked to keep stocks of household necessities such as hygiene and cleaning items, we supported them in a variety of ways. We offered cash flow relief to our most vulnerable customers. We also acted quickly to bring in new protective protocols when visiting customers during the months of lockdown, so that we could continue to deliver products and keep shelves stocked. This also meant finding new ways and entering new partnerships with front end logistics specialists to get products to customers. We came up with innovative last mile logistics solutions viz. direct store delivery, hub & spoke model to increase the availability of our products.

We remain focused on competitive growth through actions on execution, coverage, assortment, and high line fill to drive distribution for all our brands. Channelling the robust 'Winning In Many Indias' (WiMI) structure, your Company pin-pointed demand shifts induced by reverse migration, resurgence of neighbourhood stores and growth of e-Commerce. We maximised growth by prioritising these focus areas and ramped up availability of products and brand presence across categories and population strata. Rural economy has become the driver of growth and we have doubled down to capture this opportunity. We continue to empower our Shakti entrepreneurs and now have a network of nearly 1,36,000 covering 18 states across India.

E-everything

During the lockdown in 2020, a large part of people's lives moved online – learning, socialising and most certainly shopping. This increase in online shopping led to emergence of Omni channel and e-Commerce as the fastest growing channels. The digitisation of shopping also brings new opportunities to understand shoppers' preferences and to help our customers meet them. We have renewed our focus on shopper insights to give our customers an edge, expanding the focus of our People Data Centre from helping our brands connect with consumers to helping our customers serve their shoppers better. We are also engaging with our customers to co-create products suitable to the channel. Our focus on building perfect store online and driving everyday great execution has ensured best-in-class online availability and discoverability of our products.

Modern trade stores inside shopping malls were non-operational for a large part of the year, thus posing massive challenges for the retailers. Retailers dialled up their omni-channel initiatives and your Company replicated the learnings from e-Commerce to assist the retailers in this initiative. Besides, key retailers adopted new models to reach out to shoppers viz. grocery-on-wheels, tele-calling etc. and your Company has partnered in these initiatives to help retailers fulfil shopper demand.

Resurgence of neighbourhood grocer

As mobility was restricted due to lockdowns, people relied on their neighbourhood grocer to fulfil their needs of daily essentials. This led to an unexpected increase in footfalls in the small grocery stores and pharma chains. We engaged with the retailers to help them with the right assortment and in ensuring availability of stocks by taking orders through tele-calling. We also partnered with State Bank of India, to make affordable credit accessible for these small stores.

Digitising our customer experience

The events of 2020 fast-forwarded the shift towards digital ordering and fulfilment. Small retail stores are now more convinced to adopt technology and are looking to us to provide digital solutions. The true strength of your Company's prowess in technology and data-driven decision making came to fore during the pandemic, when digital journeys managed to mitigate many of the challenges faced due to physical restrictions amidst strict lockdowns across India. Shikhar our eB2B ordering app enabled hundreds of thousands of retailers to place contactless orders safely and provided them visibility into the fulfilment of these orders through logistics tie-ups and intuitive interfaces. Furthering our journey to create a digital customer ecosystem of connected stores, we have piloted 'Samadhan' our direct-to-trade order-fulfilment platform in Chennai. 'Samadhan' is fully integrated with our digital order capturing platform and aims to deliver speedier and reliable service to the retail outlets through warehouse automation and optimised last mile logistics.

SUPPLIERS & BUSINESS PARTNERS

In supporting the resilience and growth of our suppliers and partners around the world, we are helping our business succeed.

Our supplier ecosystem involves lakhs of people in India as well as around the world–from large multinationals to small local producers. We also work with a wide range of business partners to help unlock growth and solve issues for the benefit of our stakeholders. Without our suppliers and partners we can't run our business. And it's through our direct suppliers, who provide us with goods and services such as raw materials, logistics, advertising, professional services and much more, that we can most influence change and help our business grow. We partner with around 1,150 suppliers to innovate our products and support mutual and sustainable growth.

An agile pandemic response

The events of 2020 highlighted the strength and agility of our supply chain. The pandemic resulted in material, and workforce shortages, disruption of supply lines, unanticipated surges and drops in demand for product categories. To ensure business continuity our supply chain team acted fast by prioritising critical portfolio, securing material supplies, onboarding dozens of new suppliers, and flexing formulations. We were able to restore operations with speed after the disruption due to nationwide lockdown. We operated in a dynamic manner, shortening our planning horizon to ensure we responded quickly to the changing environment. We focused on secondary service by dialling up our collaboration with partner ecosystem (Transporters, C&FAs & RSs) to not only normalise our transportation performance but also improve the forecast accuracy at our distributor level by stepping up on digital capabilities.

Our suppliers provided critical operational support as we responded to extraordinary surges in demand – increasing production volumes multiple times for some personal hygiene products such as hand sanitiser. To meet the spike in demand, we re-purposed existing HUL sites and added new capacities with our third-party manufacturers. With both state and national borders shut due to lockdown, we also joined forces with suppliers to ensure supplies of essential goods such as food, hygiene and cleaning products. Our strong relationships with suppliers meant that we were able to quickly shift our procurement of essential materials in response to temporary sourcing issues. We carved out a 'Together We Can' programme with our suppliers and business partners to ensure continuity of supplies and land savings opportunities. We offered cash flow relief to our smallest and most vulnerable suppliers to help them cope with financial liabilities and maintain livelihoods. We protected employment by, for example, continuing to pay service suppliers – such as cleaners, loaders, canteen staff etc.–for three months despite offices and some operations being closed. We helped to keep our suppliers functioning by providing them with PPE and sharing information on hygiene protocols and guidelines for safe practices in light of Covid-19. Under the 'HUL stands with the Nation' programme, we worked with our suppliers to provide food relief as well as distribute key hygiene products such as our Lifebuoy soap to migrant labour and other affected communities.

Our long-established Safety & Environmental Assurance Centre (SEAC) works with teams across the business to ensure the safety and environmental sustainability of our products, and the processes used to manufacture them. We have responded to the challenge of Covid-19 by introducing more effective ways of working. Onboarding of new materials, supplier partners and manufacturers was done collaboratively through digital change management processes. We also adapted new tools to continuously monitor consumer feedback to respond quickly on issues if any.

Intelligent growth

The need to react quickly to the unexpected, particularly during the early stages of the pandemic, highlighted the increasing importance of technology for an agile and future-fit supplier ecosystem. As we worked alongside suppliers to respond to the surges and falls in demand across different product categories, the value of data insights, smarter sourcing and more real-time visibility of goods and logistics became very clear. This is a critical focus for us–we are using increasingly sophisticated digital tools to identify new potential innovation partners, bring new suppliers on board, audit suppliers virtually, and monitor logistics and supply risk in real time.

Partnering with purpose

The support of our direct suppliers, who are the gateway to the lakhs of people in our wider supply chain, is critical to our progress towards key aims such as reducing carbon emissions, stopping deforestation and improving diversity and inclusion. We can only achieve our ambitious goals by bringing our supply partners with us – in doing so, we believe we are positioning both our business and theirs for growth. Our relaunched Partner for Purpose programme aims to create an open, inclusive ecosystem of supply partners to deliver our innovation, growth and sustainability priorities.

PLANET & SOCIETY

Without natural resources and the hundreds of thousands of people who source, make and sell our products, our business simply can't grow.

The interconnection between a healthy natural world and a thriving society was thrown into sharp focus in 2020. By protecting nature and improving health and livelihoods, the Company will have a positive impact on the planet, on people and, ultimately, on its own business.

Tackling climate change and social inequality have long been at the heart of the Company's sustainability agenda. It was codified by its Unilever Sustainable Living Plan, which set out the Company's ambition of decoupling its growth from its environmental impact, while increasing its positive social impact. Your Company is convinced that the USLP made it a better business for the long-term. Unilever has now set ambitious new targets for improving the health of the planet and contributing to a fairer and more socially inclusive world, with aggressive timelines. The Company is also encouraging others – such as its suppliers and industry peers – to take bold steps, since only through working together can we make sustainable living commonplace.

Improving the health of the planet

The damaging effects of climate change and nature loss are becoming more obvious each year. As one of India's largest Fast Moving Consumer Goods Company with a vision to be the leader in sustainable business, the Company has an opportunity to not just reduce impact on the environment but to also have a more positive one.

Net Zero Emissions

There's no doubt that the world needs to decarbonise, and quickly. Your Company intends to lead this transformation and this year Unilever announced a new target to achieve net zero emissions from sourcing to point of sale, by 2039. This means removing as much carbon from its operations and supply chain as it can, and only offsetting the remaining emissions as a last resort.

In your Company's own manufacturing operations, it has reduced CO_2 emissions per tonne of its production by 91% compared to 2008 baseline. The Company is continuously looking for ways to replace fossil fuel energy with renewable sources and in 2020 it operated its factories with 100% renewable grid electricity.

In September 2020, Unilever announced a transformational Clean Future programme for its cleaning and laundry products that will globally invest an additional €1 billion over the next ten years to remove all fossil-fuel derived carbon from products by moving to 100% renewable or recycled carbon. The Clean Future strategy has inspired enhanced use of plant-based surfactants (green carbon) in laundry powders and liquids, to reduce our dependence on fossil carbon. The Company will continue to innovate and partner in the area of fossil carbon reduction, water and plastic sustainability for a Clean Future.

A Waste-Free World

Your Company maintained its long-held commitment to send zero non-hazardous waste to landfill from its factories. Total waste generated from its factories reduced by 59% against the 2008 baseline and 100% of the non-hazardous waste generated at its factories was recycled or reused or sent for energy recovery in environment friendly ways.

Your Company has made clear commitments to make 100% of its plastic packaging reusable, recyclable or compostable by 2025. Your Company is working to reduce plastic pollution through targets focused on an absolute reduction, using more recycled and less virgin plastic, improving the recyclability of its plastic and collecting more plastic than it sells. The Company has done significant work in this area and has collected and safely disposed more than 1 lakh tonnes of post- consumer use plastic waste in aggregate since 2018, through collection and disposal partners.

Along with collection and processing, your Company is also progressing towards making plastics packaging circular by eliminating unwanted plastics, using post-consumer recycled plastics (PCR) and recycle ready structures. Working along with partners such as Banyan Nation, your Company's purpose-driven brands such as Surf excel laundry liquid, Sunsilk and TRESemmé are using 25% r-HDPE (High Density Polyethylene). Vim is using 50% r-PET in its liquid bottles. The Company has also eliminated ~1 kilo tonne of plastic by eliminating plastics coating from soap cartons (Dove, Lux, Liril) and Lifebuoy's soap stiffeners and moved shampoo sachet, soap wrapper and Vim bar flow-wrap to recycle ready structure.

Your Company recognises that the plastics problem cannot be solved alone. It is working closely with the Government and other partners such as United Nations Development

Programme (UNDP) for end-to-end pilot projects for plastic waste management. So far, the project has reached out to more than 40,000 households, collected more than 4,000 tonnes of plastic waste and onboarded more than 800 Safai Saathis (sanitation workers) in the project.

To advocate and create awareness in the area of waste management, your Company partnered with Xynteo India Private Limited and has developed a curriculum called 'Waste No More' to create awareness and drive behaviour change on waste segregation and recycling among school children and people in housing societies. The programme has reached out to more than 1 lakh students. In partnership with State Bank of India (SBI) and Municipal Corporation of Greater Mumbai, your Company has initiated and operationalised a Dry Waste Collection and Segregation Centre in Mumbai.

Protecting and Regenerating Nature

With a high agricultural footprint, your Company has a responsibility to preserve land for future generations. It is aiming to achieve this through sustainable sourcing of our key commodities, regenerative agriculture practices and a deforestation-free supply chain, enabled by greater transparency.

This year, Unilever announced its aim to reach a deforestation-free supply chain by 2023. Over the years, the Company has made significant progress in sustainable sourcing. In 2020, 93% of tomatoes used in Kissan ketchup continued to be sourced sustainably and over 67% of Tea in India procured for Unilever brands was sourced from sustainable sources. By the end of 2020, 100% of the chicory was sourced sustainably as all the Unilever chicory farmers in India were covered under the Unilever Sustainable Agriculture Code providing farmers knowledge and expertise in sustainable agriculture practices.

Protecting Water

Access to safe water is a basic human right. It's become even more critical this year, with the importance of good hygiene in protecting against Covid-19. And water scarcity and climate change are, of course, inextricably linked. Your Company has made good progress in reducing the water usage (cubic meter per tonne of production) in its manufacturing operations by 54% since 2008.

Your Company is also working to promote good water management, particularly in water-stressed areas. Hindustan Unilever Foundation (HUF) was set up in 2010 to support and amplify scalable solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture. HUF established its 'Water for Public Good' programme, anchored in the belief that water is a common good and must be governed by citizen communities. The aim was to catalyse effective solutions to India's water challenges involving government, communities, experts, and mission-based organisations.

Through HUF's initiatives, the cumulative and collective achievements delivered in 2019-20 include a water potential of over 1.3 trillion litres through improved supply and demand water management, over 1 million tonnes of agricultural and biomass production, and over 30 million person-days of employment. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakh adults for an entire year.

A fairer and more-inclusive world

Your Company's business relies on the hundreds of thousands of people who work in its value chain – including farmers, factory workers, small shop owners, waste recyclers and others. The Company can only create widescale change by giving people opportunities to improve their livelihoods. So, it is working to improve people's health, confidence and wellbeing; to create opportunities for all; and to respect and promote human rights.

Raising Living Standards

Paying all workers fairly for the work they do is a fundamental human right. In January 2021, Unilever announced a goal that everyone who directly provides goods and services to Unilever will earn at least a living wage or a living income by 2030. Your Company will specifically focus on the most vulnerable workers in manufacturing and agriculture, working with stakeholders to raise living standards through supplier selection practices, collaboration and advocacy wherever it operates.

Opportunities for All

To be a truly inclusive business, your Company needs to make sure women, especially women from under-represented groups, have the same access as men to opportunities. The Company continues to invest in women's livelihoods to benefit families and communities, and to grow its business.

Project Shakti, your Company's initiative is aimed at financially empowering and providing livelihood opportunities to women in rural India. The initiative has reached nearly 1,36,000 Shakti Entrepreneurs across 18 States.

Your Company's purpose driven brands such as Glow & Lovely and Dove have developed their brand purpose around skills and confidence building, particularly focused on women. Glow & Lovely Careers is a mobile platform designed to help women create an identity for themselves by providing them career guidance, skill-based courses and information on job opportunities.

Better health and hygiene

Your Company's purpose driven brands Lifebuoy and Domex have worked extensively to improve hygiene and sanitation of people over the years. The Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. In fact, from 2010 to end of 2020 it has reached out to over 73 million people in India through the handwashing behaviour change initiatives with life-saving health information.

Swachh Aadat, Swachh Bharat

Your Company's '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. The Swachh Aadat Curriculum teaches children in classes 1-5 the importance of adopting three clean habits – washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The textbook version of the curriculum has been rolled out in government schools in Bihar, Gujarat, Maharashtra, Uttarakhand and Haryana with a total reach of 2.1 million children. In the absence of in school learning in 2020, and to ensure that learning didn't stop, the Company pivoted its existing model to digital and adapted the WASH curriculum into 21 interactive animated videos.

The Community Hygiene Centre – 'Suvidha' is another important project that ensures health, hygiene and sanitation in urban slums. 'Suvidha' a first-of-its-kind urban water, hygiene and sanitation community centre was first set up at Chiragnagar, Ghatkopar, one of the largest slums in Mumbai. Your Company has now opened four more Suvidha centres in Mumbai in partnership with HSBC to give people access to clean water, sanitation and laundry facilities. This project has saved over 25 million litres of water, via the five existing centres in Mumbai.

Healthier Eating

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards, which are also compliant with applicable Indian regulations.

Your Company's response to Covid-19

As a responsible Company, we took several actions through product donations, supporting healthcare infrastructure, donating food to migrant workers and promoting Covid-19 appropriate behaviour through public awareness campaigns.

Your Company donated over 2 crores soaps and sanitisers, bottles of Domex and packs of Horlicks and other products to the frontline medical professionals, police officials, sanitation workers, migrant population, and vulnerable people of the country, in partnership with the Government and various NGOs. We partnered medical institutions to provide almost 75,000 test kits and medical equipment including over 40 ventilators to hospitals. We had partnered Apollo Hospitals, State Bank of India and others to create isolation facilities. We also created isolation facilities near some of our factory locations for the community. Our factory teams along with Prabhat partners, donated 2 weeks' food ration to close to 1.2 lakh migrant workers' families in over 200 locations. To educate people about Covid-19 appropriate behaviour, your Company created #VirusKiKadiTodo campaign in association with UNICEF that reached 600 million people across small towns and rural India through television and digital platforms.

In order to fight the second wave of the pandemic, your Company is procuring medical equipments including oxygen concentrators that will be distributed in the most affected areas across the country. We will be partnering with Portea Medical and KVN Foundation to make oxygen concentrators available to Covid-19 patients at home through a borrow-use-return mechanism in some of the most impacted cities. In addition to this, to augment the medical infrastructure we are making available ventilators to various hospitals.

Central to our fight against Covid-19 is vaccinating our people. Your Company will be facilitating and covering the cost of Covid-19 vaccinations for 3,00,000 people in our extended ecosystem including suppliers, distributors, salesmen and Shakti Ammas. We will also be organising vaccination camps for our employees and their dependants. Your Company is also working towards amplifying awareness to reduce vaccine hesitancy.

For more information on your Company's response to Covid-19, go to https://www.hul.co.in/news/news-and-features/2021/covid-19-response-hulstandswiththenation.html

Detailed information on the progress of your Company's USLP initiatives and CSR activities is available in the Annual Report on CSR and Business Responsibility Report which is appended as Annexure to this Report.

SHAREHOLDERS

In a volatile and unpredictable year, we have demonstrated our resilience and agility while delivering a strong competitive performance.

This year, we drew on our clear and compelling strategy and our five growth fundamentals to navigate the uncertainty and volatility of the Covid-19 pandemic. Our immediate response to the pandemic was to focus on protecting our people, restoring supplies, responding to new patterns of demand, supporting our communities, and preserving our cash and balance sheet strength.

We demonstrated the resilience of our business and unlocked new levels of agility in responding to the unprecedented fluctuations in demand, coupled with complex challenges in the supply chain. Our focus on execution excellence, repurposing our brands, and portfolio interventions delivered an improvement in competitiveness.

Our Performance in 2020-21

In the early days of the pandemic, we decided the best way to manage our business was to focus on competitive growth and protect our business model by looking at absolute profits and focusing on cash delivery. We have performed well against these objectives with 84% of our business winning volume share in the year ending March 2021 as per Kantar Worldpanel. Our reported turnover growth stood at 18%, domestic consumer business (excluding the impact of the merger of GSK CH and acquisition of 'VWash') grew at 6% led by volume growth of 3%. From a portfolio lens, c.80% of our business addressed the consumer needs of Health, Hygiene and Nutrition, which grew strongly at 12%. Discretionary categories like Skin Care, Deodorants and Colour Cosmetics forming c.15% of our portfolio registered a decline of 15% owing to pressure on household budgets and limited mobility. Out-of-home categories like Ice Cream, Food Solutions which contribute c.5% to our turnover, were disproportionately impacted, thus declining by 26%.

In our divisions, Beauty & Personal Care grew by 4% led by robust double-digit growth in Skin Cleansing, Oral Care and Hair Care. Home Care grew by 2% led by double-digit growth in Household Care and a marginal growth in Fabric Wash due to slowdown in laundry consumption owing to limited mobility. Foods & Refreshment outperformed, delivering 17% growth with a strong performance in Tea. Horlicks and Boost have also performed well, led by strong fundamentals.

Our EBITDA margin at 25% remained healthy, Profit after tax of ₹7,954 crores increased by 18% and our cashflow from operations (after taxes) are up by 23% to ₹8,957 crores. Tea and Palm Oil prices surged to their multi-year highs during 2020, putting significant pressure on our margins. However, a strong savings programme, sharp focus on generating synergies from GSK CH merger and judicious pricing actions helped us navigate these headwinds and deliver profitable growth.

Your Directors are pleased to recommend a final Dividend of ₹17 per equity share of face value of ₹1/- for the year ended 31st March, 2021. The interim Dividend of ₹14.00 per share was paid on 12th November, 2020. The total Dividend for the financial year ended 31st March, 2021 amounts to ₹31.00 per share of face value of ₹1/- each. During the year, special Dividend of ₹9.50 per share was also paid on 17th August, 2020.

Our strategic choices for future success

In early 2021, we set out in detail the Compass strategy to deliver our vision. It guides our decisions and actions in five key areas: portfolio, brands, channels, structure & capabilities, and culture. All of this is underpinned by our focus on creating value through our 4G growth model.

1. **Developing our portfolio**
   We hold leadership position in most categories we operate in. As we strengthen our foundation to deliver long-term superior value, accelerating growth is our top priority.

   We are building a future-fit portfolio by strengthening our core brands, creating categories of the future through market development, and driving premiumisation by straddling the price-benefit pyramid. Our focus is to make our bigger brands better by capturing emerging trends and landing impactful innovations to fuel growth. In the underpenetrated categories, we are driving consumer education and recruitment through targeted sampling and by making our products more accessible.

   We continue to work towards making our brands more aspirational by understanding the needs of the consumer and scaling new benefit spaces. We have carved out a separate premium beauty business within Beauty & Personal Care division to foster our play in the fast-growing 'Mass-tige' beauty segment.

2. **Winning with our brands as a force for good, powered by purpose and innovation**
   We have a long track record as a leader in sustainability. We are continuing to lead the way in sustainable business–ramping up our commitments on climate, nature and creating a fairer world (see pages 31 to 33 for more). We are embedding these commitments at the heart of our divisional, category, and brand agendas. Our purposeful brands are key to delivering our sustainability ambitions, and they are starting to cut through. Consumers see our brands as purposeful, taking meaningful, tangible action on issues they care deeply about. We are innovating to ensure our brands also excel through their quality and efficacy. See the consumer review on pages 22 to 25 for more examples of brands with purpose and innovation.

3. **Leading in the channels of the future**
   We are designing for growth channels like e-Commerce through focused channel teams working to create the right portfolio and execution with strategies based on deep shopper insights. Our e-Commerce focused innovations include smart packaging solutions and right pack price architecture to suit last mile logistics. The right portfolio for e-Commerce must be supported by operations built for this channel, from demand-anticipating algorithms to fast order fulfilment, and we are becoming more agile throughout our supply chain and operations.

   Traditional distributive trade is the predominant channel in India with an estimated 10 million outlets contributing to c.80% of the total FMCG market. e-Commerce explosion is also leading to the transformation of traditional trade and bringing new opportunities for our eB2B programmes. Shikhar our eB2B retailer app has now been adopted by more than 5 lakh stores enabling them to place order at their convenience without waiting for the salesmen to visit their stores. We are looking to scale this up and at the same time work at the back end to build next day delivery systems. We are also working to solve capital issues for our retailers through our partnership with State Bank of India (SBI) which will enable easy access to affordable credit.

4. **Build differentiated structures and capabilities**
   India is a diverse country with multi-cultural, multi-lingual, and multi-regional ethos. The Indian consumers are also increasingly becoming more diverse. At one end we see the emergence of the more digitally connected, metro, higher socio-economic class consumers; then we have the middle-class consumers trickling from the semi-urban and tier 1-3 cities; to the consumers in rurban and rural hinterlands. Within that, your Company operates a complex business with a portfolio that spans across the price pyramid from ₹1 sachet to ₹1,150 and sold through 8 million small and large retail outlets.

   In keeping with the heterogenous nature of our country, we have de-averaged India into 15 consumer clusters as part of our Winning in Many Indias (WiMI) strategy and are driving distinctive actions across these clusters to accelerate growth. We have created 16 Country Category business teams (CCBT) which act as mini boards led by young general managers. These nimble and empowered teams have made us more consumer and customer-centric helping us move with speed and agility.

   'Reimagine HUL' is our multi-year transformation programme that aims to transform your Company by leveraging the power of data & technology, to thrive in this increasingly heterogenous consumer group and a complex business environment. The vision is to create an **'Intelligent Enterprise'** that helps power growth for the next decade in this new India.

   As an **'Intelligent Enterprise',** we are moving from the traditional linear value chain model to an ecosystem approach. We continue to transform the core by building distinctive capabilities across the value chain, where we are making the core business become smarter and more efficient by being data led and machine augmented. At the same time, we are creating bespoke platforms & digital ecosystems that create differentiated consumer & customer value. The work is organised around four ecosystems:

   - **Consumer Ecosystem:** Focusing on building superior experiences and products through: **Agile Innovation Hub,** a virtual hub with always-on trend spotting sizing, prototyping, and validating; **Next Gen Media,** real time data & analytics for media attribution to growth, and Interconnected Consumer Platforms, on engagement, trial, and commerce.

- **Customer Ecosystem:** A Connected Store programme which entails **Demand Capture** through Shikhar (our eB2B App), **Demand Fulfilment** (including building next day delivery for stores) and a 'My Kirana' and 'Ushop' portal as a B2C for **Demand Generation.**
- **Operations Ecosystem:** An ecosystem across the verticals of **Plan, Source, Make** and **Deliver** underpinned by digital capabilities for E2E manufacturing & distribution network transformation.
- **Data, Tech and Analytics Ecosystem:** Data is core to our business operations, and we continue to manage it like an enterprise asset. In 2020 we increased the leverage of (external) ecosystem data, and this has helped to optimise operations during lockdowns. We continue to make progress to augment all key decisions with Artificial Intelligence & Machine Learning.

Building a purpose-led, future-fit organisation and growth culture

Our people are key to delivering our strategy, so we are focusing on our capacity, capability and culture. Agile ways of working and digital transformation are enabling us to find new capacity and refocus our people on the highest value work. We are equipping our employees with the skills they'll need to adapt to a changing world of work and continue growing our business.

We strive to be a beacon for diversity, inclusion, and value-based leadership. Apart from our commitment to be gender balanced in the next few years, we are working towards ensuring a fair and inclusive environment for everyone including members of LGBTQI+ communities, person with disability and other minority groups. See pages 26 to 27 for more on our people.

We will continue to demonstrate how sustainable business drives superior performance – building on our strengths that position us well for the consumer and demographic trends of the future, and delivering on our strategic choices to create long-term value for all our stakeholders.

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 in 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. Effective 1st April, 2020, your Company added a new R&D facility for the Nutrition business based at Gurgaon, consequent to the merger of GSK CH with the Company. 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, Beauty & Personal Care, Foods & Refreshment 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 were entered into in 2013. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever. 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. This has helped in bringing to the Indian consumers bigger, better and faster innovations. 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 including use of 'Unilever Corporate logo'.

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. 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.

B. OUR RISKS AND OPPORTUNITIES

Our risk appetite and approach to risk management

Risk management is integral to your Company's strategy and to the achievement of HUL's long-term goals. Our success as an organisation depends on our ability to identify and exploit the opportunities generated by our business and the markets we operate in. In doing this we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board's agenda, which is where we believe it should be.

HUL's appetite for risk is driven by the following:

- Our growth should be consistent, competitive, profitable, and responsible.
- Our actions on issues such as plastic and climate change must reflect their urgency, and not be constrained by the uncertainty of potential impacts.
- Our behaviours must be in line with our Code of Business Principles and Code Policies.
- Our ambition to continuously improve our operational efficiency and effectiveness.

Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated and all information that may be required to be disclosed is reported to HUL's senior management including, where appropriate, the Managing Director and Chief Financial Officer and the Audit Committee and the Board.

For each of our principal risks, we have a risk management framework detailing the controls we have in place and who is responsible for managing both the overall risk and the individual controls mitigating that risk. Our assessment of risk considers both short and long-term risks, including how these risks are changing, together with emerging risk areas. These are reviewed on an ongoing basis, and formally by Risk Management Committee and the Board at least once a year.

Processes

HUL engages in a wide range of processes and activities across all its operations covering strategy, planning, execution and performance management. Risk management is integrated into every stage of this business cycle. These procedures are formalised and documented and are increasingly being centralised and automated into transactional and other information technology systems.

Risk and Internal Adequacy

The Board advised by the Risk Management Committee, where appropriate, regularly reviews the significant risks and decisions that could have a material impact on HUL. These reviews consider the level of risk that HUL is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure.

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 controls environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Principal Risks

In the following pages we have identified the risks that we regard as the most relevant to our business. These are the risks that we see as most material to HUL's business and performance at this time. There may be other risks that could emerge in the future.

Our principal risks have not changed this year. Albeit the Covid-19 pandemic has increased the potential impact and likelihood of some of these risks. Much of our risk mitigation focus during the year has been on managing these risks

The Covid-19 impact was felt in the following risk areas –

1. **People health & wellbeing concerns**
   To ensure, safety and wellbeing of our employees, we acted quickly and took relevant actions such as working from home for office based staff, restrictions on travel, provision of protective equipment for factory workers and changes in working practices to facilitate social distancing. The safety of those who continue to operate in our workplaces as well as the mental and physical wellbeing of employees facing an extended period of working from home continues to be of paramount importance. We also have stringent return to office criteria and revised hygiene protocols to ensure a safe return to the office when possible.

2. **Future-fit portfolio transformation**
As the pandemic evolves, there have been significant shifts in demand across product categories on account of changing consumer behaviours. The heightened concerns on health and safety are reflecting in consumer demand trends in the space of protection and hygiene. We need to continue to develop and deliver consumer relevant innovations.

3. **Channel transformation**
Social distancing requirements and restriction on individual movements have driven rapid increase in e-everything and online shopping. We continue to invest in developing our capabilities in this area rapidly

4. **Supply chain agility**
Rapidly changing global landscape required reconfiguration of supply chains and adherence to changing regulations which entails significant management. Operation of logistics network to maintain sources of supply will continue to require ongoing focus and flexibility.

5. **IT availability, capability and resilience**
The pandemic led change in ways of working has led to increased online transactions. Reliance on IT resilience for conduct of business operations requires keeping the IT infrastructure operating effectively while managing heightened vulnerability to malicious disruptions & information leakages.

While the pandemic has significantly impacted the business this year, it also has characteristics of an emerging risk with uncertainty around how it will unfold in 2021. We regularly review our risk areas and the Company leadership retains the responsibility for determining the nature and extent of significant risks and drawing out commensurate mitigation plans.

As well as identifying the most relevant risks for our business we reflect on whether we think the level of risk associated with each of our principal risks is increasing or decreasing.

We set out below our principal risks, certain mitigating actions that we believe help us to manage our risks and the increase/decrease corresponding to each of the these.

Nature of risk	Management of risk	Level of risk
Brand Preference		Increased
Our success depends on the value and relevance of our brands to our consumers and on our ability to innovate and remain competitive. Consumer tastes, preferences and behaviours are changing more rapidly than ever before. We see a growing trend for consumers preferring brands which both meet their functional needs and have an explicit social purpose. Under indexation of product portfolio in segments where substantial market is moving to, may lead to loss of market share and long-term competitive disadvantage. Our ability to create innovative products that continue meeting the needs of consumers and deploy the right communication, both in terms of messaging content and medium is critical to the continued strength of our brands. The Covid-19 pandemic has driven significant changes in consumer habits and demands which requires rapid evolution of portfolio and continued innovations to remain relevant and competitive.	Your Company monitors external market trends and collates consumer, customer and shopper insights in order to develop category and brand strategies. We invest in markets and segments where we have built, or are confident that we can build, competitive advantage. Our Research and Development function actively searches for ways in which to translate the trends in consumer preferences 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. 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. Our brand teams are driving social purpose into their brand's proposition and communications.	

Nature of risk	Management of risk	Level of risk
Supply Chain		Increased
Our business depends on purchasing materials, efficient manufacturing and the timely distribution of products to our customers. Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, labour unrest, trade restrictions or disruptions at a key supplier, which could impact our ability to deliver orders to our customers. Covid-19 has challenged and continues to challenge the resilience and continuity of our supply chain. Rapidly changing global landscape and local regulations with enhanced health and safety requirements have called for reconfiguration of supply chains entailing significant management. Maintaining manufacturing and logistics operations will continue to require ongoing focus and flexibility. The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs may negatively impact business especially if such movements are not effectively managed.	We have contingency plans designed to enable us to secure alternative key material supplies at short notice, to transfer or share production between manufacturing sites and to use substitute materials in our product formulations and recipes. We have policies and procedures designed to ensure the health and safety of our employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery. Commodity price risk is actively managed through forward buying of traded commodities and other hedging mechanisms. Trends are monitored and modelled regularly and integrated into our forecasting process. Despite the significant disruption caused by Covid-19, our supply chain teams demonstrated execution prowess and exceptional agility to manage supply of products. Your Company was able to ramp up and recalibrate capacities, ensure safe working conditions with requisite infrastructure and diversify supply chain in terms of availability and sourcing, unlocking flexible alternatives. We are managing the adverse impact of the pandemic by deploying past learnings and responding proactively with a focused approach to deal with the disruptions that are primarily localised. In order to ensure that our supply chain and front-end sales staff are safe and secure, we have supported vaccination of a large number of these employees and this effort will continue as more vaccines are made available.	
Business Transformation		No Change
Successful execution of business transformation projects is key to delivering their intended business benefits and avoiding disruption to other business activities. HUL is continually engaged in major change projects, including acquisitions, disposals, and organisational transformation including digital, to drive continuous improvement in our business and to strengthen our portfolio and capabilities. We have an extensive programme of transformation projects. Ineffective execution of strategic business transformation projects could result in under-delivery of the expected benefits/synergies, inability to unlock growth opportunities and a significant negative impact on the value of the business.	All acquisitions, disposals and transformation projects have steering groups in place led by senior leadership teams. Sound project discipline is followed in all transformation projects and these projects are resourced by dedicated and appropriately qualified personnel. All such projects are monitored through strong governance and reviewed by the Board of the Company for delivery of maximum synergies. In order to ensure that we seamlessly integrate the Nutrition portfolio of GSK CH into our business we have put in place a dedicated specialist team resourced with representatives from all parts of business to ensure overall business integration, process harmonisation, controls compliance and delivery of synergies.	

Nature of risk	Management of risk	Level of risk
Plastic Packaging		No Change
We use a significant amount of plastic to package our products. A reduction in the amount of single use plastic, the use of recycled plastic and an increase in the recyclability of our packaging are critical to our future success. Consumer and customer responses to environmental impact of plastic waste and emerging regulations by Government to restrict the use of certain plastics, requires us to find solutions to reduce the amount of plastic we use; increase recycling post-consumer use; and to source recycled plastic for use in our packaging. Not only is there a risk around finding appropriate replacement materials, due to high demand, the cost of recycled plastic or other alternative packaging materials could significantly increase in the foreseeable future and this could impact our profitability. We could also be exposed to higher costs as a result of taxes or fines if we are unable to comply with plastic regulations which would again impact our profitability and reputation.	We are working on three different streams to address the risk **Advocacy:** We are working with Government and Industry bodies on packing substitutes, central regulation for all States, framing of EPR regulation framework. **Collection and Recovery:** We are driving waste management pilots through tie ups with various companies/NGOs deploying mass collection, processing and disposal models. **Design and development of alternative packing:** We are working on innovative solutions for accelerated development of alternative packaging & associated Supply Chain capability in order to move away from Single Use Plastic.	
Legal & Regulatory		No Change
Compliance with laws and regulations is an integral part of HUL's business operations. Proliferation and instability in regulatory policies and regime in areas such as direct/indirect taxes, data privacy, corporate laws, listing & disclosure, food quality compliance, labour laws, consumer related regulations, imports among others, frequently leading to diverse compliances on the same subject may lead to avoidable regulatory actions, adverse impact on growth and profitability and increased exposure to civil and/or criminal actions.	HUL is committed to complying with the laws and regulations of the country. In specialist areas 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 teams are engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and are in line with all relevant laws and legal obligations. We engage with Regulators with the objective of providing recommendations on emerging & existing regulations that are designed to address Regulator's concerns and also bring about ease of doing business.	

Nature of risk	Management of risk	Level of risk
Systems & Information		Increased
Your Company's operations are increasingly dependent on IT systems and the management of information. The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production and cash flows, ultimately impacting our results. In addition, increasing digital interactions with customers, suppliers and consumers place ever greater emphasis on the need for secure and reliable IT systems and infrastructure including back-up plans and careful management of the information that is in our possession to ensure data privacy. Given the changes in ways of working of all of our employees as well as our customers and suppliers as a result of Covid-19 there has been an increased reliance on certain elements of our IT infrastructure. We are particularly reliant on third party experts in this space and thus the impact of Covid-19 on their operations also poses a risk for us. Accelerated pace of digitisation of our operations also gives rise to the need to detect and mitigate risks arising from technological advancements such as deployment of AI, Robotics Process Automation, Machine Learning	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 robust 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. Hardware that runs and manages core operating data is fully backed up with separate contingency systems to provide real-time backup operations should they ever be required. We have standardised ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, and with our own policies. We are increasingly putting in place review and monitoring frameworks for new age automations to assess inherent open risks and mitigate the same.	
Quality & Safety		No Change
The quality and safety of our products are of paramount importance for our brands and our reputation. The risk that raw materials are accidentally or maliciously contaminated throughout the supply chain or that other product defects occur due to human error, equipment failure or other factors cannot be excluded. Labelling errors can have potentially serious consequences for both consumer safety and brand reputation. Therefore on-pack labelling needs to provide clear and accurate ingredient information in order that consumers can make informed decisions regarding the products they buy.	Our product quality processes and controls are comprehensive, from product design to customer shelf. Our internal safety and quality norms are constantly reviewed to ensure that our products meet the most stringent norms. HUL has a robust quality inspection process in all manufacturing and warehousing locations to avoid and detect quality and safety issues. Our key suppliers are externally certified, and the quality of material received is regularly monitored to ensure that it meets the rigorous quality standards that our products require. We have processes in place to ensure that the data used to generate on-pack labelling is compliant with applicable regulations and HUL labelling policies in order to provide the clarity and transparency needed for consumers.	

Report of Board of Directors (continued)

Nature of risk	Management of risk	Level of risk
People: Safety, Wellbeing and Talent		Increased New risk on people safety and wellbeing
Ensuring employee safety and wellbeing is a key priority for us. A skilled workforce and agile ways of working are essential for the continued success of our business. The safety and wellbeing of our employees is vital to the success of our business. Covid-19 has had a significant impact on people's lives, therefore helping our employees manage this impact and their ability to work effectively require continued focus. With the rapidly changing nature of work and skills, there is a risk that our workforce is not equipped with the skills required for the new environment. Our ability to attract, develop and retain a diverse range of skilled people is critical if we are to compete and grow effectively. The loss of management or other key personnel or the inability to identify, attract and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results.	In light of Covid-19, we have been proactive and swift in ensuring safe working conditions and providing the necessary infrastructure and equipment across all operations to strictly adhere to government guidelines on Covid-19 safety measures. We have proactively evaluated and enhanced our medical safety footprint by sprucing up the medical and occupational health support facilities across sites for employees and extended enterprise. Over the years we have developed a good equity to attract top talent from the markets. We have an integrated management development process which includes regular performance reviews underpinned by a common set of leadership behaviours, skills and competencies. We have development plans to upskill and reskill employees for future roles and will bring in flexible talent to access new skills. We have targeted programmes to attract and retain top and niche talent and we actively monitor our performance in retaining a diverse talent pool within HUL. We regularly review our ways of working to drive speed and simplicity through our business in order to remain agile and responsive to marketplace trends. We are moving to agile ways of working to unlock internal capacity and prioritise work based on growth and impact.	
Ethics		No Change
HUL's brands and reputation are valuable assets and the way in which we operate, contribute to society and engage with the world around us is always under scrutiny. Acting in an ethical manner, consistent with the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of HUL and its brands. Any significant breach to our Code of Business Principles by employees or extended enterprises would lead to damage to HUL's corporate reputation and business results.	Our Code of Business Principles and our Code Policies govern the behaviour of our employees, suppliers, distributors and other third parties who work with us. Our processes for identifying and resolving breaches of our Code of Business Principles and our Code Policies are clearly defined and regularly communicated throughout HUL. Data relating to such breaches is reviewed by HUL Management Committee and by relevant Board Committees that helps to determine the allocation of resources for future policy development, process improvement, training and awareness initiatives. Our Responsible Sourcing Policy and Responsible Business Partners Policy help us improve the lives of the people in our supply chains by ensuring human rights are protected and makes a healthy and safe workplace a mandatory requirement for our suppliers.	

Nature of risk	Management of risk	Level of risk
Macro-Economic Instability		Increased
Global and local macro-economic factors, further accentuated by the on-going pandemic, may result in reduction in disposable income of consumers, adversely impact consumer confidence and cause a slowdown in FMCG markets. This may impact our growth and profitability adversely.	HUL has a resilient portfolio of product which straddles across the pricing pyramid. Our flexible business model allows us to adapt our portfolio and respond quickly to develop new offerings that suit consumers' and customers' changing needs during economic downturns. We regularly update our forecast of business results and cash flows and, where necessary, dynamically reallocate resources across investment priorities. We believe that many years of exposure to challenging markets have given us experience of operating and developing our business successfully even during periods of economic & political volatility/ instability.	
Climate Change		No Change
Climate change and governmental actions to reduce such changes may disrupt our operations and/or reduce consumer demand for our products. Climate change may impact our business in various ways leading to reduced growth and profitability. It could lead to water shortages which would reduce demand for those of our products that require a significant amount of water during consumer use or decrease in sales on account of reduced product efficacy due to water shortage. Uncertainty in timing and severity of summer, winter and monsoon may impact the seasonal swings that we get on our mixes. Our inability to reduce our carbon footprint and meet conscious consumption agenda across consumer segments may be detrimental to our reputation and growth in the long-term.	As part of our sustainability targets, we monitor climate change and are responding by ensuring that we reduce the environmental impact of our operations to the extent possible. We aim to minimise our contribution to climate change by committing to – a. Remove as much carbon from our operations and supply chain as we can b. Sustainably source all our key commodities c. Ensure deforestation-free supply chain In order to deal with the water scarcity and quality problems in the country, we are making water saving formulations available for seasonal deployment across portfolios. We also have ongoing plans to de-seasonalise our product portfolios to deal with extreme unfavorable seasonal swings. We monitor governmental developments around actions to combat climate change and take proactive action to minimise the impact on our operations.	

Opportunities	What we are doing to respond to opportunities
Future-fit Portfolio	
HUL's strategic investment choices in keeping with changing consumer demographics, aspirations and spending power will bring about an opportunity for growth and improved margins. There is a huge headroom to grow through building our product portfolio in high growth masstige and prestige segments/high potential white spaces.	Our strategy and our business plans are designed to ensure that resources are prioritised towards high growth segments. As on outcome of Covid-19 there has been an upswing in categories like health, hygiene and nutrition. We have a strong pipeline of relevant innovations and are staying close to consumers by proactively spotting consumer insights & capturing potential trends to adapt to the emerging demand patterns in the short-term and prepare for any structural changes in the medium term. We are also focused on making brands aspirational and driving premiumisation across the breadth of the product portfolio. HUL has significantly enhanced brand propositions and marketing investments to increase adoption in under-penetrated categories.
Growing in Channels of the Future	
With advent of technology enabled distribution models there has been a hyper fragmentation of channels. Accelerated growth of e-Commerce and Modern Trade has brought about a huge opportunity to tap into these channels and drive business growth. The Covid-19 pandemic has driven rapid increase in online shopping which require us to accelerate development of our e-Commerce and eRTM capabilities. Strategically designed and flawlessly executed transformation would open up a huge opportunity to tap into the new age channels and drive business growth.	While HUL continues to drive growth in the traditional trade and route to market, it is also critical to increase its footprint in emerging channels. Covid-19 has accelerated the shift of consumers to online with the trend of e-everything becoming highly discernible. Your Company is working on rapid proliferation of technology enabled distribution models to engage key customers and consumers strategically. Several new initiatives have been piloted which include digitisation of general trade-fast track POS activations, smart demand capture along-with capturing opportunities in Omni channel and B2B2C and collaborating with key players in e-Commerce.
Digital Transformation	
Opportunities arising from rapidly emerging digital technologies, analytics and big data present a chance to make meaningful interventions and develop capabilities across the value chain redefining the way we do business. The ability to keep our operations future fit through building digital capabilities in systems, workforce and business models will help us stay agile and respond in time to evolving consumer, channel, market requirements.	HUL has been a leader in using big data and analytics as a tool to drive sustainable growth. We continue to drive organisation wide digital transformation agenda under the umbrella of "Reimagine HUL" to capture the digital opportunity. Pre-empting the imminent disruption, we have established a sharp digital innovation portfolio in each Function and continue investments in Innovation. These innovations include those around our core ERP platform using Cloud, Artificial Intelligence and other digital technologies. Each day we build new capabilities in Systems, Workforce and Business Models with strong focus on external orientation and partnership across large IT Companies/Industry Bodies. We are also invested to make sure that our talent is digitally enabled and future fit to ride the digital transformation wave.

C. FINANCIAL REVIEW

Results

(₹ crores)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sales	45,311	38,273
EBITDA	11,324	9,600
Profit before exceptional items and tax	10,717	9,289
Profit for the year	7,954	6,738

Division Wise Turnover

(₹ crores)

	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	Sales	Others*	Sales	Others*
Home Care	13,883	76	13,559	83
Beauty & Personal Care	17,709	255	17,019	327
Foods & Refreshment	13,148	56	7,395	54
Others (including Exports, Infant and Feminine Care)	571	298	300	48
Total	**45,311**	**685**	**38,273**	**512**

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

Summarised Profit and Loss Account

(₹ crores)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products	45,311	38,273
Other operational income	685	512
Total Revenue	**45,996**	**38,785**
Operating Costs	34,672	29,185
Profit Before Depreciation, Interest, Tax (PBDIT)	11,324	9,600
Depreciation	1,012	938
Profit Before Interest & Tax (PBIT)	10,312	8,662
Other Income (net)	405	627
Profit before exceptional items	10,717	9,289
Exceptional items	(227)	(197)
Profit Before Tax (PBT)	10,490	9,092
Taxation	2,536	2,354
Profit for the year	7,954	6,738
Basic EPS (₹)	33.85	31.13

Key Financial Ratios

Particulars	2020-21	2019-20	2018-19
Return on Net Worth (%)	17.0*	92.0	90.5
Return on Capital Employed (%)	22.9*	128.5	131.2
Basic EPS (after exceptional items) (₹)	33.9	31.1	27.9
Debtors Turnover	30.2*	28.2	26.7
Inventory Turnover	14.0*	15.1	15.8
Interest coverage ratio	95.5	81.7	289.8
Current ratio	1.3	1.3	1.4
Debt Equity ratio	0.4	1.4	1.3
Operating profit margin (%)	22.8	22.6	21.5
Net profit margin (%)	17.6	17.6	16.0

*Opening balances adjusted for GSK CH merger

Return on Net Worth, Return on Capital Employed and Debt Equity ratio have dropped in financial year 2020-21 on account of increase in shareholders' equity pursuant to the merger of GSK CH.

There is no significant change (i.e. change of 25% or more as compared to the financial year 2019-20) in the Key Financial Ratios except the ones mentioned above.

Detailed explanation of ratios

(i) Return on Net Worth

Return on Net Worth (RoNW) is a measure of profitability of a Company expressed in percentage. It is calculated by dividing total comprehensive income for the year by average capital employed during the year.

(ii) Return on Capital Employed

Return on Capital Employed (RoCE) is a financial ratio that measures a Company's profitability and the efficiency with which its capital is used. In other words, the ratio measures how well a Company is generating profits from its capital. It is calculated by dividing profit before exceptional items and tax by average capital employed during the year.

(iii) Basic EPS

Earnings Per Share (EPS) is the portion of a Company's profit allocated to each share. It serves as an indicator of a Company's profitability. It is calculated by dividing Profit for the year by Weighted average number of shares outstanding during the year.

(iv) Debtors Turnover

The above ratio is used to quantify a Company's effectiveness in collecting its receivables or money owed by customers. The ratio shows how well a Company uses and manages the credit it extends to customers and how quickly that short-term debt is collected or is paid. It is calculated by dividing turnover by average trade receivables.

(v) Inventory Turnover

Inventory Turnover is the number of times a Company sells and replaces its inventory during a period. It is calculated by dividing turnover by average inventory.

(vi) Interest Coverage Ratio

The Interest Coverage Ratio measures how many times a Company can cover its current interest payment with its available earnings. It is calculated by dividing PBIT by finance cost.

(vii) Current Ratio

The Current Ratio is a liquidity ratio that measures a Company's ability to pay short-term obligations or those due within one year. It is calculated by dividing the current assets by current liabilities.

(viii) Debt Equity Ratio

The ratio is used to evaluate a Company's financial leverage. It is a measure of the degree to which a Company is financing its operations through debt versus wholly owned funds. It is calculated by dividing a Company's total liabilities by its shareholder's equity.

(ix) Operating Profit Margin (%)

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the EBIT by turnover.

(x) Net Profit Margin (%)

The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by turnover.

Other Financial Disclosures

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 relates on the date of this Report

During the financial year, there was no amount proposed to be transferred to the Reserves. Capital Expenditure during the year was at ₹4,051 crores (₹765 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of the 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 ₹4,321 crores (financial year 2019-20: ₹5,017 crores), as on 31st March, 2021. 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, 2021	For the year ended 31st March, 2020
Foreign Exchange Earnings	247	283
Foreign Exchange outgo	2,635	2,467

Performance of Subsidiaries

The summary of performance of the Subsidiaries of your Company is provided as below:

Unilever India Exports Limited

The Company is a 100% subsidiary of Hindustan Unilever Limited 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 Vaseline, Dove, Pears, BRU, Red Label, Lakmé, Horlicks, Boost and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world.

The topline growth of the Company was driven by robust growth in Personal Wash, Tea and newly added Nutrition portfolio. Brands like Pears, Dove, Lux, Taj Mahal, Lipton, Brooke Bond have registered healthy growth in the focused markets.

Lakme Lever Private Limited

The Company is a 100% subsidiary of Hindustan Unilever Limited. The Company is engaged in Salons business and also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company by manufacturing toilet soaps, bathing bars and detergent bars.

The Company has over 485 owned/managed and franchisee salons. At Lakmé Salon, safety and wellbeing of our experts and consumers have always been the topmost priority. This is assured by detailed Lakmé SOPs, rigorous training and high-quality products. In order to further enhance hygiene and safety in the post-Covid, the Company modified operations and service protocols to be compliant with the applicable Government guidelines and in collaboration with medical professionals. The extended team comprising the housekeeping staff, experts, salon managers and business partners have been trained in these new methods to ensure complete adherence to protocols. The salons were re-opened after thorough audit and review by an expert team who was responsible to ensure best in class safety standards.

A compelling campaign with client testimonials leveraging social media led to an increase in new customers. This has improved Company's Net Promoter Score significantly to 84% post Covid from 58% pre Covid time. In a study conducted with 2,000 clients, 96.7% found Lakmé Salon was SAFER THAN HOME. Dermalogica, the world's leading professional skincare brand was scaled up to 200 salons and innovations like Face Fit and Eye treatment helped grow the brand.

The profitability for the year has been largely impacted on account of Covid outbreak. After a stringent lock down which disrupted operations in the first half, the Company in the second half of the year has sequentially improved performance to almost previous periods revenue backed by the relaunch of the Runway Rewards programme and a stronger focus on products. With strong focus on safety and quality of operations, better consultation through 'expert' treatments and prudent cost optimisation, the Company continues to be in the attractive beauty services category.

Post the second wave of Covid starting March 2021, salon operations are affected due to lock downs as per government guidelines. The Company is leveraging the digital medium to train our experts and to stay in touch with our clients.

Hindustan Unilever Foundation

The Company is a not-for-profit Company that anchors water management related community development and sustainability initiatives of Hindustan Unilever Limited. The Company 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 Company's programmes currently reach 11,300 villages* in 59 districts in 10 states and 2 union territories across India in partnership with 19 NGO partners and multiple co-funders. The Company also supports several knowledge initiatives in water conservation, governance and behaviour change.

During the financial year 2020-21, over 400 billion litres# of water saving potential created through improved supply and demand management of water resources.

By the end of 2020, the cumulative and collective achievements through partnered programmes of the Company (independently assured up to financial year 2019-20) include:

Water Conservation: Water conservation estimate stood at 1.3 trillion litres cumulatively.

Crop Yield: Additional agriculture production of over 1 million tonnes has been generated.

Livelihoods: Over 30 million person days of employment have been created though water conservation and increased agriculture production.

*The significant reach and livelihood impact are on account of the Company's support to an MGNREGS programme partnership in West Bengal with PRADAN, a reputed non-profit organisation. This programme reaches out to over 7,000 villages across 54 blocks in 6 districts.

#subject to independent assurance

Unilever Nepal Limited
Unilever Nepal Limited (UNL), a subsidiary of your Company had a very challenging year. It was a tale of 2 halves where UNL delivered strong growth in the first 6 months (pre Covid) and a resilient performance in the last 6 months (post Covid). In line with the 4G Growth strategy, UNL grew its revenue from operations during the pre Covid period. This was led by a robust localisation, innovation and distribution plans and the growth was broad based across. With the onset of Covid-19, operations of UNL's factories, vendors as well as customers were severely disrupted.

During these difficult times, UNL ensured protection of everyone in the value chain. Safety and wellbeing of their staff and workers remain top priority during these difficult times. Despite slowdown, UNL's market presence continues to be strong reflecting the competitive growth of its brands. UNL brands continue to be the market leader in all the categories it operates in.

Unilever India Limited
The Company is a 100% subsidiary of Hindustan Unilever Limited incorporated on 7th June, 2020 to leverage the growth opportunities in a fast-changing business in this new environment. Presently, the Company is in the process of setting up its manufacturing facility at Sumerpur, Uttar Pradesh. It is proposed to manufacture spray drying washing powders at this factory.

Other Subsidiaries
Pond's Exports Limited is a subsidiary of your Company which was engaged in leather business and has currently discontinued operations.

Bhavishya Alliance Child Nutrition Initiatives is a not-for-profit subsidiary of your 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. It discontinued operations & a similar handwashing programme is now being driven by your Company directly.

Daverashola Estates Private Limited is a subsidiary of your Company which currently has no business activity. There is an ongoing litigation on the property owned by the Company in Tamil Nadu.

Jamnagar Properties Private Limited is a subsidiary of your Company. The litigation over the land of the Company is now over and accordingly the land has been surrendered to the Government and a Deed of Surrender was signed to this effect.

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

During the year, scheme of merger of Ponds Exports Limited and Jamnagar Properties Private Limited into Unilever India Exports Limited was filed for which the hearing before National Company Law Tribunal (NCLT), Mumbai was held on 1st March, 2021 and the order has been reserved.

During the year, your Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investment made in its subsidiary company i.e. Unilever India Limited.

D. OTHERS

Cost Audit
In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the cost audit is applicable for following businesses such as Coffee, Drugs and Pharmaceuticals, Insecticides, Milk Powder, Organic Chemicals, Other Machinery, Petroleum Products and Tea. The accounts and records for the above applicable businesses are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

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 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.

No shares were awarded to employees under the '2012 HUL Performance Share Scheme' in the financial year 2020-21.

The employees of the Company are eligible for Unilever share award plans, namely Performance Share Plan (PSP) and the SHARES plan. Through PSP, all managers are eligible to receive a conditional grant of Unilever shares on an annual basis. The Target PSP share award is equivalent to 50% of the Target Bonus for Managers and 100% of the Target Bonus for Senior Leaders. The actual share grant is determined by the line manager basis the employees' sustained impact, leadership and future-fit talent profile. These shares vest after a 3 year period with vesting being determined by Company performance against metrics.

Under the SHARES Plan, eligible employees can invest in the shares of the Holding Company up to a 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 Companies Act, 2013 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 to any shareholder for inspection on request. Such details are also available on your Company's website at www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

Dividend
Your Directors are pleased to recommend a final Dividend of ₹17 per equity share of face value of ₹1/- for the year ended 31st March, 2021. The interim Dividend of ₹14.00 per share was paid on 12th November, 2020. The total Dividend for the financial year ended 31st March, 2021 amounts to ₹31.00 per share of face value of ₹1/- each. During the year, special Dividend of ₹9.50 per share was also paid on 17th August, 2020.

The final Dividend, subject to the approval of Members at the Annual General Meeting on Tuesday, 22nd June, 2021, will be paid on or after Friday, 25th June, 2021, to the Members whose names appear in the Register of Members, as on the Book Closure date i.e. Wednesday, 16th June, 2021 to Tuesday, 22nd June, 2021 (both days inclusive). The total dividend for the financial year, including the proposed final dividend and the special dividend amounts to ₹40.50/- per equity share and will absorb ₹9,516 crores. In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. Your Company shall, accordingly, make the payment of the final Dividend after deduction of tax at source.

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, ₹10.42 crores of unpaid/unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Mergers and Acquisitions
The merger with GSK CH has been in line with the Company's strategy to build a sustainable and profitable Foods & Refreshment (F&R) business in India by leveraging the megatrend of health and wellness. The merger has allowed significant value creation for all stakeholders and enabled us to drive better salience in a local context.

Your Company seamlessly executed one of the largest FMCG acquisitions in India virtually, amidst lockdown in the country. Through the merger, we have successfully integrated large base of vendors, onboarded distributors. We are designing our Go-To-Market plan to ensure that the combined strength of erstwhile GSK CH and HUL is leveraged in the market-place. During the year we also completed the integration of the acquired business into the HUL SAP-ERP platform.

We continue to collaborate with GSK under the consignment selling model to accelerate the growth momentum of the Over the Counter (OTC) – Oral Health Care (OH) business and leverage on HUL's Go-To-Market capabilities. The merger also brought with it a great opportunity for the HUL business to leverage the learnings of medical marketing and engaging with chemist channel for the larger HUL portfolio.

Acquisition of female intimate hygiene wash brand 'VWash'
During the year, your Company completed the acquisition of female intimate hygiene brand VWash. The addition of this brand has further strengthened our position in the fast growing 'health and hygiene' segment. The brand is now fully integrated into our Beauty & Personal Care portfolio and is performing well.

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 financial year 2020-21 are appended as an Annexure to this Report.

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, mergers and acquisitions, 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. The legal function of your Company continues to embrace newer technologies to the make the function future ready to support the growth agenda of the business.

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. Your Company continued to engage with various stakeholders including e-Commerce Channel Partners, Industry Bodies and Regulators to curb the menace of counterfeiting on the e-Commerce platforms.

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. During the year, we launched a digital version of our intellectual property awareness programme for school students, to enhance reach of the programme.

The Legal function of your Company works 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

Our principles and values apply to all our employees through our Code and Code Policies. The focus of your Company is very much on growth in line with our values, not on growth at any cost. During the year, the Code of Business Principles were refreshed to include the provisions of living wage to our employees, ethical data use, transparency and a greater focus on safety and mental wellbeing.

Our employees undertake mandatory annual training on these Policies via online training modules and an annual Business Integrity Pledge. During the year, your Company organised offline training sessions for all blue collared employees across the Company. Our Business Integrity governance framework includes clear processes for dealing with Code breaches.

During the financial year, we closed 66 incidents across all areas of our Code and Code Policies, with 45 confirmed breaches. During the year, we terminated the employment of 10 employees as a consequence of such breaches. Our data around code breaches provides increasing insights into exactly what the issues are, and where-and we are focusing on understanding how to prevent behaviours that lead to such breaches. The Code and Code Policies reflect our desire to fight corruption in all its forms. We are committed to eradicate any practices or behaviours that are not in line with our Code and Code Policies though our zero-tolerance approach to such practices.

Our Responsible Sourcing & Business Partnering Policy helps to give us visibility of our third parties to ensure their business principles are consistent with our own.

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.

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the Company's website on https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html.

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). During the year, we expanded the scope of our POSH Policy to make it more inclusive and gender neutral, detailing the governance mechanisms for prevention of sexual harassment issues relating to employees across genders including employees who identify themselves with LGBTQ+ community.

While maintaining the highest governance norms, the Company has appointed external independent persons who have prior experience of in the areas of women empowerment and prevention of sexual harassment, as Chairpersons of each of the Internal Committees. During the year, 5 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. During the year, your Company organised offline training sessions for all blue collared employees across the Company which included POSH as one of the topics of training.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and the 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/Images/policy-on-materiality-of-rpt-and-dealing-with-rpt_tcm1255-547442_1_en.pdf. 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 Mangerial Personnel

Mr. Srinivas Phatak, currently Executive Director, Finance & IT and Chief Financial Officer of the Company has been elevated to the position of Executive Vice President, Global Financial Control and Risk Management, Unilever and will be a part of the Unilever's Finance Leadership Executive Team. Based on the recommendation of Nomination and Remuneration Committee and Audit Committee, the Board of the Directors have approved the appointment of Mr. Ritesh Tiwari as an Executive Director, Finance and Chief Financial Officer of the Company. Mr. Ritesh Tiwari will join the Board of Directors of the Company with effect from 1st May, 2021, subject to necessary statutory approvals. The Board places on record its appreciation for the leadership and invaluable contribution made by Mr. Phatak during his tenure as Executive Director, Finance and IT and Chief Financial Officer of the Company.

The Company has sought approval of the Members of the Company through Postal Ballot for appointment of Mr. Ritesh Tiwari as a Whole-time Director of the Company, designated as an Executive Director, Finance and Chief Financial Officer for a period of 5 (five) years with effect from 1st May, 2021, liable to retire by rotation.

As per the provisions of the Act, the Independent Directors are not 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 and the Listing Regulations. 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 in 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.

During the year, eight meetings of the Board of Directors were held. The details of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part 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 Chairman and Managing Director and has Functional/Business Heads as its members.

During the year, the Board of Directors approved the appointment of Mr. Ritesh Tiwari as an Executive Director, Finance and Chief Financial Officer and a member of Management Committee with effect from 1st May, 2021, in succession to Mr. Srinivas Phatak, who will cease to be a member of Management Committee, consequent to his elevation to the position of Executive Vice President, Global Financial Control and Risk Management, Unilever.

Auditors

M/s. B S R & Co. LLP, Chartered Accountants were re-appointed as Statutory Auditors of your Company at the Annual General Meeting held on 29th June, 2019, for the second term of five consecutive years. The Auditors have confirmed that they are not disqualified from being re-appointed as Auditors of the Company.

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. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Companies Act, 2013.

M/s. R A & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. R A & Co., Cost Accountants as Cost Auditors for the financial year 2021-22.

The Board of Directors had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report forms part of this Integrated Annual Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Disclosure

The details in relation to the composition of Audit Committee, establishment of Vigil Mechanism for Directors and employees, Internal Financial Controls and Director's Remuneration Policy of the Company have been given in the Corporate Governance Report forming part of this Annual Report.

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future.

Compliance with Secretarial Standards

The Company has complied with all the applicable provisions of Secretarial Standard on Meetings of Board of Directors (SS-1), Revised Secretarial Standard on General Meetings (SS-2), Secretarial Standard on Dividend (SS-3) Secretarial Standard on Report of the Board of Directors (SS-4) respectively issued by Institute of Company Secretaries of India.

Stakeholder Engagement

Our multi-stakeholder model aims to respect the interests of and be responsive towards all stakeholders.

Stakeholder engagement and partnership are essential to grow your Company's business and to reach the ambitious targets set out in the Compass sustainability commitments. The CoBP, which is the statement of values and represents the standard of conduct for everyone associated with your Company, and the Code Policies guide how we interact with our partners, suppliers, customers, employees, shareholders, Government, Non-Governmental Organisations (NGOs), trade associations and industry bodies. Through the underlying standards set in CoBP and Code policies, your Company is committed to transparency, honesty, integrity and openness in all its engagements with the various stakeholders.

Outlook

The year 2020-21 saw unprecedented disruption to lives and livelihoods across the world and India was no exception. The economy declined sharply during first half of the fiscal year as the country grappled with the pandemic, however, effective measures taken by the Government of India and the Reserve Bank of India helped the Indian economy to recover. Rapid rollout of vaccines coupled with Government's efforts on stimulating growth improved consumer sentiments. Notwithstanding these encouraging developments, the Covid-19 pandemic is far from over. The trajectory of the pandemic still remains unpredictable to a very large extent, with country already witnessing a second wave of Covid-19. Our overriding priority remains, therefore, to protect lives and livelihoods. We have already demonstrated our ability to navigate through such a volatile and uncertain external environment and being well placed to deliver to the needs of our multiple stakeholders. We remain watchful of the situation while focusing on driving volume led competitive growth.

Even though conditions will remain unpredictable and we will be living with the effects of Covid-19 for some time, we remain confident of the medium to long-term growth prospects of the FMCG sector. Our people have shown their resilience and commitment to rise in the most difficult circumstances. With our strong portfolio of trusted brands, industry leading capabilities, resilient workforce and a clear Compass strategy guiding our decisions, we are well placed to deliver consistent, competitive, profitable, and responsible growth.

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 Acknowledgements

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment, in particular during this unprecedented year. The Directors place on record their special gratitude toward the front line employees who were working in our factories and in the market to ensure that the Company's products reach to the consumers. 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, Stock Exchanges, Government and Regulatory Authorities, both at the Central and State level for their continued support. The co-operation extended by the Government and Regulatory Authorities across the country during this year enabled the Company to serve the consumers with health and hygiene essential products.

On behalf of the Board

Sanjiv Mehta
Chairman and
Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the 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 2020-21, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director(s) and Company Secretary during the financial year 2020-21.

Sr. No.	Name of Director(s)/KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Chairman and Managing Director	122.00	Refer Note iv.
2	Srinivas Phatak	Executive Director, Finance & IT and CFO	56.59	
3	Dev Bajpai	Executive Director, Legal & Corporate Affairs and Company Secretary	43.93	
4	Wilhelmus Uijen	Executive Director, Supply Chain	64.51	

ii. The percentage increase in the median remuneration of Employees for the financial year was 2.6%.

iii. The Company has 8,525 permanent Employees on the rolls of Company as on 31st March, 2021.

iv. Average increase made in the salaries of Employees other than the managerial personnel in the financial year was 3.4%. This has been a challenging year for all our employees, especially those in the frontline and factories, as they have strived hard to serve the nation by ensuring that our production and distribution of essential commodities runs smoothly. While adequate safety precautions and care has been provided by the Company, these employees have displayed exemplary commitment to their jobs. In order to recognise their discretionary effort, a one time special cash award was also granted to the frontline sales force and factory based employees. With respect to Management Committee members, the Company has, after seeking the approval of Nomination and Remuneration Committee of the Board, provided salary increase of 4%.

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 to sitting fee and commission as per the statutory provisions and within the limits approved by the Members. The remuneration of Non-Executive Directors, details of which 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 2020-21.

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

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Particulars of Loans, Guarantees or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during the financial year 2020-21 are appended as an Annexure to this report

Amount outstanding as at 31st March, 2021

(₹ crores)

Particulars	Amount
Loans given	280
Guarantee given	1
Investments made	2,995

Loan, Guarantee and Investments made during the financial year 2020-21

Name of Entity	Relation	Amount (₹ crores)	Particulars of loan, guarantee and investments	Purpose for which the guarantee and investments are proposed to be utilised
Lakme Lever Private Limited	Subsidiary	35	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	145	Loan	Business purpose
Unilever India Limited	Subsidiary	60	Investments	Business purpose
Mutual Funds+T-bills[#]	-	1,435	Investments	Cash Management

[#]For details refer to Note 6 of Notes to the financial statements

On behalf of the Board

Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

Annual Report on Corporate Social Responsibility Activities

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

1. BRIEF OUTLINE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY OF THE COMPANY, INCLUDING OVERVIEW OF PROJECTS/PROGRAMMES UNDERTAKEN:

A belief that sustainable business drives superior performance lies at the heart of our work at Hindustan Unilever. We seek to deliver long-term sustainable growth while reducing our environmental footprint and increasing our positive social impact.

Over the years we have strived to serve communities through various initiatives. In the last 10 years, through our Unilever Sustainable Living Plan (USLP) we reduced our negative impacts on the environment and made a positive impact to the society in which we operate. The multi-stakeholder model was at the heart of USLP. It has been game-changing for our business and people. However, we need to do much more, considering the pressing challenges facing the world such as climate change and inequality. Businesses need to play a significant role in addressing them.

We need to bridge the divide to a fairer, more socially inclusive world. A world where we all live with, rather than at the expense of, nature and the environment.

Our multi-stakeholder model is being embedded into the business completely, so the business can continue to be a force for good. The Unilever Compass, our sustainable business strategy, is set to help us deliver superior performance by being a purpose-led, future-fit business (https://www.hul.co.in/planet-and-society/).It will guide us drive sustainable and responsible growth in the years to come. Within this, there is a comprehensive and ambitious set of commitments and actions to:

- Improve the health of the planet;
- Improve people's health, confidence and wellbeing; and
- Contribute to a fairer, more socially inclusive world.

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

A brief overview of your Company's projects is given below. The activities undertaken by the Company are not expected to lead to any additional surplus beyond what would accrue to the Company in the course of normal operations. 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 initiatives that are for societal good but are not included for the purposes of computing CSR spends.

SECTION A:

i. Covid-19 Relief Work

Your Company was one of the first corporates to commit ₹100 crores towards societal work to complement Government's work on dealing with Covid-19. As a responsible Company, we took the following actions:

Product Donations

Over 2 crores soaps and sanitisers, bottles of toilet and surface cleaners, packs of Horlicks and other products to the frontline medical professionals, police officials, sanitation workers, migrant population, innumerable vulnerable and immuno compromised citizens of the country in partnership with the government and various NGO's. These products were delivered to over 100 locations in 20 states from urban slums of Mumbai to tea estates of Assam.

Public Awareness Campaigns

HUL also created #VirusKiKadiTodo (Break the Chain) campaign in association with UNICEF. The campaign reached over 600 million people across India, including small towns and rural areas through television and digital platforms. With a recall of 72%, #VirusKiKadiTodo was a behaviour change campaign in 8 different languages to drive home the simple, positive yet powerful messages of social distancing, generosity, and hand hygiene.

In addition, your Company developed videos that highlighted community response and containment measures in times of Covid-19. The videos were disseminated in partnership with UNICEF to front-line workers, communities, key state departments, volunteer networks to further strengthen the community response in rural India. The campaign reached over 14 lakh individuals across six states in the country.

Healthcare Infrastructure

Your Company supported healthcare infrastructure in India through various interventions. We partnered with medical institutions to provide almost 75,000 test kits to help ramp up testing. This was done in collaboration with public health authorities near our factories and offices in several states including UP, MP, West Bengal, Assam, Tamil Nadu, Karnataka, Dadra & Nagar Haveli. In Maharashtra last year your company supported with medical equipment and personal protection equipment (PPE) for hospitals in consultation with public health officials which included 29 ventilators and 28 oxygen concentrators, besides other equipment.

We also partnered with Apollo Hospitals, State Bank of India, OYO, Lemon Tree and others to create isolation facilities in metros, equipped with medical supervision, to reduce the burden on hospitals. In addition, together with the local administration the Company helped setup 30-bed isolation facility in Haridwar and Nasik last year.

Your Company also developed exclusive batches of Lifebuoy sanitisers and Zinc supplemented Horlicks. These were donated to front-line medical professionals in more than 50 Covid-19 hospitals in 12 cities PAN India in record time.

Food Donation Drive & Supporting Migrant Workers

Your Company delivered kits of 1 month food ration to families of over 40,000 students to ensure access to a well-balanced meal. In addition, our factory teams helped returning migrants and landless farmers to get job cards and access work in their villages through the Government's flagship program, MGNREGA. Along with Prabhat partners, they also donated 2 weeks food ration to close to 1.2 lakh migrant workers' families in more than 200 locations.

India Protectors Alliance

Your Company established the India Protectors Alliance (IPA) as a founding member in association with Bill & Melinda Gates Foundation and RBL Bank. IPA is a corporate-led alliance established to protect frontline workers including doctors, nurses, sanitation workers who have been the protectors of society amidst the pandemic. Joined by over 25 other private sector leaders including IKEA India and Crompton Greaves.

ii. Water Conservation Programme

Hindustan Unilever Foundation (HUF) is a not-for-profit Company which was set up in 2010 to support and amplify scalable solutions that can help address India's water challenges – specifically for rural communities that intersect with agriculture. HUF established its 'Water for Public Good' programme anchored in the belief that water is a common good and must be governed by citizen communities. The aim was to catalyse effective solutions to India's water challenges involving government, communities, experts, and mission-based organisations. Across diverse river basins and hydrogeological zones, three core pillars define HUF's work with rural communities:

- **Know more:** Build water numeracy to help quantify availability, budget, and allocate water use
- **Save more:** Promote scientific citizen-led water conservation and governance efforts
- **Use less:** Drive behaviour change for responsible water use in agriculture

Through HUF's initiatives, the cumulative and collective achievements delivered in 2019-20 include a water potential of over 1.3 trillion litres through improved supply and demand water management, over 1 million tonnes of agricultural and biomass production, and over 30 million person-days of employment. To underscore the importance of the water potential created by HUF; one billion litres of water can meet the drinking water needs of over 8 lakh adults for an entire year.

Some key projects in 2020-21, under our three core pillars, included:

- **Know More:** Frontline workers in MGNREGS (in Odisha) and agriculture extension workers (in Uttar Pradesh) were trained and equipped with planning tools, digital content, and data systems to help deliver water security to villages at scale in collaboration with our partners.
- **Save More:** Local NGOs working on a large-scale programme for river rejuvenation in West Bengal were supported to effectively leverage MGNREGS resources, train panchayats and field functionaries on scientific watershed

plans and monitor progress for timely departmental interventions.

- **Use Less:** Behaviour change in water and input usage among farmers in major cropping systems like paddy in Punjab and sugarcane in eastern Uttar Pradesh.

By 2025, HUF aims to create an additional water potential of 1.5 trillion litres of water in India. This will be done through large scale water conservation programmes in partnership with reputed non-profit organisations and local governments. The Foundation will work with small landholding farmers to help them adopt judicious water use and regenerative practices to reap remunerative returns from agriculture. The foundation will focus on crop systems like rice, wheat, and sugarcane as they account for a significant proportion of India's growing water demand.

Covid-19 Interventions:
HUF also focused on rebuilding lives disrupted because of Covid-19 in the medium to long-term period. Rapid assessment surveys were deployed by HUF's NGO partners to collect data from the communities which allowed us to provide swift and context-specific support. This included food rations for returning migrants, livelihood support through MGNREGS job card registrations, seed provision for small marginal farmers, and access to government entitlements and schemes for vulnerable families.

iii. Swachh Aadat Swachh Bharat

'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 2020, 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.

Your Company has also created the Swachh Aadat Curriculum that teaches children in classes 1-5 the importance of adopting three clean habits – washing hands with soap, safe drinking water practices and using clean toilets over a 21-day period.

The textbook version of the curriculum has been rolled out in government schools in Bihar, Gujarat, Maharashtra, Uttarakhand and Haryana with a total reach of 2.1 million children.

In the absence of in-school learning in 2020, and to ensure that learning didn't stop, your Company launched a digital curriculum that was piloted in Chhattisgarh, Maharashtra and Delhi teaching primary school students the importance of hygiene in these unprecedented times in a fun and interesting manner.

The Community Hygiene Centre – 'Suvidha' is another important project by your Company. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre, that was first set up at Chiragnagar, Ghatkopar, one of the largest slums in Mumbai. Your Company has now opened four more Suvidha centres in Mumbai in partnership with HSBC to give people access to clean water, sanitation and laundry facilities. There are three more centres in the pipeline. We have cumulatively saved over 25 million litres of water, via the five existing centres in Mumbai.

iv. Project Shakti

Project Shakti is your Company's initiative that 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. Across 18 States, Project Shakti has nearly 1,36,000 Shakti Entrepreneurs whom we call 'Shakti Ammas'. This programme has helped these women gain selling skills, become self-confident, improve their self-esteem and learn communication skills. Most importantly, our interventions have helped in building and fostering entrepreneurial mindset amongst Shakti Entrepreneurs.

v. Project Prabhat

Project Prabhat is a sustainable community development initiative of your Company, that is linked to the Unilever Compass. It builds on local community needs at a grassroot level, in line with India's development agenda and UN Sustainable Development Goals (SDGs). By doing so, it's contributing to a fairer and more socially and environmentally inclusive world, while using HUL's scale for good. It ultimately aims to create sustainable communities in and around your Company's sites through focused interventions on Economic Empowerment (skilling, entrepreneurship and value chain), Environmental Sustainability (water conservation, waste management and climate adaptation), Health (nutrition, hygiene, sanitation and WASH) and Education (basic infrastructure).

Project Prabhat has reached out to close to 6 million people across 19 states and two union territories since its inception in 2013. During Covid-19, more than 1.3 million people across the country benefitted from relief kits distribution in 2020, which included Lifebuoy soaps, grocery kits and food packets.

vi. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive patients and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance and upkeep of the premises. At any time, there are over 400 inmates at Asha Daan. The project for redevelopment of Asha Daan is expected to commence as soon as the statutory approvals are obtained for construction.

vii. Nutrition

Nutrition as a focus area for CSR was included in the Company's policy from 1st April, 2020. In the current financial year, the initiatives addressed the nutritional needs of people adversely affected due to Covid-19. Key beneficiaries were women, children, migrant workers and their families, people from vulnerable and low income groups and families of children enrolled in schools with Mid-Day-Meal (MDM) programme. The initiatives were implemented in association with external NGO partners in key locations including manufacturing units. About 93,000 meals kits containing staples, pulses, cooking oil and spices were distributed for use by the families.

viii. Plastic Waste Management

Your Company has made clear commitments to make 100% of its plastic packaging reusable, recyclable or compostable by 2025. Your Company will also help collect and process more plastic packaging than it sells.

Your Company has done significant work in this area. Your Company has collected and safely disposed more than 1.2 lakh tonnes of post-consumer use plastic waste in aggregate since 2018, through collection and disposal partners across India. In 2020, your Company arranged environment friendly plastic waste disposal of over 58,000 tonnes.

Along with collection and processing your Company is also progressing towards making its plastics packaging circular by eliminating unwanted plastics, using post-consumer recycled plastics (PCR) and recycle ready structures. Your Company worked along with start-up Banyan Nation and is using 25% r-HDPE in Surf excel laundry liquid, Sunsilk and TRESemmé black shampoo bottles. Vim is using 50% r-PET in its liquid bottles. Your Company has also eliminated plastics coating from all its soap cartons (Dove, Lux, Liril) and Lifebuoy's soap stiffeners. Your Company has moved its shampoo sachet, soap wrapper and Vim bar flow-wrap to recycle ready structure. Your Company will continue to work towards creating circular economy for plastics through its Less plastics – Better Plastics – No Plastics approach.

Your Company is also working closely with the Government and other partners such as United Nations Development Programme (UNDP) for end-to-end pilot projects for plastic waste management. So far, the project has reached out to more than 40,000 households, collected nearly 4,000 tonnes of plastic waste and onboarded more than 800 Safai Saathis (sanitation workers) in the project.

To, advocate and create awareness in the area of waste management, your Company has partnered with Xynteo India Private Limited. Your Company has developed a curriculum called 'Waste No More' to create awareness and drive behaviour change on waste segregation and recycling among school children. The programme has reached out to more than 1 lakh students. Your Company in partnership with State Bank of India (SBI) and Municipal Corporation of Greater Mumbai, initiated and operationalised a Dry Waste Collection and Segregation Centre in D ward, Mumbai.

Annexure to the Report of Board of Directors (continued)

ix. Ankur

Ankur was set up in 1993 as a centre for special education for children with disabilities at Doom Dooma in Assam. Ankur has provided educational and vocational training to 359 children with disabilities.

x. 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 3,57,828 patients have been treated in these service camps since its inception in 2003.

xi. Developing and maintenance of public areas and Contribution to Technology Business Incubator

Your Company contributed in the area of maintenance and development of road central medians and protection of flora and fauna of the public areas near the Company's Head Office, its Regional Offices and Factory locations along with contribution to Non-Academic Technopark Technology Business Incubator (TBI) not located within an academic Institution but approved and supported by Department of Science and Technology, Government of India and will continue to explore more opportunities towards it.

SECTION B

Improving Health and Wellbeing:

i. Handwashing Behaviour Change Programme

Around 0.9 million children under the age of five die due to diarrhoeal and respiratory diseases in India*. Handwashing with soap has been cited as one of the most cost-effective solutions to improve health and hygiene and reduce infant mortality. A review of several studies shows that the simple act of handwashing with soap reduces the incidence of diarrhoeal diseases by an average of 30%**. Your Company's Lifebuoy handwashing behaviour change initiative helps in promoting the benefits of handwashing with soap at key times during the day and encouraging people to adopt and sustain good handwashing behaviour. Lifebuoy was one of the first brands to rise to the occasion and provide hygiene products and relief material to frontline heath workers, police force, paramilitary force, various government state bodies, and NGOs. It worked with the BMC (Brihanmumbai Municipal Corporation) to make an awareness film, and also collaborated with NGOs to set up handwashing stations in high footfall areas. From 2010 to end of 2020, your Company has reached out to over 73 million people in India through the handwashing behaviour change initiatives. Your Company has been driving handwashing behaviour change programmes in partnership with Global Alliance for Vaccine Initiative (GAVI), Project Hope, Power of Nutrition, Bharat Scout and Guide, Naman Seva Samiti, NGOs in Uttar Pradesh, Jharkhand, Orissa, Madhya Pradesh and Maharashtra. Through the programmes, the practice of using soap at critical occasions, awareness and knowledge of how visibly clean is not clean is spread across communities, thereby protecting people from infections.

*https://data.unicef.org/country/ind/

** https://www.unicef.org/india/stories

ii. Wellbeing and Nutrition Initiatives

Your Company continuously works to improve the taste and nutritional quality of its products using globally recognised dietary standards. By 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. By the end of 2020, 51%* of your Company's total food and refreshment portfolio met the highest nutritional standards.

*Independently assured by PwC.

iii. Dove Self-Esteem programme

Globally 8 out of 10 girls* opt out of key life activities when they do not feel good about the way they look. In India, 6 in 10 girls* say they do not have high body esteem. Our mission is to ensure the next generation grows up to enjoy a positive relationship with the way they look to reach their full potential. We are helping young people to build positive body confidence and self-esteem.

Being the largest provider of self-esteem education, this project strives to create a world where young people grow up feeling confident and empowered to love themselves no matter what.

For more than 15 years, we have been helping young people with self-esteem education, reaching over 69 million lives globally in 150 countries. In India, we have been working with partners such as Fountainhead and WAGGGs and have reached out to over 1.7 million young people from 2014 to 2020.

In 2019, at Women Deliver, the largest conference on the Health and Rights of Girl & Women, Dove and UNICEF*** announced their partnership to provide self-esteem education to young people globally with a view to reach 10 million lives across 3 countries (India, Indonesia and Brazil). In India, the body confidence education material is committed to empowering 6.25 million young people across eight states by 2024, out of the 10 million lives.

*Claims are based on research conducted by Edelman Intelligence (2017). n = 5165 girls aged 10-17 across 14 countries

** The 2017 Dove Global Girls Beauty and Confidence Report

*** UNICEF does not endorse any company, brand, product, or service.

iv. Domex Disinfect for Safety Initiative

Domex, your Company's Home and Hygiene brand, expanded beyond toilets to offer clinical disinfection products and services in response to the Covid-19 pandemic. Domex partnered with the Municipal Corporation of Greater Mumbai to offer disinfection services for key strategic places including public toilets. Domex also partnered with Mumbai's railways as they opened up their services to general public to help disinfect key stations like CST, Dadar, Thane, Andheri and Borivali.

Since 2017, Domex Toilet Academy (DTA) moved its focus from 'Access' to 'Usage' through a science-based behaviour change model. DTA had partnered with PSI India to reach out to 0.8 million people in 400 villages in Chittoor, Andhra Pradesh with strategic interventions and communications between 2017-2020. This behaviour change model has shown encouraging results with a sharp increase in toilet usage and cleaning across age groups and gender. The scale-up model has been adopted and is being implemented by the government from their resources across the district in 1,372 villages.

Reducing Environmental Impact:

i. Reducing GHG, Waste, Water in Manufacturing

In 2020, CO_2 emissions per tonne of our production reduced by 91%**. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 54%**. Total waste generated from the factories reduced by 59%**. 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 or reused or sent for energy recovery in environment friendly ways.

** compared to 2008 baseline

ii. Sustainable Sourcing

In 2020, 93% of tomatoes used in Kissan ketchup continued to be sourced sustainably. In 2020, over 67% of Tea in India procured for Unilever brands was sourced from sustainable sources. By the end of 2020, 100% of the chicory was sourced sustainably as all the Unilever chicory farmers in India were covered under the Unilever Sustainable Agriculture Code providing farmers knowledge and expertise in sustainable agriculture practices.

Enhancing Livelihoods:

i. Glow & Lovely Career Foundation

Glow & Lovely Careers is a mobile platform designed to help women create an identity for themselves by providing them career guidance, skill-based courses and information on job opportunities. The platform addresses multiple skilling barriers that girls and women in India face including limited access to transportation, lack of parental permission, high cost of courses and very few quality local institutes. The platform is powered by a range of high quality education and career guidance partners including established edtech companies like edX, English Edge, Hello English and start-ups such as www.testbook.com and www.idreamcareer.com Over 1 million users have registered on the platform till 2020 year end. The platform has facilitated over 4,30,000 course enrolments and supported over 3,60,000 users in accessing relevant Career Guidance.

ii. Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy) aims to provide career readiness skills to the youth in India. It focuses on three simple but valuable skills which are English Speaking, Office Dressing and Interview Training. Keeping up with the times, the delivery platform has now changed from IVRS & Website to a Mobile App. So far, over 6,37,178 people have benefitted from this programme.

iii. Kwality Wall's Vending Operations

Our Kwality Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to 14,283 people and 153 differently-abled persons across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling ice

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creams on the move, helping us reach more consumers on the street. It equips people with skills such as sales, customer service and problem-solving and provides many young people with work experience as they step into the job market.

Your Company's work over the last several years has touched large number of people in India. To scale up your Company's initiatives, partnerships are crucial. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

The above is a brief overview of the Corporate Social Responsibility projects undertaken by your Company and the work your Company does under the Compass strategy.

Your Company has shared further 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 a part of this Annual Report.

2. COMPOSITION OF CSR COMMITTEE:

Please refer page nos. 89 and 91 of the Corporate Governance Report for details on the composition of the CSR Committee, number of CSR Committee Meetings held and attended by the members during the year.

3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

The web-links are as follows:

1. Composition of CSR Committee: https://www.hul.co.in/about/our-leadership/?topics=462598
2. CSR Policy and CSR Projects approved by the Board of Directors: https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/corporate-social-responsibility-policy/

4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014.

Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programmes. The Company takes cognizance of sub-rule (3) of rule 8 of the Companies CSR Policy Rules 2014 and shall initiate steps to conduct impact assessment of CSR projects through an independent agency from the financial year 2021-22, for the applicable projects.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Nil	

		(₹ crores)
6.	Average net profit of the Company as per Section 135(5)	8,087
7.	a) Two percent of average net profit of the Company as per Section 135(5):	161.70
	b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	c) Amount required to be set off for the financial year, if any	Nil
	d) Total CSR obligation for the financial year (7a+7b-7c)	161.70

8. a) CSR amount spent or unspent for the financial year:

Amount Unspent (₹ In crores)

Total Amount Spent for the Financial Year	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
165.08	Nil	Nil	Nil	Nil	Nil

b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project: State	District	(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation–Direct (Yes/No)	(11) Mode of Implementation –Through Implementing Agency: Name	CSR Registration number
							Nil					

c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ crores)

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act*	(4) Local area (Yes/No)	(5) Location of the project: District, State	(6) Amount spent for the project (in ₹)	(7) Mode of implementation Direct (Yes/No)	(8) Mode of implementation– Through implementing agency: Name	CSR Registration number
1.	Project Shakti	(ii)	No	PAN India	57.29	Yes	NA	NA
2.	Project SASB	(i) & (iv)	No	PAN India	4.52	Yes	NA	NA
3.	Water Conservation Projects	(iv)	Yes	PAN India	15.72	No	Hindustan Unilever Foundation (HUF)	CSR00001805
4.	Project Prabhat	(ii) & (x)	Yes	PAN India	5.33	No	Please refer Note 2	-
5.	Asha daan	(iii)	Yes	Mumbai, Maharashtra	0.70	Yes	NA	NA
6.	Ankur	(iii)	Yes	Tinsukia, Assam	0.35	Yes	NA	NA
7.	Sanjeevani	(i)	Yes	Tinsukia, Assam	0.61	Yes	NA	NA
8.	Promoting Nutrition & Hygiene	(i)		PAN India	7.68	No	Please refer Note 2	-
9.	Covid-19 Relief Work	(i) to (xii)	Yes	PAN India	61.58	Yes	NA	NA
10.	Road Beautification	(iv)	Yes	Mumbai, Maharashtra	0.60	Yes	NA	NA
11.	Suvidha Sanitation facility	(i) & (iv)	Yes	Mumbai, Maharashtra	4.14	No	United Way	CSR00000762
12.	Plastic Waste Management	(iv)		Mumbai & Nasik Maharashtra	3.67	Yes	NA	NA
	Total				**162.19**			

***Note 1:**

i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care 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 vocation 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 centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

Annexure to the Report of Board of Directors (continued)

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.

v) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

vi) Rural development projects.

vii) Disaster management, including relief, rehabilitation and reconstruction activities.

Note 2:

i) **Project Prabhat Implementing Agencies**

Sl. No.	Name of Organisation	CSR Registration number
1	Labour Net Services India Private Limited	N.A.
2	Mann Deshi Foundation	Applied, Awaited
3	Yusuf Meherally Centre (YMC)	To be applied
4	Anudip Foundation	CSR00000060
5	Institute of Livelihood Research and Training	CSR00001484
6	Mooo Farm Pvt. Ltd. (Avteg Pvt. Ltd)	N.A.
7	Foundation for Rural Entrepreneurship Development	To be applied
8	SWAYAMBHU Innovative Solutions Pvt Ltd (Sugam Jagriti)	N.A.

ii) **Project Promoting Nutrition & Hygiene Implementing Agencies**

Sl. No.	Name of Organisation	CSR Registration number
1	SAKSHI	CSR00000232
2	School Health Annual Report Program	CSR00002238
3	JanKalyan Welfare Society	CSR00003146
8	Akshya Patra	N.A.

iii) **List of HUF's Partner Agencies**

Advanced Center for Water Resources Development and Management (ACWADAM), Aga Khan Rural Support Programme (India) – AKRSP (I), BAIF-MITTRA, BAIF-SPESD, BAIF Development Research Foundation (BAIF), Center for International Projects Trust (CIPT), Development Support Centre (DSC), DHAN Foundation, Foundation for Ecological Security (FES), Mysore Resettlement and Development Agency (MYRADA), Parmarth Samaj Sevi Sansthan (PSSS), People's Action for National Integration (PANI), Professional Assistance for Development Action (PRADAN), Samaj Pragati Sahayog (SPS), SAMUHA, Sanjeevani Institute for Environment and Development (SIED), Self-Reliant Initiatives through Joint Action (SRIJAN), Vikram Sarabhai Centre for Development Interaction (an activity of Nehru Foundation for Development) (VIKSAT), Villgro Innovations Foundation, Watershed Organisation Trust (WOTR)

Note 3:

During the year, the Company has spent an amount of ₹1,488 lakhs on Glow & Lovely Foundation and ₹60 lakhs on Rin Shine Academy. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Profits.

d)	Amount spent in Administrative Overheads	₹2.89 crores
e)	Amount spent on Impact Assessment, if applicable	Nil
f)	Total amount spent for the financial year (8b+8c+8d+8e)	₹165.08 crores

g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ crores)
(i)	Two percent of average net profit of the Company as per Section 135(5)	161.70
(ii)	Total amount spent for the financial year	165.08
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.38
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (₹)	Date of transfer	
			Nil				

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project- Completed/ Ongoing
				Nil				

10. CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS)

(a)	Date of creation or acquisition of the capital asset(s).	Nil
(b)	Amount of CSR spent for creation or acquisition of capital asset.	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Nil
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Nil

11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).

Not Applicable

On behalf of the CSR Committee

Sanjiv Mehta
Chairman & Managing Director
DIN: 06699923

O. P. Bhatt
Chairman CSR Committee
DIN: 00548091

Mumbai, 29th April, 2021

Annexure to the Report of Board of Directors

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, 2020 to 31st March, 2021
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 Purifiers • 10794 Malt based foods
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	• Home Care (Fabric Solutions, Home and hygiene and Life Essentials) • Beauty & Personal Care (Skin Cleansing, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Foods & Refreshment (Culinary products, Foods, Health Food Drinks, 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, Bangalore–560 066 9th Floor, Prestige Shantiniketan, the Business Precinct, Tower–A, Whitefield Main Road, Bangalore–560 048 • **Regional Office (East):** Brooke House, 9 Shakespeare Sarani, Kolkata–700 071 Unit 208, 2nd floor, Ecospace Campus B (3B), Rajarhat, North 24 Parganas, Kolkata–700 156 • **Regional Office (West):** Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai–400 614 6th floor, Part A, Westin building, Oberoi Commerz Garden City, Off Western Express Highway, Goregaon (East), Mumbai–400 068 • **Regional Office (North):** Block No. A, Plot No. B, South City I, Delhi–Jaipur Highway, Gurgaon–122 001 24 floor, One horizon Center, Golf Course Road, DLF Phase 5, Gurgaon–122 002 Research & Development Centre, Plot No. 67, Sector-32, Gurgaon–122 001, Haryana Training Centre, EG-1/32, Garden estate, Gurgaon • **Regional Office (South):** 101, Santhome High Road, Chennai–600 028 6th floor, KRM Towers, No. 1, Harrington Road, Chetpet, Chennai–600 031 • **Regional Office (Central):** Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh–226 010 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–452 001, Madhya Pradesh Details of manufacturing locations are provided at page no. 271 of this Report.
10.	Markets served by the Company	India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

		(₹ lakhs)
1.	Paid-up Capital	23,496
2.	Total Turnover	45,31,115
3.	Total profit after taxes	7,95,436
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years	16,508
5.	List of activities in which expenditure in 4 above has been incurred: Please refer to CSR Annual Report from page nos. 56 to 62 of this Report.	

SECTION C – OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	As on 31st March, 2021, the Company has 12 Subsidiary 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)?	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 the 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 and Lakme Lever Private Limited also contribute 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 and Business Partnering Policy (RSBPP), which underpin the third-party compliance programme.

Reports

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 Report.

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

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

*Chairman

Details of BR Head:

The Company has a governance mechanism and scorecard to monitor the progress on Unilever Compass sustainability commitments. The Compass leadership team reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.

Particulars	Details
DIN Number	06699923
Name	Sanjiv Mehta
Designation	Chairman and Managing Director

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 Hindustan Unilever follow. Unilever Compass sustainability commitments are the Company's blueprint for achieving sustainable growth.

CoBP and the Unilever Compass sustainability commitments framework supplement the requirements under the National Guidelines issued by the Ministry of Corporate Affairs and cover principles beyond those enunciated under the National 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' Wellbeing [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 confirm to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP of the Company confirms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles.								
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 Compass sustainability commitments are frameworks adopted by Unilever globally and have been adopted 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 Chairman and Managing Director. The Audit Committee of the Board reviews the implementation of CoBP. The CSR Committee of the Board reviews the implementation of the Unilever Compass sustainability commitments 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	Unilever Compass sustainability commitments: https://www.hul.co.in/planet-and-society/ CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf Supplier Code: https://www.hul.co.in/about/purpose-values-principles/Business-Partner-Code/								
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 Unilever Compass sustainability commitments.

Reporting progress to stakeholders on Unilever Compass sustainability commitments forms an important part of the governance procedures of your Company. The Unilever Compass sustainability commitments can be accessed at https://www.hul.co.in/planet-and-society/. 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/.

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 life cycle

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 driven the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 154 million people by end of 2020 through its initiatives in the area of health and Wellbeing and has also contributed to an important national agenda through its Swachh Aadat, Swachh Bharat programme.

Life Cycle Analysis (LCA) is one of several techniques your Company uses. It enables the Company to understand the impact of its products across each stage of their life cycle–from the sourcing of raw materials to product manufacturing, distribution, consumer use and disposal. We use LCA in three main ways:

1. **New Product Design:** LCA is used to compare the environmental performance of new vs. existing products–helping to guide the choices product developers make. It is also used to communicate the environmental performance of our products to consumers.
2. **Existing products:** LCA helps the Company identify opportunities to improve the environmental impact of existing products. It can also improve the quality and availability of data used by us and others e.g. it is used when working with suppliers to reduce the environmental impact of our ingredients.
3. **Science and Methodology:** Your Company engages with partners to develop and promote the science used for LCA, aiming to improve both the robustness and scope of life cycle-based approaches and assessment. Your Company has contributed to the science of LCA assessment methods in a number of areas including land use, biodiversity and water-related impacts and the challenges of applying a planetary boundary-based approach.

Sustainable purpose, sustainable products

The Company's 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, 93% of tomatoes used in our Company's Kissan ketchup are from sustainable sources. This sustainable sourcing is enabled through partnerships with various private and Government bodies. Over 67% of the Tea sourced from India for Unilever brands was from sustainable sources. In 2020, we continued our process of buying RSPO (Roundtable on Sustainable Palm Oil) certified palm oil to achieve the ambition of reaching 100% sustainable sourcing. Your Company has embarked upon a journey to source deforestation-free palm oil by 2023 by working with supply partners. Your Company uses 100% of paper and board in packaging sourced from mills that are certified sustainable by Forest Stewardship Council (FSC). Your Company is also working through its supplier partners with 15,000 smallholder farmers for sustainable farming of gherkins, that are exported to multiple countries for Unilever. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

Your Company had taken an environment-friendly target of eliminating coal usage in its operations by 2020. All coal using boilers will be modified to use Biomass briquettes and other renewable fuels. This will result in substantial reduction in our fossil fuel usage and corresponding reduction in carbon footprint. The same will be extended to the sites acquired upon the merger of erstwhile GSK CH sites also by 2021. 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, employees and the environment. 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 aspects with SEAC and releases any new product to the market after a successful product safety assessment from SEAC.

Your Company also follows processes and protocols to ensure that consumers get quality products and their safety is assured during the life cycle of product distribution and usage.

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' WELLBEING

Businesses should promote the Wellbeing of all employees

Your Company's Wellbeing strategy is central to employee experience and productivity. In our endeavour to unlock 'Wellbeing', we implemented a powerful framework — 'Wellbeing for All', that offers customised solutions to employees, including all the blue-collared workforce who have also been benefitted through additional support on medical facilities, mental wellbeing and one-on-one connects with management team members. This has enabled us to create safe psychological spaces within the organisation enabling employees to bring their best selves to work.

Safety Vision – An incident-free organisation

Your Company is committed to become a safe and injury-free organisation. Our purpose in safety is that we deeply care for our people and partners and we do not want anyone to get injured while working with us. During 2020, your Company took focused approach to address key risk of our operation. Your Company deployed stringent safety protocols to ensure safety of its people during Covid-19 pandemic. Your Company continues to review and strengthen its safety systems to ensure continual improvements. Company's safety performance is regularly reviewed by Central Safety, Health and Environment Committee, which consists of all Members of Management Committee and is led by the Chairman and Managing Director.

Employee Wellbeing

Post Covid-19, employee wellbeing emerged as a key priority across Unilever and has been on top of the Company's agenda. During the year, your Company built-in a systemic approach on wellbeing embedding robust interventions with customised approach. Early in the journey, your Company designed 'What's your Wellbeing Quotient', enabling 2,200+ employees to craft personalised wellbeing plans. Your Company offered curated solutions aligned to its wellbeing framework investing over 13,000 hours in 2020. As a result of the sustained efforts, your Company saw the reflections in internal employees' survey UniVoice–90% score on Unilever cares for my wellbeing, 900 bps improvement on wellbeing scores over last two years. Your Company has built in employee support programmes through Employee Assistance Programme which is not only open for employees but also for their families in 11 languages. Your Company has also created a network of its employees who are trained on mental health to support their peers in the bid to create psychological safety for all. Your Company appreciates that wellbeing is central to employee experience and its people strategy. Your Company is looking at wellbeing through the lens of external trends as well and keen to implement the best industry practices.

Building capabilities for the future

Your Company continue to build organisational capabilities with a clear focus on functional learning priorities to make its people future-fit and purpose-led. To prepare its end-to-end value chain for technology-led consumption models, your Company is investing significantly in its digital transformation programme – 'Reimagine HUL'. A Digital Council comprising of cross functional leaders is the Steering Committee for the initiative. Building niche digital skills of its leaders and upgrading digital skills of the employees are central to this transformation agenda. Your Company is moving from Mass to Precision learning plans for its leaders and teams who are leading and scaling up digital experiments across various parts of its business.

Your Company is building leaders of the future with a growth mindset who are equipped and empowered to thrive in this dynamic environment. As part of the same, all employees will embark on a journey of creating their individual future-fit plans that will have an optimal balance of their purpose, wellbeing, standards of leadership and key focus skills, given the context of their roles. This will be supplemented by a detailed action plan that each leader and employee will create for their own development.

Your Company continues to explore newer channels of learning with platforms like Degreed, Udemy and LinkedIn learning. Your Company has seen a shift in consumption of learning which is now byte-sized modules consumed on the go. This was the year of byte-sized continual learning, where

Annexure to the Report of Board of Directors (continued)

employees invested disproportionately in self-learning and development. Over the year, your Company clocked 1,20,000 leader–led learning hours, with 8,000 employees logging on to online learning platform-Degreed. Through the course of the year, employees completed 1,31,000 pieces of content through online learning. Your Company launched a year-long campaign of integrated learning #HULLearnsTogether which brought us a 300 bps improvement on – 'I can access the learning resources I need to do my job effectively' in UniVoice.

Diversity and inclusion

Your Company continues to place significant importance on diversity and inclusion (D&I) in the workplace. Active steps have been taken over the years to improve gender balance, with a focus on managerial and senior leadership levels. The progress continues on account of enablers such as focusing on hiring top women talent across work levels, providing career development and mentorship opportunities, agile working and parental support. As part of the journey on becoming a balanced organisation in the coming years, your Company took a small step in 2020 by induction of female shop-floor employees at our Haldia factory.

In March 2020, your Company launched the #HULStandsforWomenSafety initiative in partnership with Son Rise and UN Women to encourage each employee to take the HeforShe Pledge. In continuation to this journey your Company has committed to cover 1 lakh+ women in 2021 across its value chain through an education and awareness campaign around safety at home, at workplace and in public spaces.

With the alarming rise in domestic violence cases during the lockdown your Company took the baton to be the first employer in India to formally launch a holistic, gender-neutral policy for survivors of domestic and other abuse providing them access to counselling, special paid leave for relevant appointments with support agencies and solicitors, temporary/permanent changes to working times and patterns etc.

- **Inclusion of Persons with Disability (PwD):** We are committed to including persons with disability into our employment ecosystem and workforce. Your Company allows for Voluntary Self Disclosure and Reasonable Accommodation Policy to enable employees to discreetly disclose their disability and avail support.
- **LGBTQ+ Inclusion:** The Company continues to create awareness about diversity of genders and orientations and build a culture of allyship through inclusion workshops, trainings, and celebration of game changers from the community. In this journey an acknowledgement of our continued efforts on LGBTQ+ inclusion has been our selection as a "GOLD Employer" by Stonewall India, in the 2020 India Workplace Equality Index (IWEI). Your Company has also ensured provision of all gender inclusive restrooms across its main offices.

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 at Workplace (POSH Policy) to provide a work environment that ensures every person at the workplace is treated with dignity, respect and afforded equal treatment. Sexual harassment cases are dealt with as per the Company's POSH Policy, the CoBP and applicable laws. During the year, the POSH Policy of the Company was made not only gender neutral but also LGBTQ+ inclusive, clearly detailing the governance mechanisms for sexual harassment issues relating to women and other genders/sexual orientations. Communication is sent to all employees on a regular basis on various aspects of Prevention of Sexual Harassment at Workplace through e-articles and other means of communication. During the year 2020-21, five complaints with allegation of sexual harassment were filed with the Company and the same have been handled as per the provisions of the Prevention of Sexual Harassment At Workplace (Prevention, Prohibition and Redressal) Act.

More than 1,500 people were trained on the subject of Prevention of Sexual Harassment at Workplace and related topics. Trainings included:

- Induction sessions for new joiners/trainees/interns/third-party business partners on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Employees across locations were taken through a refresher cascades on appropriate workplace behaviours, gender sensitisation and Prevention of Sexual Harassment at Workplace.

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. Your Company currently has over 12,482 blue collar employees and has over 8,400 people employed on contractual/temporary basis as on 31st March, 2021.

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 90+ employee associations across your Company.

More than 10,000 permanent employees are members of these associations. There are over 161 female shop-floor blue collar employees and over 19 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 6,793 employees across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees and third parties can raise issues and concerns. The CoBP and Whistle–Blower Policies 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 financial 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 and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the sustainability initiatives and sustainability targets. 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 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. The year 2020 has been a challenging year for our suppliers and partners. Initial lockdowns affected production, and their cash flow. Border restrictions hampered logistics; and new government regulations to protect people and ensure safe working environments demanded new ways of working, often at very short notice. Our suppliers were looking up to us for support in terms of working capital and simple ways to engage so that there is clarity in the ways of working. The Company introduced a number of interventions to support suppliers during the pandemic, including permissions from government for keeping units running, providing cashflow relief, and protected salaries of third-party employees. We started a programme 'Together We Can' with suppliers to secure availability of essential materials and protect our financial model. We continue investing in long-term mutually beneficial relationships with our key suppliers through our Partner with Purpose programme, so we can share capabilities and co-innovate for mutual growth.

Consumers and customers

Your Company has consistently showed resilience and strength of purpose across different stakeholders in its pandemic response, prioritising safety and wellbeing while ensuring availability of your Company's essential products and services to consumers.

- **Following the People:** Channeling the robust 'Winning In Many Indias' (WiMi) structure established in 2016, your Company has successfully pin-pointed demand shifts induced by reverse migration, resurgence of neighbourhood stores over supermarkets and growth of e-Commerce during the Covid-19 pandemic in India. Combining external indicators such as welfare subsidies and mobility data with trends seen in internal sales, your Company has successfully identified focus districts and focus portfolios for driving distribution. By aligning business goals with these focus areas, the Company maximised growth, availability and brand presence across categories and population strata in these focus areas.
- **Working with Technology:** The strength of your Company's prowess in technology and data-driven decision making came to the fore during the last year,

Annexure to the Report of Board of Directors (continued)

when digital journeys managed to mitigate many of the challenges faced due to physical restrictions amidst strict lockdowns across India. Your Company's investment in an eB2B order capturing app-enabled retailers to place contactless orders safely and provided them visibility into the fulfilment of these orders through logistics tie-ups and intuitive interfaces. Your Company has also developed a highly-used One-Stop App platform for distributors, sales officers and managers across HUL to improve engagement and provide actionable MIS on-the-go. During the pandemic, your Company leveraged the platform to deliver critical safety education information, help distributors manage funds and unify all stakeholders in their tracking of business goals through prompt insights and notifications.

- **Protecting Outer Core:** Your Company has shown empathy and solidarity towards not just immediate employees, but also towards the employees of our business partners, customers and retailers, prioritising their safety and welfare. Your Company has ensured distribution of sanitisers, face masks and face shields to all our outer core workers and enforced social distancing and staggered working during periods of high footfall in organised retail, demonstrating our People First culture in market and winning hearts across.
- **Levercare:** Your Company has Levercare, a toll-free number, an 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 and 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, Company's microsite on digital performance highlights, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to come in direct communication 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 Service Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matters. 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.

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 sustainable future. These partnerships are instrumental in improving the quality of people's lives, achieving the Company's sustainability targets and driving the business growth. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation, partners with several NGOs for undertaking water conservation programmes. The Company has also partnered with NGOs for implementing the Swachh Aadat curriculum and conducted 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. Last year, in the challenging environment of Covid-19, employee engagement took a front seat. To keep employee morale high and institute a regular connect became critical. The communication channels leveraged last year include:

- **Virtual townhalls and employee connects:** A series of townhalls and smaller group chats were held virtually to ensure regular connect with employees.
- **Leadership connect:** In factories and offices managers connected with their teams regularly to ensure their physical and mental wellbeing.
- **Covid-19 updates:** Regular communication updates were disseminated regarding the evolving Covid-19 situation and your Company's policies and initiatives.
- **Quarterly Report Back:** Quarterly performance update was delivered by the Management Committee to all employees.
- **Others:** The Company has other in-house communication channels both digital and offline that help employees to connect, bond, inspire, express and celebrate their achievements.

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 Unilever Compass sustainability commitments, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increasing the positive social impact.

Your Company has been implementing environmental best practices adopted from Unilever operations across the globe in manufacturing operations and has achieved significant reduction of waste (kg/tonne of production), water usage (m^3/tonne of production) and greenhouse gas (CO_2) emission (kg/tonne of production).

The reductions for financial year 2020-21 based on 2008 baseline are:

- CO_2 emissions (kg/tonne of production) reduced by 91%*.
- Water consumption (m^3/tonne of production) reduced by 54%*
- Total waste (kg/tonne of production) generated from the factories reduced by 59%*

*compared to 2008 baseline

Your Company also segregates and disposes the waste generated in manufacturing operations in an environmentally friendly manner. All our manufacturing sites have not sent any non-hazardous waste to landfills since 2014. The same will be extended to the sites acquired upon the merger of GSK CH with your Company by 2021. 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 or reused or sent for energy recovery in environment friendly ways.

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

- **Water:** Major contributors to water usage reduction were rainwater harvesting projects, maximising direct rainwater use in processes and utilities, increase in steam condensate reuse, improving recovery efficiency and maximising use of RO plants, reduction of cooling tower drift losses and boiler blowdown optimisation across manufacturing locations.
- **Waste:** Factories have identified creative reuse opportunities for various waste streams. For example, replacing small bags with reusable jumbo bags, reusing packaging material such as drums after washing and cleaning in collaboration with supplier, developing

Reports

inhouse composing facility for organic waste, sludge reduction by improving efficiency of cleaning process and by introducing sludge drying facilities. All factories have provided segregation at source facilities to improve recyclability.

- **Energy:** Reduction in total energy footprint through upgradation of equipment is an ongoing activity. During the year some of the key energy optimisation projects carried out are: installation of energy efficient motors, installation of VVVFDs (advanced digital drives for motors) and centralisation of vacuum pumps at manufacturing sites. Air compressor efficiency improvement and pressure optimisation project was also undertaken in Bhuj with excellent results.
- **CO_2:** Purchase of IREC for Grid Electricity, Coal elimination in Orai, GRF and Haldia factory, Solar initiatives in Doom Dooma, Khamgaon, Amli, Hosur and Bhuj aided in CO_2 reduction. Reduction in total carbon footprint through upgradation of equipment is continuously ongoing activity.
- The contribution of renewable energy in total energy has increased to 79%*
- **Plastic:** Your Company has done significant work in this area. Your Company has collected and safely disposed more than 1.2 lakh tonnes of post–consumer use plastic waste in aggregate since 2018, through collection and disposal partners across India. In 2020, your Company arranged environment friendly plastic waste disposal of over 58,000 tonnes.

*compared to 2008 baseline

**Data is for Calendar year 2020

Monitoring procedures

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

- **Compass Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Compass Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on sustainability commitments. The Council reports the progress to the Chairman and Managing Director and Management Committee on a quarterly basis.
- **Global Environmental Performance Monitoring Portal:** A database is maintained for all Unilever sites where environmental performance data is uploaded monthly on the portal. The 'Group Manufacturing Environment Team' monitors the performance against set targets and provides feedback as well as management updates. Audits are conducted at sites randomly selected by above team through reputed external auditors (e.g. PwC).
- **Environment Sub-Committee:** The Environment Sub-committee consists of team members from various functions such as Supply Chain, Engineering, Finance, Research and Development, Legal and Corporate SHE. It is led by the Executive Director, Supply Chain and convenes periodically to assess EPR (Extended Procure Responsibility) plan execution, Environmental performance in sites (e.g. reduction in water consumption, reduction in waste generation, improved methods for waste disposal, reduction in electricity usage and CO_2 emission etc.) and initiatives like Rain Water use in operations etc.

Risk Assessment

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

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 Code provides 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 appropriately trained individuals can interact with these organisations. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

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 2020-21 include:

- Effective plastic waste management.
- Engagement with Government on 'Ease of Doing Business' initiatives, including simplifying and harmonising State and Central laws and compliances.
- Recommending changes on upcoming e-Commerce policy to mitigate the issue of counterfeits and fakes sold online.
- Recommending changes to Consumer Protection Regulations.
- IPR: Recommending changes in the Trademark Act for more effective enforcement against infringers and counterfeiters, parallel imports and better process for recognition and protection of well-known trademarks.
- Effective changes to the Prevention of Sexual Harassment at Workplace.
- Recommending changes and suggestions under the Labour Codes and relevant rules.
- Recommendations on changes in the Legal Metrology Act and Packaged Commodity Rules on decriminalising offences, easing compliances, etc.
- Recommending changes to the proposed law on Drugs and Magic Remedies.
- Representation to Government on the draft membrane-based water purification system regulations.
- Engaging with the Government on the proposed Data Privacy law and the Non-personal data framework report.

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. Through these programmes, smallholder farmers have benefitted by a higher yield, more certain demand and higher incomes.

In Tea, Unilever worked with partners like IDH to start the trustea programme in 2012, which was aligned with Unilever Compass sustainability commitments. The programme has now expanded into a much larger scale in the industry. Through the programme, 6,07,000 plantation workers (56% of them women workers) and 65,000 SHFs (about 30% of India's tea SHFs) have been positively impacted. Over 67% of Tea in India procured for Unilever brands is from sustainable sources.

Over 15,000 smallholder gherkin farmers 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. The gherkins grown in India are exported globally to other Unilever businesses.

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 10,000 smallholder farmers who cultivated tomatoes on more than 8,500 acres of land.

Your Company has expanded the sustainable sourcing programme to Chicory farming, where 2000 smallholder farmers benefit from the programme.

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 over 1,36,0000 micro-entrepreneurs as part of Project Shakti.

Empowering communities through Prabhat

Project Prabhat is a community development initiative of your Company, that is linked to Unilever Compass. It builds on local community needs at a grassroot level, in line with India's development agenda and UN Sustainable Development Goals (SDGs]. By doing so, it's contributing to a fairer and more socially and environmentally inclusive world, while using HUL's scale for good. It ultimately aims to create sustainable communities in and around HUL sites through focused interventions on Economic Empowerment (skilling, entrepreneurship and value chain), Environmental Sustainability (water conservation, waste management and climate adaption), Health (nutrition, hygiene, sanitation and WASH) and Education (basic infrastructure).

Project Prabhat has reached out to over 6 million people across 19 states and 2 union territories since its inception in 2013. During Covid-19, more than 1.3 million people across 230 locations benefitted from relief kits distribution in 2020, including lifebuoy soaps, grocery kits and food packets.

Rin Shine Academy

Rin Shine Academy (erstwhile Rin Career Ready Academy), aims to provide career readiness skills to the youth in India. It focuses on three simple but valuable skills which are English Speaking, Office Dressing and Interview Training. Keeping up with the times, the delivery platform has now changed from IVRS & Website to a Mobile App. So far, over 6,37,178 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

While servicing more than 2 million outlets with an extensive network of customers and business partners, your Company has built a future-fit disruption-proof model evolved in response to learnings over the past year. Some of the key areas where we have taken a leap are:

- **Focus on Omnichannel:** Your Company has created teams exclusively to focus on niche aspects such as search and discoverability in the omnichannel space, acquiring new capabilities like performance marketing and visibility optimisation across platforms and partners in this fast-growing and highly competitive arena. Your Company continues to share this expertise and help channel partners evolve and adapt to suit the changing shopping behaviour insights emerging from our rich data ecosystem.
- **Unlocking Speed and Agility:** Your Company continues to innovate in the space of automation to eliminate redundancy and increase transparency of business processes. Through systems like OneMT Customer Portal, your Company has eliminated mundane manual effort across the value chain and replaced it with tightly governed and highly efficient, scalable systems to enable faster and more empowered customer decision marking. Your Company continues to democratise data across employees and build a culture of data-led working with insights for growth.

Responsible marketing and communication

Your Company has four clearly defined principles that guide its communications with consumers:

- 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, nutrition values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which includes 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, 28 complaints were filed with ASCI against advertisements made by your Company.
- Your Company has certain legal cases, including those relating to consumer/customer disputes. At the end of the year, there were 67 consumer cases pending.

Labels and Pack Information

All Company products comply with the applicable regulations such as the Consumer Protection Act, 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 your food and beverage products included 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 (updated in February 2020) directed at children (below 12 years). These principles require that marketing practices:

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

- 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.
- Do not direct any Marketing Communications to children under 12 years of age in traditional media like TV and radio, and to under 13 in social media.
- Do not use influencers who are under the age of 12 (twelve).

Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, your Company pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria and/or Unilever Highest Nutrition Standards. Where differences in criteria exist, Unilever will apply the strictest criteria across all Marketing Communications directed to children.

On behalf of the Board
Sanjiv Mehta
Chairman and Managing Director
(DIN: 06699923)

Mumbai, 29th April, 2021

Corporate Governance Report

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

COMPANY'S 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 HUL, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and in compliance with applicable legislations. Our Code of Business Principles (the Code) is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning.

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

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

In recognition of its governance practices, your Company was conferred upon a Certificate of Recognition at the ICSI National Awards for Excellence in Corporate Governance for the year 2017 and 2018 by the Institute of Company Secretaries of India. In the year 2011, the Company had been bestowed with the National Award for Excellence in Corporate Governance.

In the year 2019, your Company was recognised on Top 10 scores of the S&P BSE Index constituents in the 'Leadership Category' for the Corporate Governance Scorecard which is a joint initiative of the International Finance Corporation (IFC) and the Bombay Stock Exchange.

THE BOARD OF DIRECTORS

The Board of Directors 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 Chairman and Managing Director of the Company. The Management Committee of the Company is headed by the Chairman and Managing Director 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 and diverse mix of Executive and Non-Executive Directors with majority of the Board Members comprising Independent Directors and the same is also in line with the applicable provisions of Companies Act, 2013 ('the Act') and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As on date of this Report, the Board consists of nine Directors comprising one Executive Chairman, five Independent Directors and three Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

The 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. The Board, during the year, approved the appointment of Mr. Ritesh Tiwari as Whole-time Director and Chief Financial Officer designated as Executive Director, Finance & Chief Financial Officer and a member of the Board, with effect from 1st May, 2021. Mr. Ritesh Tiwari will succeed Mr. Srinivas Phatak, Executive Director, Finance & IT and Chief Financial Officer and Whole-time Director of the Company, who has been elevated to the position of Executive Vice President, Global Financial Control and Risk Management for Unilever and will be part of the Finance Leadership Executive Team.

Mr. Sanjiv Mehta, currently holds the dual position of the Chairman and the Managing Director and CEO of the Company. As per the Listing Regulations, top 500 Companies by market capitalisation need to have separate positions for Chairman and Managing Director effective April 2022. The Company shall ensure compliance of this requirement of separation of position of Chairman and Managing Director on or before the due date.

Confirmation and Certification

The Company annually obtains from each Director, details of the Board and Board Committee positions he/ she occupies in other Companies, and changes if any regarding their Directorships. The Company has obtained a certificate from M/s. S. N. Ananthasubramanian & Company, Company Secretaries, under Regulation 34(3) and Schedule V Para C Clause (10)(i) of Listing Regulations confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the SEBI and Ministry of Corporate Affairs or any such authority and the same forms part of this Report.

Board Independence

Our definition of 'Independence' of Directors is derived from Section 149(6) of the Act and Regulation 16 of Listing Regulations. The Independent Directors provide an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors and on evaluation of the relationships disclosed, supported by a certificate from M/s. S. N. Ananthasubramanian & Company, Company Secretaries, as per the requirement of Regulation 25(8) of the Listing Regulations, the Board confirms, that the Independent Directors fulfill the conditions as specified under Schedule V of the Listing Regulations and are independent of the management.

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) and number of other Board and Committees as on 31st March, 2021

Name and Category	Date of joining the Board	Number of shares held in the Company	Directorship(s) in other Companies#	Membership(s) of Committees of other Companies##	Chairman-ship(s) of Committees of other Companies##
Chairman and Managing Director					
Sanjiv Mehta	01.10.2013	1,410	-	-	-
Executive Director (Finance & IT) and CFO					
Srinivas Phatak	01.12.2017	11,206	-	-	-
Executive Directors					
Dev Bajpai	23.01.2017	51,576	1	-	-
Wilhelmus Uijen	01.01.2020	-	2	-	-
Independent Directors					
O. P. Bhatt	20.12.2011	245	4	2	1
Sanjiv Misra	08.04.2013	-	-	-	-
Kalpana Morparia	09.10.2014	-	1	1	1
Leo Puri	12.10.2018	-	1	-	-
Ashish Gupta	31.01.2020	-	1	-	-

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

Includes only Audit Committee and Stakeholders' Relationship Committee.

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

The names of the listed entities along with the category of Directorship for all the Directors form part of Profile of Directors from pages 282 to 285.

The number of Directorship(s), Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Act and Listing Regulations as amended from time to time.

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 and provisions of the Act, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the Annual General Meeting (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 Act and serve in accordance with the terms of their contract of employment/contract of service with the Company.

None of the Independent Director(s) of the Company resigned before the expiry of their tenure.

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

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Act and Listing Regulations.
- The Independent Directors can serve a maximum of two terms of five years each, after the introduction of the Act.
- 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 Act and 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 of the Company by way of a Special Resolution.

Any person who becomes Director or Officer, including an employee who is acting in a 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 Meetings

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board businesses. 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 results 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 Act, Listing Regulations and other applicable legislations.

The notice of Board/Committee Meetings 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 Managing Director 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 actions emanating from the Board Meetings and status updates 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 includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision. Video/tele-conferencing facilities are also used to facilitate Directors travelling or located at other locations to participate in the Meetings.

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 2020-21 all the Board and Committee meetings were conducted through audio visual means as per the circulars/rules issued by Ministry of Corporate affairs (MCA) and Securities Exchange Board of India (SEBI) from time to time, for conduct of meetings during pandemic. During the financial year ended 31st March, 2021, eight Board Meetings were held on 1st April, 2020, 30th April, 2020, 15th May, 2020, 22nd June, 2020, 21st July, 2020, 20th October, 2020, 16th December, 2020 and 27th January, 2021. The maximum interval between any two Meetings was well within the maximum allowed gap of 120 days. During the year, the Board also transacted some of the business under its terms of reference by passing resolution by circulation.

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 as a 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 are 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. They also have a separate meeting with the Chairman of the Board, to discuss issues and concerns, if any.

The Independent Directors met four times during the financial year ended 31st March, 2021 on 30th April, 2020, 21st July, 2020, 20th October, 2020 and 27th January, 2021. The Independent Directors *inter alia* discuss the issues arising out of Committee meetings and Board discussion including the quality, quantity and timely of 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; and
- 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 Sustainability Compass (erstwhile Unilever Sustainable Living Plan).

As part of the induction sessions, the Chairman and Managing Director 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 induction programme, the Independent Directors also visit the Company's manufacturing locations and undertake market visits to understand the operations of the Company. The Independent Directors are also exposed to the constitution, Board procedures, matters reserved for the Board and major risks facing the business and mitigation programmes. The Independent Directors are also 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, 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. During the financial year 2020-21, due to Covid-19 related constraints, the Board Strategy Meeting was conducted over a period of three days, through audio visual means.

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 is available on the website at https://www.hul.co.in/investor-relations/corporate-governance/.

Board Evaluation

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and the Committees. The criteria of performance evaluation of Board, its Committees and Individual Directors forms part of the 'Corporate Governance Code' which is available on the website of the Company. For Independent Directors, evaluation is carried out based on the criteria viz. the considerations which led to the selection of the Director on the Board and the delivery against the same, contribution made to the Board/Committees, attendance at the Board/Committee Meetings, impact on the performance of the Board/ Committees, instances of sharing best and next practices, engaging with top management team of the Company, participation in Strategy Board Meetings, etc.

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 Chairman and Managing Director of the Company 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, Board oversight and effectiveness, performance of Board Committees, Board skills and structure, etc. 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 has a right balance of discussion between strategic and operational issues. The Board Members from different backgrounds bring about different complementarities and deliberations in the Board and Committee Meetings are enriched by such diversity and complementarities. The Board is actively engaged on the key issue concerning strategy, talent, risk and governance. 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 Committees & Board was updated on the same. The Board also noted that given the changing external environment, more frequent sessions on strategy with emphasis on sustainability may be considered. There are specific areas that have been identified as part of the exercise 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 Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meeting of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

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

Audit Committee

The Company's Audit Committee comprises Ms. Kalpana Morparia as the Chairperson and Mr. O. P. Bhatt, Dr. Sanjiv Misra and Dr. Ashish Gupta, Independent Directors of the Company as members of the Committee. During the year, Mr. Aditya Narayan ceased to be the Chairman and Member of the Committee with effect from 29th June, 2020. Mr. Leo Puri was appointed as Chairman of the Committee with effect from 30th June, 2020. Mr. Leo Puri, however, stepped down as the Chairman and Member of the Committee with effect from 2nd February, 2021 and Ms. Kalpana Morparia was appointed as Chairperson and Member of the Committee with effect from 2nd February, 2021. Dr. Ashish Gupta was appointed as a member of the Committee with effect from 30th April, 2020. All the members of the Committee have relevant experience in financial matters.

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

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- 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 Code of the Company and Whistle-Blowing Mechanism;
- reviewing the utilisation of loans and/or advances from/ investment in the Subsidiary exceeding ₹100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

The Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Act and 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 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 of Management representatives.

The Audit Committee met eight times during the financial year ended 31st March, 2021 on 1st April, 2020, 30th April, 2020, 15th May, 2020, 20th July, 2020, 21st July, 2020, 20th October, 2020, 8th December, 2020 and 27th January, 2021.

Internal Controls and Risk Management

The Company has robust systems for Internal Audit and Corporate Risk assessment and mitigation. The Company has an independent Internal Audit Department primarily assisted by outsourced audit teams.

The Internal Audit plan is approved by Audit Committee at the beginning of every year. The conduct of Internal Audit is oriented towards the review of internal controls and risks in the Company's operations and covers factories, sales offices, warehouses and centrally controlled businesses and functions. Every quarter, the Audit Committee is presented with a summary of significant audit observation and follow-up actions thereon.

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.

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 Act. 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.

The Board of Directors based on the recommendation of the Audit Committee at its meeting held on 24th February, 2020, appointed Mr. Amit Agarwal as an Internal Auditor of the Company with effect from 1st April, 2020.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Dr. Sanjiv Misra as the Chairman and Mr. O. P. Bhatt, Ms. Kalpana Morparia and Mr. Sanjiv Mehta as members of the Committee. Mr. Aditya Narayan ceased to be a member of the Committee with effect from 29th June, 2020. Mr. Leo Puri ceased to be a member of the Committee with effect from 2nd February, 2021. Ms. Kalpana Morparia was appointed as a member of the Committee with effect from 2nd February, 2021.

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 and Key Managerial Personnel, 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;
- Recommend to the Board, all remunerations, in whatever form, payable to Senior Management.

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 three times during the financial year ended 31st March, 2021 on 30th April, 2020, 27th January, 2021 and 24th February, 2021.

Board Membership Criteria and list of core skills/ expertise/competencies identified in the context of the business:

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.

In terms of requirement of Listing Regulations, the Board has identified the following skills/expertise/competencies of the Directors as given below:

Skills and its description	Sanjiv Mehta	Srinivas Phatak	Dev Bajpai	Wilhelmus Uijen	O. P. Bhatt	Dr. Sanjiv Misra	Kalpana Morparia	Leo Puri	Dr. Ashish Gupta
Leadership experience of running large enterprise – Experience in leading well-governed large organisations, with an understanding of organisational systems and processes complex business and regulatory environment, strategic planning and risk management, understanding of emerging local and global trends and management of accountability and performance.	√				√	√	√	√	
Experience of crafting Business Strategies – Experience in developing long-term strategies to grow consumer/FMCG business, consistently, profitably, competitively and in a sustainable manner in diverse business environments and changing economic conditions.	√	√			√	√		√	√
Understanding of Consumer and Customer Insights in diverse environments and conditions – Experience of having managed organisations with large consumer/customer interface in diverse business environments and economic conditions which helps in leveraging consumer insights for business benefits.	√	√		√	√	√		√	√
Finance and Accounting Experience – Leadership experience in handling financial management of a large organisation along with an understanding of accounting and financial statements.		√			√	√	√	√	
Experience in overseeing large and complex Supply Chain – Experience in overseeing large and complex supply chain operations, management of innovations, understanding of emerging technologies including digital information technologies and their disruptive impact.	√			√					
Understanding use of Digital/Information Technology across the FMCG value chain – Understanding the use of digital/Information Technology across the value chain, ability to anticipate technological driven changes & disruption impacting business and appreciation of the need of cyber security and controls across the organisation.	√			√				√	√
Experience of large companies and understanding of the changing regulatory landscape – Experience of having served in large public companies in diverse industries to provide Board oversight to all dimensions of business and Board accountability, high governance standards with an understanding of changing regulatory framework.	√		√		√	√	√	√	

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.

The appointment of Executive Directors, Key Managerial Personnel, Management Committee Members and other employees are by virtue of their employment/contract of service 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 are 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 Performance Share Plan, seek to reward Executive Directors, Management Committee Members and other eligible employees by aligning their deliverables to business results.

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 Act. 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 available on the 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 lakhs, as approved by the Members at the Annual General Meeting 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:	
Base Fixed Commission for Independent Directors	15.00
Additional Variable Commission:	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee(s)*	2.00
In the capacity of Member of the Committee(s)*	1.00

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

The Non-Executive Directors, who continuously serve minimum two terms of five years each, are also entitled to one time commission of ₹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, 2021 are provided hereinafter:

Details of Remuneration to the Executive Directors

(₹ lakhs)

Name	Salary and Allowances	Bonus	Perquisites	Contribution to Provident Fund	Contribution to Pension Fund	Total
Sanjiv Mehta	1,119.61	202.16	169.81	44.81	-	1,536.39
Srinivas Phatak	315.82	105.25	232.59	33.68	25.26	712.60
Dev Bajpai	287.60	129.68	52.90	33.20	49.79	553.17
Wilhelmus Uijen	532.28	56.03	197.33	26.81	-	812.45

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

Name	Performance Shares outstanding as at 31st March, 2020	Performance Shares exercised during the year	Grant under Performance Share Scheme during the year	Performance Shares balance as at 31st March, 2021
Dev Bajpai	4,76	2,397*	-	

*The grant of performance shares is based on the in year performance, line manager proposal and the country business performance.

Details of Remuneration to the Non-Executive Independent Directors

(₹ lakhs)

Name	Sitting Fees*	Commission#	Total
Aditya Narayan^	2.70	9.75	12.45
O. P. Bhatt	6.90	26.00	32.90
Sanjiv Misra	6.30	24.00	30.30
Kalpana Morparia	3.30	21.50	24.80
Leo Puri	5.40	22.25	27.65
Ashish Gupta	4.20	21.00	25.20

*Includes sitting fees paid for the Board and Committee Meetings.

#The Commission for the financial year ended 31st March, 2021 as per the Differential Remuneration Policy will be paid to Independent Directors, on pro-rata basis, subject to deduction of tax, after adoption of financial statements by the Members at the AGM to be held on Tuesday, 22nd June, 2021.

^ Mr. Aditya Narayan, ceased to be a Non-Executive Independent Director of the Company w.e.f. 29th June, 2020.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee comprises Mr. O. P. Bhatt as the Chairman and Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. Srinivas Phatak as the members of the Committee.

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 areas of CSR.

The detailed terms of reference of the Corporate Social Responsibility Committee is contained with 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, 2021, the Committee had recommended to the Board to approve the amendments to its CSR Policy to include the initiatives as per Schedule VII of Companies Act, 2013.

During the financial year ended 31st March, 2021, the Committee met twice on 30th April, 2020 and 19th October, 2020.

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.

The role of Stakeholders' Relationship Committee includes resolving the grievances of shareholders, 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 interactions with the representatives of the Registrar and Transfer Agent of the Company. The SEBI, the capital market regulator had issued guidelines and undertaken a number of measures for raising Industry standards for Registrar and Transfer Agent to facilitate effective shareholder service. In order to ensure this compliance, the Company had invited the Registrar and Transfer Agent to join the Committee meeting to share the actions taken on the same.

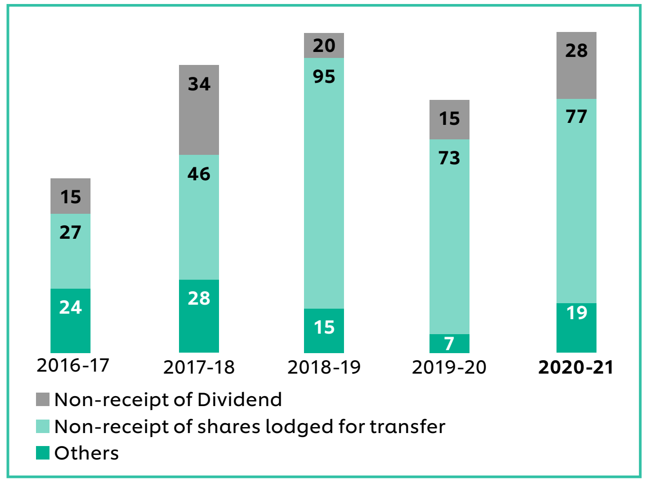
During the financial year ended 31st March, 2021, the Committee met twice on 30th April, 2020 and 19th October, 2020.

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, 2021, 124 complaints were received from the shareholders. All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2021.

Particulars	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	28	28
Non-Receipt of Shares lodged for Transfer	77	77
Others (e.g. non-receipt of Annual Report)	19	19
Total	**124**	**124**

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, Mr. Srinivas Phatak, Mr. Wilhelmus Uijen, Mr. Dev Bajpai and Mr. Amit Sood, the Group Controller as the members of the Committee.

Mr. Amit Sood, the Group Controller ceased to be the member of the committee from 30th April, 2021 and Mr. A. Ravishankar, has been appointed the member of the Committee w.e.f. 1st May, 2021.

The role of Risk Management Committee includes the implementation of Risk Management Systems and Framework, review the Company's financial and risk management policies, assess 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, 2021, the Risk Management Committee met once on 25th November, 2020 for reviewing the Company level risks and 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. As per Regulation 40 of Listing Regulations, as amended, shares of the Company can be transferred only in dematerialised form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. 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 related requests are registered and returned within a period of 15 days from the date

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 and also to meet the specific business needs.

Administrative Matters Committee

The Administrative Matters Committee 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 the 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 and Members at the Board and Statutory Committee Meeting(s) for the year ended 31st March, 2021. 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
Sanjiv Mehta#	8 of 8^	-	3 of 3	2 of 2	2 of 2	1 of 1^
Srinivas Phatak	8 of 8	-	-	2 of 2	2 of 2	1 of 1
Dev Bajpai	8 of 8	-	-	-	-	1 of 1
Wilhelmus Uijen	8 of 8	-	-	-	-	1 of 1
Aditya Narayan*	4 of 4	3 of 3	1 of 1	-	1 of 1	-
O. P. Bhatt	8 of 8	8 of 8	3 of 3	2 of 2^	2 of 2^	-
Sanjiv Misra	8 of 8	8 of 8	3 of 3^	-	2 of 2	-
Kalpana Morparia	8 of 8	-^	1 of 1	-	2 of 2	-
Leo Puri	8 of 8	8 of 8	2 of 2	-	-	-
Ashish Gupta	8 of 8	6 of 6	-	-	-	-
Amit Sood	-	-	-	-	-	1 of 1

^ Chairman

* Mr. Aditya Narayan ceased to be the Independent Director w.e.f. 29th June, 2020.

The last AGM of the Company held on 30th June, 2020 was attended by all the 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 10% of the consolidated net worth or income of 10% 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 ('the Code') 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 Code is available on the website of the Company https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf.

Reports

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 the Company.

The Company has provided dedicated e-mail addresses kalpana.morparia@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 has 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 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 at https://www.hul.co.in/investor-relations/corporate-governane/.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on Prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. During the year, we expanded the scope of our POSH Policy to make it more inclusive and gender neutral, detailing the governance mechanisms for prevention of sexual harassment issues relating to employees across genders including employees who identify themselves with LGBTQ+ community.

Your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons who work in this area and have the requisite experience in handling such matters, as Chairpersons of each of the Committees.

Number of Complaints filed during the financial year 2020-21	4
Number of Complaints disposed during the financial year 2020-21	4
Number of Complaints pending as on 31st March, 2021	Nil

Policy on avoiding Conflict of Interest

The Board of Directors are 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 the Company. A copy of the said Code of Conduct is available on the website of the Company at 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 Act 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 requirements of the Act and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is available on the website of the Company 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.

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 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 at https://www.hul.co.in/investor-relations/corporate-governance/.

Policy on Dividend Distribution

The Board of Directors have adopted Dividend Distribution Policy in terms of the requirements of Listing Regulations. The Policy is available on the website of the Company at 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 Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'), 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 dealing in the securities of the Company on the basis of any Unpublished Price Sensitive Information (UPSI), available to them by virtue of their position in the Company. The objective of this Share Dealing Code is to prevent misuse of any UPSI and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The Board of Directors of the Company have adopted the Share Dealing Code and formulated the Code of Practices and Procedures for Fair Disclosure in terms of the requirements of SEBI PIT Regulations. 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 Share Dealing Code also prescribes sanction framework and any instance of breach of Share Dealing Code is dealt with in accordance with the same. During the financial year the Board had amended the Share Dealing Code in line with the provisions of SEBI PIT Regulations. 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/dealing-in-hul-shares/index.html.

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, 2021 and a declaration to that effect, signed by the Chairman and Managing Director, 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 transaction, 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.

No funds were raised through preferential allotment or Qualified Institutional Placement as per the Regulation 32(7A) of 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.

Fees paid to Auditors

The total fees for all services paid by your Company and its Subsidiaries to M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors and all the entities in the network firm/ network entity of which Statutory Auditors is a part during the financial year 2020-21 is ₹4.49 crores and estimated fees to be paid for the financial year 2021-22 shall be ₹4.93 crores.

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

1. Risk Management Policy of the Company with respect to the Commodities and Forex:

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 reasonable 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 reasonably 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 the 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 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, 2021 are disclosed in Notes to the standalone financial statements.

2. Exposure of the Company to various commodities:

Commodity Name	Exposure towards the particular commodity (LABSA) ₹ in crores	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives					
			UOM	Domestic Market		International Market		Total
				OTC	Exchange	OTC	Exchange	
Brent	1,992.76	20,94,018.49*	Barrels	-	-	49%	-	49%
Kero Crack								

*Quantity Derived basis Labsa volumes and formulation

Compliance with the Discretionary Requirements under the Listing Regulations

The Board of Directors periodically reviewed 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 to the extent mentioned below:

- **Shareholders' rights:** The Company ensures that the disclosure of all the information is disseminated on a non-discretionary basis to all the shareholders. The quarterly results along with the press release are uploaded on the website of the Company at https://www.hul.co.in/investor-relations/quarterly-results/.
- **Audit qualifications:** Company's financial statements 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 2020-21 which, *inter alia*, includes audit of compliance with the Act, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by the 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.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the financial year 2020-21 for all applicable compliances as per SEBI Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

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 Corporate Governance Code is being updated from time-to-time as per the Governance requirements. The updated copy of the Corporate Governance Code is available on Company's website at https://www.hul.co.in/investor-relations/corporate-governance/.

The Company had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries as the Auditor for the audit of the practices and procedures followed by the Company under the Corporate Governance Code. The Company has received the Corporate Governance Audit Report for the financial year 2020-21.

Corporate Governance Report (continued)

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 resolution passed
31st March, 2018	29th June, 2018 2.30 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (E), Mumbai – 400 099	• No special resolutions were passed in this meeting
31st March, 2019	29th June, 2019 2.30 p.m.	Same as above	• Increase in overall limits of Remuneration for Managing/Whole-time Director(s). • Re-appointment of Mr. Aditya Narayan as an Independent Director for a second term. • Re-appointment of Mr. O. P. Bhatt as an Independent Director for a second term. • Re-appointment of Dr. Sanjiv Misra as an Independent Director for a second term. • Continuation of term of Dr. Sanjiv Misra on attaining age of 75 years. • Re-appointment of Ms. Kalpana Morparia as an Independent Director for a second term. • Continuation of term of Ms. Kalpana Morparia on attaining age of 75 years.
31st March, 2020	30th June, 2020 3.00 p.m.	Annual General Meeting through Video Conferencing/ Other Audio Visual Means facility	• No special resolutions were passed in this meeting

No Special Resolution was passed by the Company last year through Postal Ballot. No special resolution is proposed to be conducted through Postal Ballot as on the date of this report. The Company has sought the approval of shareholders through postal ballot for the following ordinary resolution(s):

Sr. No.	Particulars of Resolution(s)
1.	Increase in overall limits of Remuneration for Whole-time Director(s).
2.	Appointment of Mr. Ritesh Tiwari as a Whole-time Director of the Company.

The Company had appointed Mr. S. N. Ananthasubramanian (FCS 4206: COP 1774) Practicing Company Secretary, to act as the Scrutiniser, for conducting the Postal Ballot process, in a fair and transparent manner.

Annual General Meeting for the financial year 2020-21

Date	22nd June, 2021
Venue	Annual General Meeting through Video Conferencing/Other Audio Visual Means facility [Deemed Venue for Meeting: Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai–400 099]
Time	3.00 p.m.
Book Closure Dates for Final Dividend	Wednesday, 16th June, 2021 to Tuesday, 22nd June, 2021 (both days inclusive)

Calendar of financial year ended 31st March, 2021

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, 2021 were held on the following dates:

First Quarter Results	21st July, 2020
Second Quarter and Half yearly Results	20th October, 2020
Third Quarter Results	27th January, 2021
Fourth Quarter and Annual Results	29th April, 2021

Tentative Calendar for financial year ending 31st March, 2022

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2022 are as follows:

First Quarter Results	22nd July, 2021
Second Quarter and Half yearly Results	19th October, 2021
Third Quarter Results	27th January, 2022
Fourth Quarter and Annual Results	29th April, 2022

Dividend

The Board of Directors at their meeting held on 29th April, 2021, recommended a Final Dividend of ₹17/- per equity share of face value of ₹1/- each, for the financial year ended 31st March, 2021. The interim Dividend of ₹14.00 per share was paid on 12th November, 2020. The total Dividend for the financial year ended 31st March, 2021 amounts to ₹31.00 per share of face value of ₹1/- each. During the year, special Dividend of ₹9.50 per share was also paid on 17th August, 2020. Final Dividend, if approved by Members, will be paid on or after Friday, 25th June, 2021.

Unpaid/Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of the Act 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, ₹10.42 crores of unpaid/unclaimed dividends and 6,54,734 shares were transferred during the financial year 2020-21 to the Investor Education and Protection Fund.

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

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th June, 2020 (date of last AGM) on the Company's website at 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/. The details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2021 shall be updated on or before 21st August, 2021.

Details of Demat/Unclaimed Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

Distribution of Shareholding as on 31st March, 2021

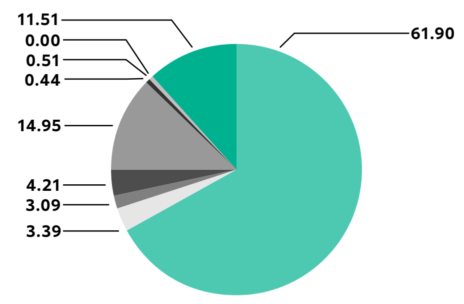
Holding	Shareholders Number	Shareholders %	Shares Number	Shares %
1 – 5000	7,57,328	98.40	14,17,38,423	6.03
5001 – 10000	6,721	0.87	4,70,75,743	2.00
10001 – 20000	3,163	0.41	4,36,43,871	1.86
20001 – 30000	845	0.11	2,04,22,465	0.87
30001 – 40000	366	0.05	1,25,62,869	0.53
40001 – 50000	222	0.03	98,43,527	0.42
50001 – 100000	373	0.05	2,64,86,299	1.13
100001 and above	645	0.08	2,04,77,94,622	87.16
TOTAL	**7,69,663**	**100**	**2,34,95,67,819**	**100**

Corporate Governance Report (continued)

Categories of Shareholders as on 31st March, 2021

Category	No. of Folios	Shares	%
Unilever and its Associates	7	1,45,44,12,858	61.90
Mutual Funds & Unit Trust of India	390	7,95,54,690	3.39
Financial Institutions/Banks	305	7,25,13,925	3.09
Insurance Companies	18	98791093	4.21
Foreign Portfolio Investors	1,183	35,13,65,717	14.95
Bodies Corporate	3,111	1,03,35,895	0.44
NRIs/Foreign Bodies Corporate/Foreign Nationals	17,294	1,20,59,231	0.51
Directors and their Relatives	5	64,437	0.00
Resident Individuals & Others	7,47,350	27,04,69,973	11.51
Total	**7,69,663**	**2,34,95,67,819**	**100.00**

Categories of Shareholders (%)



Bifurcation of shares held in physical and demat form as on 31st March, 2021

Particulars	No. of Shares	%
Physical Segment	2,82,07,662	1.20
Demat Segment		
NSDL (A)	2,27,42,89,581	96.80
CDSL (B)	4,70,70,576	2.00
Total (A+B)	**2,32,13,60,157**	**98.80**
TOTAL	**2,34,95,67,819**	**100.00**

*includes shares held by Unilever PLC and its Affiliates representing 61.90% 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)	500696
Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai–400 001	
National Stock Exchange of India Limited (NSE)	HINDUNILVR
Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai–400 051	
ISIN	INE030A01027

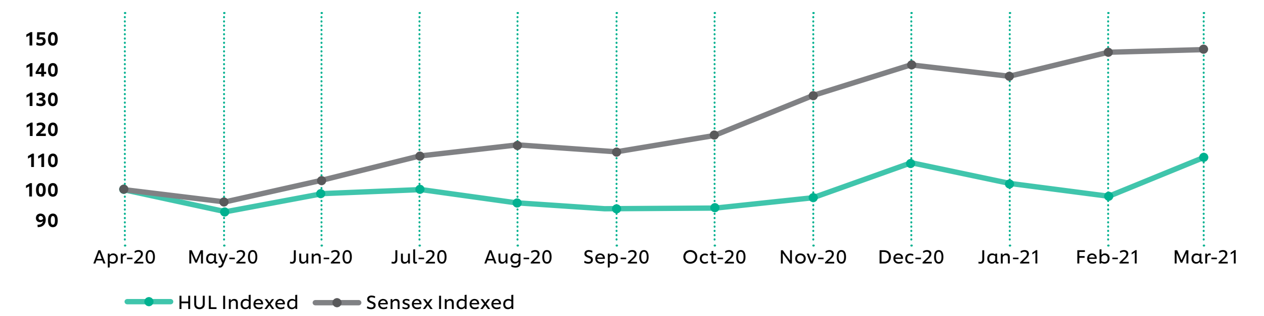
The listing fee for the financial year 2020-21 has been paid to the above Stock Exchanges.

Share Price Data

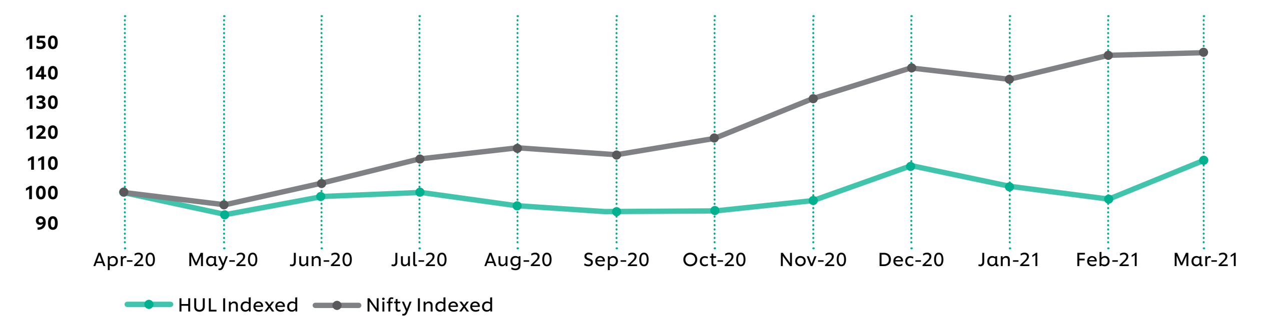
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2021 are as under:

	BSE			NSE		
Month	High	Low	Volume	High	Low	Volume
Apr-20	2,614.00	2,128.65	23,94,971	2,614.30	2,127.95	10,42,15,793
May-20	2,159.50	1,902.30	1,70,23,547	2,160.00	1,902.00	31,84,90,213
Jun-20	2,199.00	2,055.00	26,52,159	2,199.95	2,054.05	7,75,60,838
Jul-20	2,350.00	2,125.00	31,68,441	2,350.00	2,125.00	6,59,35,111
Aug-20	2,234.80	2,102.00	25,88,778	2,234.80	2,100.65	3,69,53,080
Sep-20	2,185.00	2,001.00	26,78,607	2,185.00	2,000.05	4,92,70,089
Oct-20	2,207.00	2,068.25	28,38,108	2,208.50	2,068.00	4,77,71,923
Nov-20	2,215.75	2,043.80	25,27,106	2,220.35	2,043.00	4,88,18,897
Dec-20	2,417.40	2,121.00	22,43,246	2,417.40	2,120.10	5,01,42,038
Jan-21	2,456.00	2,254.00	31,18,130	2,456.95	2,251.00	4,39,38,431
Feb-21	2,287.00	2,104.25	36,50,305	2,288.70	2,120.00	5,22,86,338
Mar-21	2,437.00	2,128.00	23,85,865	2,438.60	2,128.00	5,02,79,901

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

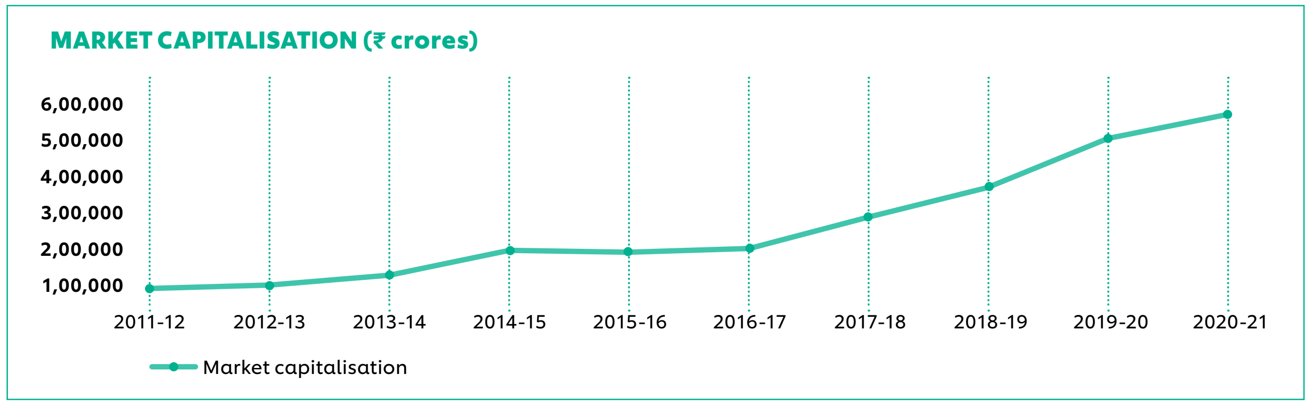
Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
30-03-2012	409.90	493%	17,404.20	184%	410.05	493%	5,295.55	177%
28-03-2013	466.10	422%	18,835.77	163%	466.95	421%	5,682.55	159%
31-03-2014	603.65	303%	22,386.27	121%	605.55	302%	6,704.20	119%
31-03-2015	872.90	178%	27,957.49	77%	873.55	178%	8,491.00	73%
31-03-2016	869.50	180%	25,341.86	95%	869.50	180%	7,738.40	90%
31-03-2017	909.75	167%	29,620.50	67%	911.75	167%	9,173.75	60%
28-03-2018	1,335.90	82%	32,968.68	50%	1333.35	82%	10,113.70	45%
29-03-2019	1,707.80	42%	38,672.91	28%	1706.80	42%	11,623.90	26%
31-03-2020	2,298.15	6%	29,468.49	68%	2298.50	6%	8,597.75	71%
31-03-2021	2430.80		49,509.15		2,431.50		14,690.70	

Source: BSE and NSE Website

All comparisons are with respect to 31st March, 2021 (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:



Mergers and Demergers

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

Plant Locations

The details of Plant Locations is provided at page no. 271 of this Report.

Credit Ratings

CRISIL has given the credit rating of CRISIL AAA/Stable for debt instrument/facilities of the Company. The details of Credit Rating is available on the website at https://www.hul.co.in/investor-relations/corporate-governance/.

Registrar and Share Transfer Agent

M/s. KFin Technologies Private Limited (Kfintech) shall continue to act as the Registrar and Share Transfer Agent of the Company.

Share Transfer System

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, dematerialisation of shares etc. to the Share Transfer/ Transmission Committee. A summary of transactions so approved by the committee is placed at the Board Meeting held quarterly. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges and available in the website of the Company. In terms of requirements to amendments to Regulation 40 of Listing Regulations w.e.f. 1st April, 2019, transfer of securities in physical form, except in case of request received for transmission or transposition of securities, shall not be processed unless the securities are held in the rematerialised form with a depository.

COMMUNICATION TO SHAREHOLDERS

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

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Maharashtra Times. These results are also made available on the website of the Company at 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 transmissions of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

All price sensitive information and matters that are material to shareholders 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 at 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.kfintech.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/faqs-and-forms/.

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 M/s. KFin Technologies 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 grievance.

M/s. KFin Technologies Private Limited	Investor Service Department	Compliance Officer
(Formerly known Karvy Fintech Private Limited) **Unit: Hindustan Unilever Limited** Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad–500 032 Phone: +91-40-67161500, 6712222 Fax: +91-40–23431551 Toll Free No. 1800 309 4001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai–4000 99 Phone: +91-22–50432791/50432792 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: +91-22–50432790/32754/32789/33070

Annexure to the Corporate Governance Report

Dividend Distribution Policy

INTRODUCTION

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy.

The objective of this Policy is to provide clarity to stakeholders on the dividend distribution framework to be adopted by the Company. The Board of Directors shall recommend dividend in compliance with this Policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

DIVIDEND PAYOUT

The Company's Dividend Distribution Policy shall ensure that it returns cash from operations that is more than 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 Company shall strive to declare a steady stream of dividends to the shareholders that is in their best long-term interest.

Dividend will be declared out of the current year's Profit after Tax of the Company. In certain circumstances including but not limited to loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

The actual quantum of dividend pay-out on a yearly basis will be dependent on the following factors:

Internal Factors:

- Existing and expected underlying financial performance
- Cash flow and liquidity position
- Capital expenditure and investment plans
- Acquisitions and Disposals
- Restructuring activities
- Interim Dividend, if any, already declared during the year and
- Future requirement of funds

External Factors:

- Macroeconomic environment
- Market conditions and consumer trends
- Changes in regulatory requirements
- Shareholder expectations

As such, any amount retained will be utilised for securing the long-term growth objectives of the business including but not limited to

- Issuance of Bonus Shares
- Share Buy Back
- Inorganic growth opportunities, including M&A

as may be approved by the Board of Directors of the Company.

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.

DISCLOSURE

This policy (as amended from time to time) will be available on the Company's website at https://www.hul.co.in/investor-relations/corporate-governance/.

Annexure to Corporate Governance Report

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of
Hindustan Unilever Limited
Unilever House, B. D. Sawant Marg,
Chakala, Andheri (East), Mumbai–400099

We have examined the following documents:

i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');

ii) Disclosure of concern or interests as required under Section 184 of the Act;
(hereinafter referred to as 'relevant documents')

As submitted by the Directors of Hindustan Unilever Limited ('the Company') bearing CIN: L15140MH1933PLC002030 and having its registered office at Unilever House, B. D. Sawant Marg Chakala, Andheri (East), Mumbai–400 099, to the Board of Directors of the Company ('the Board') for the financial years 2020-21 and 2021-22 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal www.mca.gov.in), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended 31st March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of Cessation
1	Mr. Sanjiv Mehta	06699923	01-10-2013	NA
2	Mr. Srinivas Phatak	02743340	01-12-2017	NA
3	Mr. Dev Bajpai	00050516	23-01-2017	NA
4	Mr. Wilhelmus Uijen	08614686	01-01-2020	NA
5	Mr. Aditya Narayan	00012084	29-06-2001	29-06-2020
6	Mr. O. P. Bhatt	00548091	20-12-2011	NA
7	Dr. Sanjiv Misra	03075797	08-04-2013	NA
8	Ms. Kalpana Morparia	00046081	09-10-2014	NA
9	Mr. Leo Puri	01764813	12-10-2018	NA
10	Dr. Ashish Gupta	00521511	31-01-2020	NA

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the financial year ended 31st March, 2021.

For S. N. Ananthasubramanian & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No. 606/2019

S. N. Ananthasubramanian
Partner
FCS: 4206 | COP No. 1774
ICSI UDIN: F004206C000188379

Thane, 27th April, 2021

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, 2021 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
Chairman and
Managing Director
DIN: 06699923

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

Mumbai, 29th April, 2021

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 29th July, 2019 and addendum to the engagement letter dated 20th July, 2020.
2. We have examined the compliance of conditions of Corporate Governance by Hindustan Unilever Limited ("the Company"), for the year ended 31st March, 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for the Statement

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 31st March, 2021.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the 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 the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing 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 of enabling the Company to comply with the requirement of the Listing Regulations and 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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 21105149AAAACJ6132

Mumbai, 29th April, 2021

Form No. MR – 3 Secretarial Audit Report

For the Financial Year Ended 31st March, 2021

[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 Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by **Hindustan Unilever Limited** (hereinafter called 'the Company') for the **financial year ended 31st March, 2021.** 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 and 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 authorised 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, 2021** complied with 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 and papers, minute books, forms and returns filed and other records maintained by the Company for the **financial year ended 31st March, 2021** 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 rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable for External Commercial Borrowings as there was no reportable event during the financial year under review;**

(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, 2018 – **Not applicable as there was no reportable event during the financial year 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 to the Company as there was no reportable event 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 an 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 financial year under review;**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable as there was no reportable event during the financial year under review;** and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Management has identified and confirmed the following laws as being specifically applicable to the Company:

(a) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;

(b) The Insecticide Act, 1968;

(c) The Drugs and Cosmetics Act, 1940;

(d) The Legal Metrology Act, 2009;

Form No. MR – 3 Secretarial Audit Report (continued)

(e) The Legal Metrology (Packaged Commodities) Rules, 2011;

(f) Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and Regulations;

(g) 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 respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) 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. mentioned above.

We further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including a Woman Independent Director. Changes in the composition of Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;

(ii) Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting;

(iii) All the decisions of the Board and Committees thereof were carried through 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 there are adequate systems and processes in place in the Company which is commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and

(i) 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 financial year under review, following events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Regulations, Guidelines, Standards, etc., have occurred:

(i) The Board of Directors at their meeting held on 1st April, 2020 took on record the orders of Hon'ble National Company Law Tribunal, Mumbai Bench dated 24th September, 2019 and Hon'ble National Company Law Tribunal, Chandigarh Bench, dated 26th February, 2020 sanctioning of the Scheme of Amalgamation by way of merger by absorption among GlaxoSmithKline Consumer Healthcare Limited and the Company and their respective Shareholders and Creditors under Section 230 to 232 of the Act. The Board also declared the Scheme as effective from 1st April, 2020.

(ii) Unilever India Limited, a wholly-owned subsidiary was incorporated on 7th June, 2020 pursuant to the approval of the Board of Directors given at their Meeting held on 24th February, 2020.

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For S. N. Ananthasubramanian & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No. 606/2019

S. N. Ananthasubramanian
Partner
FCS: 4206 | COP No. 1774
ICSI UDIN: F004206C000188346

Thane, 27th April, 2021

Annexure A to Secretarial Auditors' Report

To,

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

MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of 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. Due to the pandemic caused by Covid–19 and prevailing lockdowns/restrictions on movement of people imposed by the Government, for the purpose of issuing this report, we have conducted our audit remotely based on the records and information made available to us by the Company electronically.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For S. N. Ananthasubramanian & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No. 606/2019

S. N. Ananthasubramanian
Partner
FCS: 4206 | COP No. 1774
ICSI UDIN: F004206C000188346

Thane, 27th April, 2021

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 on borrowings. 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 6.28% for 2020-21 (7.02% for 2019-20)

*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 6.17% for 2020-21) + Market risk premium (taken at 4.20%) (x) Beta variant for the Company, (taken at 0.641) 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 = 6.17% + 4.20% (x) 0.641 = 8.86%

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 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.

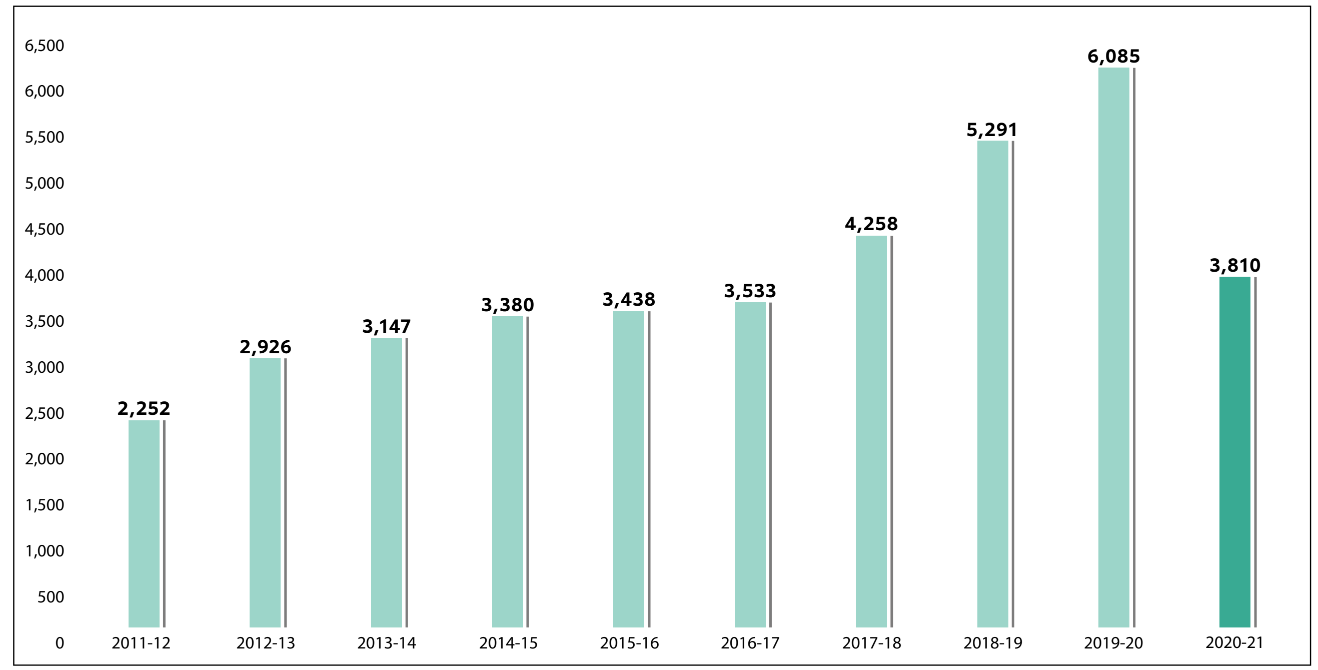
(₹ crores)

	IGAAP				IND AS					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Cost of Capital Employed (COCE)										
1. Average Debt	0	0	0	0	0	0	0	0	0	0
2. Average Equity	3,452	4,018	3,715	4,338	5,664	5,831	6,181	6,668	7,227	46,890*
3. Average Capital Employed: (1)+(2)	**3,452**	**4,018**	**3,715**	**4,338**	**5,664**	**5,831**	**6,181**	**6,668**	**7,227**	**46,890**
4. Cost of Debt, post-tax %	6.20	6.02	6.36	5.56	5.43	4.90	5.21	5.77	5.25	4.70
5. Cost of Equity %	10.09	10.07	11.62	10.91	11.98	12.25	14.19	11.84	9.11	8.86
6. Weighted Average Cost of Capital % (WACC)	10.09	10.07	11.62	10.91	11.98	12.25	14.19	11.84	9.11	8.86
7. COCE: (3)x(6)	**348**	**405**	**432**	**474**	**679**	**714**	**877**	**789**	**658**	**4,153**
Economic Value Added (EVA)										
8 Profit after tax, before exceptional items	2,599	3,314	3,555	3,843	4,116	4,247	5,135	6,080	6,743	7,963
9. Add: Interest, after taxes	1	17	24	11	0	0	0	0	0	0
10. Net Operating Profits After Taxes (NOPAT)	2,600	3,331	3,579	3,854	4,117	4,247	5,135	6,080	6,743	7,963
11. COCE, as per (7) above	348	405	432	474	679	714	877	789	658	4,153
12. EVA: (10)-(11)	**2,252**	**2,926**	**3,147**	**3,380**	**3,438**	**3,533**	**4,258**	**5,291**	**6,085**	**3,810**

*Opening balance adjusted for GSK CH merger

ECONOMIC VALUE ADDED

(₹ crores)



Independent Auditor's Report

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Hindustan Unilever Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – Discounts and rebates
See note 24 to the standalone financial statements

The key audit matter

As disclosed in note 24 to the standalone financial statements, revenue is measured net of any trade discounts and volume rebates to customers ("discounts and rebates").

Certain discounts and rebates for goods sold during the year are only finalised when the precise amounts are known and revenue therefore includes an estimate of variable consideration. The variable consideration represents the portion of discounts and rebates that are not directly deducted on the invoice and involves estimation by the Company in recognition and measurement of such discounts and rebates. This includes establishing an accrual at year end, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration results in discounts and rebates due to customers as at year end.

Therefore, there is a risk of revenue being overstated due to fraud through manipulation of discounts and rebates accruals recognised, resulting from pressure the Company may feel to achieve performance targets at the year end.

We identified the evaluation of accrual for discounts and rebates as a key audit matter.

How the matter was addressed in our audit

Our audit procedures included:

- Understanding the process followed by the Company to determine the amount of accrual for discounts and rebates.
- Evaluating the design and implementation and testing operating effectiveness of Company's general IT controls, key manual and application controls over the Company's IT systems including controls over rebates agreements / arrangements, rebate payments / settlements and Company's review over the rebate accruals.
- Inspecting on a sample basis, key customer contracts. Based on the terms and conditions relating to discounts and rebates, assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.
- Performing substantive testing by selecting samples of discounts and rebates transactions recorded during the year as well as period end discounts and rebates accruals and matching the parameters used in the computation with the relevant source documents.
- Examining historical rebate accrual together with our understanding of current year developments to form an expectation of the rebate accrual as at year end and comparing this expectation against the actual rebate accrual, completing further inquiries and obtaining underlying documentation, on a sample basis, as appropriate. Further, we also performed retrospective review to evaluate the precision with which management makes estimates.
- Checking completeness and accuracy of the data used by the Company for accrual of discounts and rebates.
- Testing actualisation of estimated accruals on a sample basis.
- Testing a selection of rebate accruals recorded after 31 March 2021 and assessing whether the accrual is recorded in the correct period.
- Testing a selection of payments made after 31 March 2021 and where relevant, comparing the payment to the related rebate accrual.
- Critically assessing manual journal entries posted to revenue, on a sample basis, to identify unusual items and examining the underlying documentation.

Provisions and contingent liabilities relating to taxation, litigations and claims
See note 20 and 23 to the standalone financial statements

The key audit matter

The provisions and contingent liabilities relate to ongoing litigations and claims with various authorities and third parties. These relate to direct tax, indirect tax, transfer pricing arrangements, claims, general legal proceedings, environmental issues and other eventualities arising in the regular course of business.

As at the year ended 31 March 2021, the amounts involved are significant. The computation of a provision or contingent liability requires significant judgement by the Company because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the expenditure. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims and the positions taken by the Company. It involves significant judgement and estimation to determine the likelihood and timing of the cash outflows and interpretations of the legal aspects, tax legislations and judgements previously made by authorities.

How the matter was addressed in our audit

Our audit procedures included:

- Understanding the process followed by the Company for assessment and determination of the amount of provisions and contingent liabilities relating to taxation, litigations and claims.
- Evaluating the design and implementation and testing operating effectiveness of key internal controls around the recognition and measurement of provisions and re-assessment of contingent liabilities.
- Involving our tax professionals with specialised skills and knowledge to assist in the assessment of the value of significant provisions and contingent liabilities relating to taxation matter, on sample basis, in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.
- Inquiring the status in respect of significant provisions and contingent liabilities with the Company's internal tax and legal team, including challenging the assumptions and critical judgements made by the Company which impacted the computation of the provisions and inspecting the computation.

Independent Auditor's Report (continued)

The key audit matter

How the matter was addressed in our audit

- Assessing the assumptions used and estimates of outcome and financial effect, including considering judgement of the Company, supplemented by experience of similar decisions previously made by the authorities and, in some cases, relevant opinions given by the Company's advisors.
- Testing data used to develop the estimate for completeness and accuracy.
- Evaluating judgements made by the Company by comparing the estimates of prior year to the actual outcome.
- Assessing the Company's disclosures in the standalone financial statements in respect of provisions and contingent liabilities.

Accounting for acquisition of GlaxoSmithKline Consumer Healthcare Limited
See note 40 to the standalone financial statements

The key audit matter

As disclosed in note 40 to the standalone financial statements, on 1 April 2020, the Company acquired GlaxoSmithKline Consumer HealthCare Limited (GSK CH India) under a scheme of amalgamation. The fair value of the consideration transferred by the Company was ₹40,242 crores.

Accounting for the acquisition involves judgement in order to:

- Identify and measure the fair value of the identifiable assets (tangible and intangible) acquired and liabilities assumed including the contingent liabilities.
- Allocate the consideration transferred between identifiable assets and liability and goodwill.

The most significant judgements made by the Company include:

- Determining the discount rate, near and long-term revenue growth rate and projected margins to develop the fair value of the intangible assets, including determination of their economic useful lives.
- Determining the comparable market rates, replacement cost and economic useful life to develop the fair value of the property, plant and equipment.

Complex auditor's judgement and specialised skills were also required in evaluating these assumptions for which management had engaged external valuation experts.

This was a material acquisition for the Company and given the level of estimation and judgement required, we considered it to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included:

- Understanding the process followed by the Company for assessment and determination of the effective date and the accounting treatment for the scheme of amalgamation, including the identification of assets and liabilities and determination of their fair values and also evaluation of work of management experts.
- Evaluating the design and implementation and testing the operating effectiveness of key internal controls (including management review control) related to the Company's valuation process, including assumptions around near and long-term revenue growth rates and discount rate.
- Testing the completeness of the identified assets acquired and liabilities assumed by comparison to the scheme of amalgamation, through discussions with the Company and their external valuation experts.
- Challenging the reasonableness of the key assumptions, including discount rate, near and long-term revenue growth rate and projected margins for indefinite life intangible asset based on future business prospects and external industry growth rate.
- Involving valuation professionals with specialised skills and knowledge to assist in:
  - Evaluating the appropriateness of the valuation methodologies applied and also, to test the inputs to the valuation models used to determine the value of the tangible and intangible assets.

The key audit matter

How the matter was addressed in our audit

  - Evaluating the economic useful life for tangible and intangible assets.
  - Evaluating the discount rate and long-term revenue growth rate applied by the Company by comparing it to a range of rates that were independently developed using publicly available market indices and market data for comparable entities. Applying additional sensitivities to assess the reasonableness of the above key assumptions.
  - Evaluating market rates and replacement cost basis knowledge of the business and independent market sources to develop the fair value of property, plant and equipment.
- Testing data used to develop the estimate for completeness and accuracy.
- Involving our tax professionals with specialised skills and knowledge to assist in evaluating the management judgement to recognise and measure fair value of tax litigations, for selected matters.
- Evaluating the recognition of deferred tax liability for all temporary differences on date of acquisition (including those arising as a result of uncertainty over tax benefit of indefinite life intangibles).

Impairment assessment of Food & Refreshment Cash Generating Unit (F&R CGU)
See note 4 to the standalone financial statements

The key audit matter

As disclosed in note 4 to the standalone financial statement, the F&R CGU includes ₹17,301 crores of goodwill and ₹27,210 crores of indefinite life intangible assets which together represents 65% of total assets of the Company as at 31 March 2021.

The recoverable value of the F&R CGU which is based on the value in use model, has been derived from discounted forecast cash flow model. This model requires the Company to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook.

Due to the materiality of above assets in context of the standalone financial statements and sensitivity of discount rate and near and long-term revenue growth rate assumptions where a minor changes could have a significant impact on the recoverable value, we have considered the impairment assessment of F&R CGU to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures included:

- Understanding the process followed by the Company in respect of the annual impairment analysis for F&R CGU.
- Evaluating the design and implementation and testing the operating effectiveness of key internal controls related to the Company's process relating to review of the annual impairment analysis, including controls over determination of discount rate, near and long-term revenue growth rate and projected margins.
- Challenging the reasonableness of the assumptions, particularly forecasted revenue growth rate and margins based on our knowledge of the Company and market. Assessing historical accuracy by comparing past forecasts to actual results achieved.

Independent Auditor's Report (continued)

The key audit matter	How the matter was addressed in our audit
	• Involving the valuation professionals with specialised skills and knowledge to assist in evaluating the impairment model used and assumptions (including discount rate and long-term sales growth rate applied by the Company by comparing it to a range of rates that were independently developed using publicly available market indices and market data for comparable entities). Applying additional sensitivities to assess the reasonableness of the above key assumptions. • Testing data used to develop the estimate for completeness and accuracy. • Performing a sensitivity analysis to evaluate the impact of change in key assumption individually or collectively to the recoverable value. • Assessing the adequacy of the Company's disclosures in respect of its impairment testing.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone 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) specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act; and

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

3. 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:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements – Refer Note 23 to the standalone financial statements;

ii. The Company did not have any long-term contracts for which there were any material foreseeable losses. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on derivative contracts – Refer Note 43 to the standalone financial statements;

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

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

4. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 1105149AAAACH9056

Mumbai: 29 April 2021

Annexure A

to the Independent Auditor's report on the standalone financial statements of Hindustan Unilever Limited for the year ended 31 March 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of 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 have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. Further, for certain fixed assets which could not be physically verified during the year due to the current Covid-19 pandemic, the Company has extended its programme of physical verification by one more year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets.

(c) According to information and explanations given to us, the title deeds of immovable properties (including leasehold land and buildings), as disclosed in note 3 to the standalone financial statements, are held in the name of the Company, except for the following:

All amounts in ₹ crores

Particulars	Leasehold Land	Freehold Land	Buildings
Gross block as at 31 March 2021	0.04	0.17	92.59
Net block as at 31 March 2021	0.04	0.17	64.99
Total number of cases	1	2	14

(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 been substantially confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) According to information and explanations given to us, the Company has granted unsecured loans to two companies covered in the registered maintained under Section 189 of the Act. The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans granted by the Company to the companies covered in the register required to be maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, the unsecured loans granted to the companies and the interest thereon are repayable as per contractual terms of the loan agreements. The borrowers have been regular in payment of principal and interest as per the contractual terms.

(c) There are no overdue amounts of more than 90 days in respect of the unsecured loans granted to companies by the Company.

(iv) In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans granted, guarantees provided and investments made by the Company. The Company has not provided any security in connection with a loan to any other body corporate or person and accordingly, compliance under Sections 185 and 186 of the Act in respect of providing securities is not applicable to the Company.

(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. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(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

Annexure A (continued)

that prima facie, the specified 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, goods and services tax, duty of customs, 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, goods and services tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at 31 March 2021 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 services tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure I to this Report.

(viii) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. 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 financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(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 of the Company, 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) In our opinion and according to the information and explanations given to us, 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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 1105149AAAACH9056

Mumbai: 29 April 2021

Annexure I

(All amounts in ₹ crores)

Name of the Statute	Nature of dues	Amount Demanded	Amount Paid	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944#	Excise duty (including Interest and penalty, if applicable)	77.21	4.92	1982-2018	Appellate Authority up to Commissioner's level
Central Excise Act, 1944#	Excise duty (including Interest and penalty, if applicable)	93.95	6.39	1994-2018	Customs, Excise and Service Tax Appellate Tribunals of various states
Central Excise Act, 1944	Excise duty (including Interest and penalty, if applicable)	163.84	-	2007-2017	High Courts of various states
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	297.40	10.55	2011-2019	Appellate Authority up to Commissioner's level
Customs Act, 1962	Custom Duty, (including Interest and penalty, if applicable)	4.23	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)	142.37	39.35	1985-2018	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)	39.56	18.23	1992-2017	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)	283.47	104.52	1977-2018	High Courts of various states
Central Sales Tax Act, 1956 and Local Sales Tax Act	Sales tax (including interest and penalty, if applicable)	18.42	9.06	1997-2007	Supreme Court
Service tax (Finance Act, 1994)#	Service tax (including interest and penalty, if applicable)	114.34	5.53	2005-2017	Appellate Authority up to Commissioner's level
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, if applicable)	84.87	4.78	2003-2017	Customs, Excise and Service Tax Appellate Tribunals of various states
Goods and Service Tax Act, 2017	Goods and Services tax (including interest and penalty, if applicable)	1.41	0.05	2018-2020	Appellate Authority up to Commissioner's level
Goods and Service Tax Act, 2017	Goods and Services tax	365.84	90.00	2017-2018	Delhi High Court
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	94.74	-	1979-80, 1991, 2009-10	Appellate Authority up to Commissioner's Level
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	157.96	-	2011-12, 2013-14, 2014-15	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961*	Income Tax (including interest and penalty, if applicable)	1,289.68	99.08	2007-08 to 2015-16	Income Tax Appellate Tribunal, Chandigarh

*These demands relate to GlaxoSmithKline Consumer Healthcare Limited, which was acquired by the Company on 1st April, 2020.

#These include demands raised on GlaxoSmithKline Consumer Healthcare Limited, which was acquired by the Company on 1st April, 2020

Annexure B

to the Independent Auditor's report on the standalone financial statements of Hindustan Unilever Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Section 143(3)(i) of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hindustan Unilever Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 standalone financial statements were established and maintained and whether 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 1105149AAAACH9056

Mumbai: 29 April 2021

Standalone Balance Sheet
as at 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,786	4,625
Capital work-in-progress	3	623	513
Goodwill	4	17,316	36
Other intangible assets	4	27,925	395
Financial assets			
Investments in subsidiaries, associates and joint venture	5	310	250
Investments	6	2	2
Loans	7	520	453
Other financial assets	8	613	3
Non-current tax assets (net)	9D	1,200	1,016
Deferred tax assets (net)	9C	-	261
Other non-current assets	10	181	140
Current assets			
Inventories	11	3,383	2,636
Financial assets			
Investments	6	2,683	1,248
Trade receivables	12	1,648	1,046
Cash and cash equivalents	13	1,740	3,130
Bank balances other than cash and cash equivalents mentioned above	14	2,581	1,887
Other financial assets	8	1,150	1,410
Other current assets	15	438	533
Assets held for sale	16	17	18
Total assets		**68,116**	**19,602**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	235	216
Other equity	18A	47,199	7,815
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	945	853
Provisions	20	1,551	1,198
Non-current tax liabilities (net)	9D	1,359	416
Deferred tax liabilities (net)	9C	5,986	-
Current liabilities			
Financial liabilities			
Trade payables			
total outstanding dues of micro enterprises and small enterprises	21	64	-
total outstanding dues of creditors other than micro enterprises and small enterprises	21	8,563	7,399
Other financial liabilities	19	1,156	869
Other current liabilities	22	567	418
Provisions	20	491	418
Total equity and liabilities		**68,116**	**19,602**
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities and commitments	23		

The accompanying notes 1 to 44 are an integral part of these standalone financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson – Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Standalone Statement of Profit and Loss
for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
INCOME			
Revenue from operations	24	45,996	38,785
Other income	25	513	733
TOTAL INCOME		**46,509**	**39,518**
EXPENSES			
Cost of materials consumed	26	14,951	11,572
Purchases of stock-in-trade	27	7,117	6,342
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	28	(391)	(121)
Employee benefits expenses	29	2,229	1,691
Finance costs	30	108	106
Depreciation and amortisation expenses	31	1,012	938
Other expenses	32	10,766	9,701
TOTAL EXPENSES		**35,792**	**30,229**
Profit before exceptional items and tax		10,717	9,289
Exceptional items (net)	33	(227)	(197)
Profit before tax		**10,490**	**9,092**
Tax expenses			
Current tax	9A	(2,458)	(2,202)
Deferred tax charge	9A	(78)	(152)
PROFIT FOR THE YEAR (A)		**7,954**	**6,738**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	38C	(3)	(68)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	9A	1	17
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	18C	(0)	(1)
Fair value of cash flow hedges through other comprehensive income	18C	70	(77)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	9A	0	0
Fair value of cash flow hedges through other comprehensive income	9A	(47)	40
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (B)		**21**	**(89)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		**7,975**	**6,649**
Earnings per equity share			
Basic (Face value of ₹1 each)	34	₹33.85	₹31.13
Diluted (Face value of ₹1 each)	34	₹33.85	₹31.12
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes 1 to 44 are an integral part of these standalone financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Standalone Statement of Changes in Equity

for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2019	17	216
Changes in equity share capital during the year		0
As at 31st March, 2020	17	216
Changes in equity share capital during the year		19
As at 31st March, 2021	17	235

B. OTHER EQUITY

	Reserves and Surplus						Items of Other Comprehensive Income (OCI)			
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Options Outstanding Account	Retained Earnings	Other Reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Cash flow Hedges through OCI	Total
As at 31st March, 2019	4	6	142	25	7,303	9	(47)	1	-	7,443
Transition impact of Ind AS 116, net of tax	-	-	-	-	(35)	-	-	-	-	(35)
Restated Balance as at 1st April, 2019	4	6	142	25	7,268	9	(47)	1	-	7,408
Profit for the year	-	-	-	-	6,738	-	-	-	-	6,738
Transfer to retained earnings	-	-	-	-	(47)	-	47	-	-	-
Other comprehensive income for the year	-	-	-	-	(51)	-	-	(1)	(37)	(89)
Total comprehensive income for the year	-	-	-	-	6,640	-	47	(1)	(37)	6,649
Dividend on equity shares for the year (Note: 35)	-	-	-	-	(5,196)	-	-	-	-	(5,196)
Dividend distribution tax (Note: 35)	-	-	-	-	(1,048)	-	-	-	-	(1,048)
Issue of equity shares on exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	2	-	-	-	-	-	2
As at 31st March, 2020	4	6	153	16	7,664	9	-	-	(37)	7,815

(All amounts in ₹ crores, unless otherwise stated)

	Reserves and Surplus						Items of Other Comprehensive Income (OCI)			
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Employee Stock Options Outstanding Account	Retained Earnings	Other Reserves	Remeasurements of net defined benefit plans	Debt instruments through OCI	Cash flow Hedges through OCI	Total
As at 1st April, 2020	4	6	153	16	7,664	9	-	-	(37)	7,815
Profit for the year	-	-	-	-	7,954	-	-	-	-	7,954
Other comprehensive income for the year	-	-	-	-	(2)	-	-	(0)	23	21
Total comprehensive income for the year	-	-	-	-	7,952	-	-	(0)	23	7,975
Hedging loss/(gain) transferred to non-financial assets (net)	-	-	-	-	-	-	-	-	34	34
Dividend on equity shares for the year (Note: 35)	-	-	-	-	(8,811)	-	-	-	-	(8,811)
Issue of equity shares on account of business combination (Refer note 40)	-	-	40,223	-	-	-	-	-	-	40,223
Stamp Duty on issue of equity shares on account of business combination (Refer note 40)	-	-	(44)	-	-	-	-	-	-	(44)
Deferred Tax on Stamp duty (Refer Note 9A)	-	-	9	-	-	-	-	-	-	9
Issue of equity shares on exercise of employee stock options	-	-	9	(9)	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	(2)	-	-	-	-	-	(2)
As at 31st March, 2021	4	6	40,350	5	6,805	9	-	(0)	20	47,199

a) Refer Note 18B for nature and purpose of reserves

The accompanying notes 1 to 44 are an integral part of these standalone financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Standalone Statement of Cash Flows
for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	10,490	9,092
Adjustments for:		
Depreciation and amortisation expenses	1,069	938
(Profit)/loss on sale of property, plant and equipment	(57)	50
Government grant accrued (net)	13	(104)
Contingent consideration true up for business combination	(22)	(26)
Finance income	(350)	(500)
Dividend income	(102)	(96)
Other non-operating income – Fair value (gain)/loss on investments	(61)	(137)
Interest expense	108	106
Provision for expenses on employee stock options	(2)	2
Impairment of non-current investments	-	4
Inventory written off net of Provision/(write back) for Inventory	195	155
Bad debts/assets written off net of Provision/(write back)	74	12
Mark-to-market loss/(gain) on derivative financial instruments	25	(23)
Cash Generated from operations before working capital changes	**11,380**	**9,473**
Adjustments for:		
(Increase)/decrease in Non-Current Assets	1	(16)
(Increase)/decrease in Current Assets	(395)	351
(Increase)/decrease in Inventories	(472)	(369)
Increase/(decrease) in Non-Current Liabilities	30	59
Increase/(decrease) in Current Liabilities	780	272
Cash generated from operations	**11,324**	**9,770**
Taxes paid (net of refunds)	(2,367)	(2,465)
Net cash generated from operating activities – [A]	**8,957**	**7,305**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(629)	(754)
Sale proceeds of property, plant and equipment	97	52
Purchase of intangible assets	(3,422)	(11)
Investment in subsidiary	(60)	-
Contingent consideration paid on business combination	(33)	(30)
Purchase of current investments	(38,450)	(34,074)
Sale proceeds of current investments	37,076	35,656
Stamp duty on issue of equity shares	(44)	-
Loans given to subsidiaries	(180)	(292)
Loans repaid by subsidiaries	126	257
Investment in term deposits (having original maturity of more than 3 months)	(2,375)	(4,979)
Redemption/maturity of term deposits (having original maturity of more than 3 months)	6,139	5,646
Investment in non-current deposits with banks	1	-
Interest received	285	359
Dividend received from subsidiaries	101	95
Dividend received from others	1	1
Net cash (used in)/generated from investing activities – [B]	**(1,367)**	**1,926**

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2021	Year ended 31st March, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(8,811)	(5,196)
Dividend distribution tax paid	-	(1,048)
Principal payment of lease liabilities	(383)	(352)
Interest paid on lease liabilities	(81)	(74)
Interest paid other than on lease liabilities	(5)	(6)
Proceeds from share allotment under employee stock options/performance share schemes	0	0
Net cash used in financing activities – [C]	**(9,280)**	**(6,676)**
Net (decrease)/increase in cash and cash equivalents – [A+B+C]	**(1,690)**	**2,555**
Add: Cash and cash equivalents at the beginning of the year	3,130	575
Add: Cash acquired under Business Combination (refer note 40)	300	-
Cash and cash equivalents at the end of the year (refer note 13)	**1,740**	**3,130**

Note: The above Standalone 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 1 to 44 are an integral part of these standalone financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Srinivas Phatak
Executive Director Finance & IT and CFO
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Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Notes

to the standalone financial statements for the year ended 31st March, 2021

(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 in the FMCG business comprising primarily of Home Care, Beauty & Personal Care and Foods & Refreshment segments. The Company has manufacturing facilities across the country and sells primarily in India.

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 as amended from time to time.

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, paragraph 66 and 69 of Ind AS 1 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 to these financial statements.

The financial statements of the Company for the year ended 31st March, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 29th April, 2021.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention except for certain class of financial assets/liabilities, share based payments and net liability for defined benefit plans that are measured at fair value.

2.2 Key Accounting Estimates and Judgements

The preparation of 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 judgements 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 judgements 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 38

(b) Measurement and likelihood of occurrence of provisions and contingencies – Notes 20 and 23

(c) Recognition of deferred tax assets – Note 9

(d) Key assumptions used in discounted cash flow projections – Note 40

(e) Impairment of Goodwill and Intangible assets – Note 4

(f) Indefinite useful life of certain intangible assets – Note 4

(g) Measurement of Lease liabilities and Right of Use Asset – Note 3 and Note 19

(h) Fair valuation of assets acquired and liabilities assumed as part of business combination – Note 40.

Notes

to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

2.3 Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

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.

Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Property, plant and equipment acquired in a business combination are recognised at fair value at the acquisition date.

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

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 standalone 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".

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-Current Assets".

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:

Intangible assets purchased are initially measured at cost.

The cost of an intangible asset comprises its purchase price including duties and taxes and any costs directly attributable to making the asset ready for their intended use.

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.

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Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

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 estimated 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
Trademarks	- 5 years
Distribution network	- 15 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.

Indefinite-life intangible assets comprises of trademarks and brands, for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. These are considered to have an indefinite life, given the strength and durability of the brands and the level of marketing support.

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)] and is tested for impairment annually.

(c) Investments in Subsidiaries, Associates and Joint Venture:

Investments in Subsidiaries, Associates and Joint Venture 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 recognised 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 raw materials and stores and spares includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss.

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 cash, balances with bank and short-term (three months or less from the date of placement), 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 the following criteria 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

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(FVTPL), its transaction cost is recognised in the statement of profit and loss. In other cases, the transaction cost is 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).

Financial assets are not reclassified subsequent to their recognition, except during 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 '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 (FVOCI):

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 recognised 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 (FVTPL):

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 to hedge its foreign currency and commodity risks. Derivatives are measured at fair value. The treatment of changes in the value of derivative depends on their use as explained below:

Cash flow hedges:

Derivatives are held to hedge the uncertainty in timing or amount of future forecast cash flows. Such derivatives are classified as being part of cash flow hedge relationships. For an effective hedge, gains and losses from changes in the fair value of derivatives

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are recognised in other comprehensive income. Any ineffective elements of the hedge are recognised in the statement of profit and loss.

If the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts accumulated in other comprehensive income are taken to the statement of profit and loss at the same time as the related cash flow.

When a derivative no longer qualifies for hedge accounting, any cumulative gain or loss remains in equity until the related cash flow occurs. When the cash flow takes place, the cumulative gain or loss is taken to the statement of profit and loss. If the hedged cash flow is no longer expected to occur, the cumulative gain or loss is taken to the statement of profit and loss immediately.

Derivatives for which hedge accounting is not applied

Derivative financial instruments for which hedge accounting is not applied are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently measured at FVTPL.

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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Impairment of Financial Asset

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables

ii. Financial assets measured at amortised 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 recognised 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 recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised 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 recognising 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.

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 allowance recognised (or reversed) during the period is recognised as income/expense in the Statement of Profit and Loss under the head 'Other expenses'.

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Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

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. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

(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 control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured on the basis of contracted price, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Commission income on consignment sales (Consignment selling agency fees) is charged for rendering of services and for the use of the Company's sales and distribution network. Such revenue is recognised in the accounting period in which the services are rendered in accordance with the agreement with the parties.

Interest income is recognised using the effective interest rate (EIR) method.

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

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(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:

Short-Term Employee Benefits

Short-term employee benefits including salaries and performance incentives, are charged to standalone statement of profit and loss on an undiscounted, accrual basis during the period of employment.

Defined contribution plans

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

Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical benefits (in respect of certain employees) including to the employees of group companies.

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 expected 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: Provisions, Contingent Liabilities and Contingent Assets 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.

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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 39 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 intangible assets 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 value in use and its fair value less cost of disposal. Value in use is 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 discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

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.

(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 for the relevant period, 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 other income.

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

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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.

Uncertain Tax position

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The provision is estimated based on one of two methods, the expected value method (the sum of the probability weighted amounts in a range of possible outcomes) or the single most likely amount method, depending on which is expected to better predict the resolution of the uncertainty.

(o) Leases:

The Company's lease asset classes primarily consist of leases for Land and Buildings and Plant & Equipment. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(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 are recognised in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities are translated into functional currency at exchange rates in effect at the balance sheet date, the gain or loss arising from such translations 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

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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 in the standalone statement of profit and loss as incurred, other than those incurred in relation to the issue of debt or equity securities which are directly adjusted in other equity. 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.

(s) Indemnification Asset:

Initial recognition

Indemnification asset is recognised at fair value at the time when the seller contractually agrees to indemnify, in whole or in part, for a particular uncertainty. It is initially measured on the same basis as defined in the agreement, subject to collectability.

Subsequent measurement

As at each reporting period, the Company re-assesses the indemnification asset that was recognised initially on the same basis as defined in the contract subject to collectability of such asset. The Company derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

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NOTE 3 PROPERTY, PLANT AND EQUIPMENT
Refer Note 2.4 (a) and 2.4 (o) for accounting policy on Property, Plant and Equipment and Leases

Property, plant and equipment	As at 31st March, 2021	As at 31st March, 2020
Owned Assets	4,795	3,825
Leased Assets	991	800
Total	**5,786**	**4,625**

A. Owned Assets

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block						
Balance as at 31st March, 2019	59	1,434	3,798	69	89	5,449
Additions	-	102	493	5	26	626
Disposals/Reclassifications	-	(7)	(307)	59	16	(239)
Balance as at 31st March, 2020	59	1,529	3,984	133	131	5,836
Additions through business combination (Refer Note 40)	421	367	328	1	16	1,133
Additions	-	56	448	6	23	533
Disposals/Reclassifications	(3)	(11)	(49)	(1)	(2)	(66)
Balance as at 31st March, 2021	477	1,941	4,711	139	168	7,436
Accumulated Depreciation						
Balance as at 31st March, 2019	-	173	1,317	33	46	1,569
Additions	-	76	442	19	31	568
Disposals/Reclassifications	-	15	(174)	27	6	(126)
Balance as at 31st March, 2020	-	264	1,585	79	83	2,011
Additions*	-	89	524	11	30	654
Disposals/Reclassifications	-	(1)	(20)	(1)	(2)	(24)
Balance as at 31st March, 2021	-	352	2,089	89	111	2,641
Net Block						
Balance as at 31st March, 2020	59	1,265	2,399	54	48	3,825
Balance as at 31st March, 2021	477	1,589	2,622	50	57	4,795

*Includes ₹57 crores of accelerated depreciation which has been charged to exceptional items under a restructuring project

NOTES:

(a) Buildings include ₹0 crore (31st March, 2020: ₹0 crore) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold land and building, net block aggregating ₹65 crores (31st March, 2020: ₹51 crores) are in the process of perfection of title.

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(c) 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, 2020	0	62	0	0	62
Accumulated Depreciation as at 31st March, 2020	(0)	(35)	(0)	(0)	(35)
Net Block as at 31st March, 2020	0	27	0	0	27
Gross Block as at 31st March, 2021	0	73	0	0	73
Accumulated Depreciation as at 31st March, 2021	(0)	(39)	(0)	(0)	(39)
Net Block as at 31st March, 2021	0	34	0	0	34

The lease payments received under operating leases amounting to ₹12 crores (FY 2019-20: ₹13 crores) are recognised as a credit to the standalone statement of profit and loss.

B. Leased Assets

	Land & Building	Plant, equipment and others*	Total
Gross Block			
Balance as at 31st March, 2019	27	-	27
Addition on account of transition to Ind AS 116 - 1st April, 2019	146	527	673
Additions	268	212	480
Deletions	(100)	(34)	(134)
Balance as at 31st March, 2020	341	705	1,046
Additions through business combination (Refer Note 40)	47	29	76
Additions#	221	470	691
Deletions	(164)	(221)	(385)
Balance as at 31st March, 2021	445	983	1,428
Accumulated Depreciation			
Balance as at 31st March, 2019	0	-	0
Additions	159	196	355
Deletions	(82)	(27)	(109)
Balance as at 31st March, 2020	77	169	246
Additions	188	202	390
Deletions	(118)	(81)	(199)
Balance as at 31st March, 2021	147	290	437
Net Block			
Balance as at 31st March, 2020	264	536	800
Balance as at 31st March, 2021	298	693	991

*Others include Furniture and fixtures & office equipments

#includes addition of ₹190 crores pertaining to prior period with corresponding impact taken in lease liabilities

NOTES:

(a) The Company incurred ₹83 crores for the year ended 31st March, 2021 (31st March, 2020: ₹102 crores) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹547 crores for the year ended 31st March, 2021 (31st March, 2020: ₹528 crores), including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹81 crores for the year ended 31st March, 2021 (31st March, 2020: ₹74 crores).

Notes

to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company's leases mainly comprise of land and buildings, plant, equipment and furniture and fixtures. The Company leases land and buildings for manufacturing and warehouse facilities.

(c) The title deeds of Leasehold Land, net block aggregating ₹0 crore (31st March, 2020: ₹1 crore) are in the process of perfection of title.

(d) Lease commitments and Lease liability: Refer Note 23 B and Note 19 respectively.

C. Capital work-in-progress

Capital work-in-progress as at 31st March, 2021 is ₹623 crores (31st March, 2020: ₹513 crores).

₹533 crores has been capitalised and transferred to property, plant and equipment during the year ended 31st March, 2021 (31st March, 2020: ₹626 crores).

For contractual commitment with respect to property, plant and equipment refer Note 23 B(ii).

NOTE 4 GOODWILL AND OTHER INTANGIBLE ASSETS

Refer Note 2.4 (b) and 2.4 (r) for accounting policy on Intangible Assets and Business combination

	Goodwill	Other intangible assets					
		Indefinite life intangible assets	Finite Life Intangible assets				
		Brands/ Trademarks	Brands/ Trademarks	Knowhow and Design	Computer Software	Others	Total
Gross Block							
Balance as at 31st March, 2019	36	311	18	65	26	27	447
Additions	-	-	-	-	11	-	11
Disposals	-	-	-	-	(1)	-	(1)
Balance as at 31st March, 2020	36	311	18	65	36	27	457
Additions through business combinations (Refer Note 40)	17,280	24,335	-	-	4	80	24,419
Additions	-	3,136	-	-	0	-	3,136
Disposals	-	-	-	-	0	-	0
Balance as at 31st March, 2021	17,316	27,782	18	65	40	107	28,012
Accumulated Amortisation and Impairment							
Balance as at 31st March, 2019	-	-	6	19	20	2	47
Additions	-	-	3	7	2	3	15
Disposals	-	-	-	-	(0)	-	(0)
Balance as at 31st March, 2020	-		9	26	22	5	62
Additions	-	-	3	7	5	10	25
Disposals	-	-	-	-	0	-	0
Balance as at 31st March, 2021	-	-	12	33	27	15	87
Net Block							
Balance as at 31st March, 2020	36	311	9	39	14	22	395
Balance as at 31st March, 2021	17,316	27,782	6	32	13	92	27,925

Other Intangibles include Customer Relationship, Distribution network, etc.

Notes

to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Impairment Charges

The goodwill and indefinite life intangible assets are tested for impairment annually. No impairment charges were identified for FY 2020-21 (Nil for FY 2019-20).

Significant Cash Generating Units (CGUs)

The Company has identified its reportable segments, i.e. Home Care, Beauty & Personal Care, Foods & Refreshment and Others as the CGUs. The goodwill and brand/trademark (with indefinite life) acquired through business combinations have been allocated to CGU 'Beauty & Personal Care' and "Foods & Refreshment" segment of the Company. The carrying amount of goodwill and brand/trademark (with indefinite life) is as under:

	As at 31st March, 2021		As at 31st March, 2020	
	Beauty & Personal Care	Foods & Refreshment	Beauty & Personal Care	Foods & Refreshment
Goodwill	15	17,301	0	36
Indefinite life intangible assets	572	27,210	311	-
Total	**587**	**44,511**	**311**	**36**

Following key assumptions were considered while performing Impairment testing

The recoverable amount of each CGU has been calculated based on its value in use, estimated as the present value of projected future cash flows.

	As at 31st March, 2021		As at 31st March, 2020	
	Beauty & Personal Care	Foods & Refreshment	Beauty & Personal Care	Foods & Refreshment
Annual Growth rate for 5 years	8.0%	11.0%	7.0%	7.0%
Terminal Growth rate	3.5%	3.5%	2.0%	2.0%
Weighted Average Cost of Capital % (WACC) post tax (Discount rate)	8.9%	8.9%	9.1%	9.1%
Average segmental margins	**28.5%**	**16.6%**	**28.4%**	**16.7%**

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 and segmental margins used to estimate cash flows for the first five years are based on past performance, and on the Company's five-year strategic plan.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Company).

Average segmental margins are based on FY 2020-21 performance.

The Company has performed sensitivity analysis around the base assumptions and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of a CGU to exceed its recoverable amount.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 5 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Refer Note 2.4 (c) for accounting policy on Investment in Subsidiaries, Associates and Joint Venture

	As at 31st March, 2021	As at 31st March, 2020
Investment in equity instruments – Subsidiaries		
Quoted		
7,36,560 equity shares [31st March, 2020: 7,36,560] of Nepalese ₹100 each held in Unilever Nepal Limited	5	5
Unquoted		
29,75,000 equity shares [31st March, 2020: 29,75,000] of ₹10 each held in Unilever India Exports Limited	73	73
3,59,07,547 equity shares [31st March, 2020: 3,59,07,547] of ₹10 each held in Lakme Lever Private Limited	172	172
60,00,00,000 equity shares [31st March, 2020: Nil] of ₹1 each held in Unilever India Limited	60	-
1,79,10,132 equity shares [31st March, 2020: 1,79,10,132] of ₹1 each held in Pond's Export Limited [net of impairment in value of ₹3 crores (31st March, 2020: ₹3 crores)]	-	-
50,00,000 equity shares [31st March, 2020: 50,00,000] of ₹10 each held in Jamnagar Properties Private Limited [net of impairment in value of ₹5 crores (31st March, 2020: ₹ 5 crores)]	-	-
2,21,700 equity shares [31st March, 2020: 2,21,700] of ₹10 each held in Daverashola Estates Private Limited [net of impairment in value of ₹4 crores (31st March, 2020: ₹4 crores)]	-	-
50,000 equity shares [31st March, 2020: 50,000] of ₹10 each held in Levindra Trust Limited	0	0
50,000 equity shares [31st March, 2020: 50,000] of ₹10 each held in Hindlever Trust Limited	0	0
50,000 equity shares [31st March, 2020: 50,000] of ₹10 each held in Levers Associated Trust Limited	0	0
7,600 equity shares [31st March, 2020: 7,600] of ₹10 each held in Hindustan Unilever Foundation	0	0
10,000 equity shares [31st March, 2020: 10,000] of ₹10 each held in Bhavishya Alliance Child Nutrition Initiatives	0	0
Total	**310**	**250**
Aggregate amount of quoted investments	5	5
Aggregate Market value of quoted investments	930	884
Aggregate amount of unquoted investments	305	245
Aggregate amount of impairment in value of investments	12	12

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. These investments are included in "Note 6 - Investments" in the standalone financial statements.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Information about Subsidiaries

Name of the Company	Country of incorporation	Principal activities	Proportion (%) of equity interest As at 31st March, 2021	As at 31st March, 2020
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 India Limited#	India	FMCG business	100	NA
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Export Limited	India	Leather products business (discontinued operations)	90*	90*
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	76*	76*
Bhavishya Alliance Child Nutrition Initiatives	India	Not-for-profit Company that works in the area of social development issues	100	100

*Hindustan Unilever Limited (the Company) indirectly holds remaining percentage of the Equity Share Capital through one of its 100% subsidiary (Unilever India Exports Limited).

#On 7th June, 2020, Unilever India Limited a wholly-owned subsidiary of the Company was incorporated with an authorised share capital of ₹2,000 crores and paid up capital of ₹60 crores.

NOTE 6 INVESTMENTS

Refer Note 2.4 (g) for accounting policy on Investments

	As at 31st March, 2021	As at 31st March, 2020
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	1
Total (B)	**1**	**1**
Total Non-Current Investments (A+B)	**2**	**2**

Refer Note 41 for details on non-current investments.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 6 INVESTMENTS (CONTINUED)

	As at 31st March, 2021	As at 31st March, 2020
Current Investments		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	647	-
Fair value through profit and loss		
Quoted		
Investments in mutual funds	2,036	1,248
Total Current Investments (C)	**2,683**	**1,248**
Total (A+B+C)	**2,685**	**1,250**
Aggregate amount of quoted investments	2,683	1,248
Aggregate Market value of quoted investments	2,683	1,248
Aggregate amount of unquoted investments	2	2
Aggregate amount of impairment in value of investments	0	0

Refer Note 36 for information about fair value measurement and Note 37 for credit risk and market risk of investments.

NOTE 7 LOANS

Refer Note 2.4 (g) for accounting policy on Loans

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Loans to related parties (Refer Note 41)	280	226
Security deposits	135	144
Others (including employee loans)*	105	83
Total	**520**	**453**
Sub-classification of Loans:		
Loan Receivables considered good – Secured	-	-
Loan Receivables considered good – Unsecured	520	453
Loan Receivables which have significant increase in Credit Risk	-	-
Loan Receivables - credit impaired	-	-

Refer Note 37 for information about credit risk and market risk for loans.

*Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 8 OTHER FINANCIAL ASSETS

(Unsecured, considered good unless otherwise stated)

Refer Note 2.4 (g) and 2.4 (s) for accounting policy on Financial Instruments and Indemnification Asset

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Investments in term deposits (with remaining maturity of more than twelve months)	0	1
Indemnification Asset (Refer Note 40)	608	-
Other assets (includes other receivables etc.)	5	2
Total (A)	**613**	**3**
Current		
Receivables from group companies	102	48
Fair Value of Derivatives	29	104
Investments in term deposits (with original maturity of more than twelve months but remaining maturity of less than twelve months)	-	599
Consignment Receivables	198	-
Other assets (includes Government grants, other receivables, etc.)	821	659
Total (B)	**1,150**	**1,410**
Total (A+B)	**1,763**	**1,413**

Refer Note 42 for information about receivables from related party.

Refer Note 37 for information about credit risk and market risk for other financial assets.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

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, 2021	Year ended 31st March, 2020
I. Tax expense recognised in Profit and Loss		
Current tax		
Current year	2,617	2,407
Adjustments/(credits) related to previous years – (net)	(159)	(205)
Total (A)	**2,458**	**2,202**
Deferred tax charge		
Origination and reversal of temporary differences	78	91
Adjustments/(credits) related to previous years – (net)	-	61
Total (B)	**78**	**152**
Total (A+B)	**2,536**	**2,354**
II. Tax expense recognised in Other Comprehensive Income		
Current tax		
(Gain)/loss on remeasurement of net defined benefit plans	-	-
(Gain)/loss on debt instruments through other comprehensive income	-	-
(Gain)/loss on cash flow hedges through other comprehensive income	-	-
Deferred tax		
(Gain)/loss on remeasurement of net defined benefit plans	(1)	(17)
(Gain)/loss on debt instruments through other comprehensive income	(0)	(0)
(Gain)/loss on cash flow hedges through other comprehensive income	47	(40)
	46	**(57)**
III. Tax expense recognised in Equity		
Current tax		
Stamp Duty on issue of equity shares on account of business combination	-	-
Deferred tax		
Stamp Duty on issue of equity shares on account of business combination	(9)	-
	(9)	**-**

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, 2021	Year ended 31st March, 2020
Statutory income tax rate applicable for the year	25.2%	25.2%
Differences due to:		
Expenses not deductible for tax purposes	1.1%	1.2%
Income exempt from income tax	-0.2%	-0.2%
Others*	-1.9%	-0.3%
Effective tax rate	**24.2%**	**25.9%**

*Others include prior period adjustment tax refunds, tax on exceptional items and impact of tax rate change (in FY 2019-20).

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Impact of tax rate change: During FY 2019-20, the Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company re-measured its Net Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change was recognised in the standalone statement of Profit and Loss for that year.

C. Movement in Deferred tax assets and liabilities

Movements during the year ended 31st March, 2020	As at 31st March, 2019	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2020
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	111	(92)	11	30
Provision for doubtful debts and advances	21	(7)	-	14
Expenses allowable for tax purposes when paid	225	(69)	5	161
Property, plant and equipment and Intangible assets	(365)	127	-	(238)
Fair value gain/(loss)	(74)	(2)	41	(35)
Impact of Right of Use Asset and Lease Liabilities	17	(17)	-	0
Other temporary differences	421	(92)	-	329
	356	**(152)**	**57**	**261**

Movements during the year ended 31st March, 2021	As at 31st March, 2020	Credit/(charge) on account of business combination#	Credit/ (charge) in Profit and Loss	Credit/(charge) in Other Comprehensive Income	Credit/ (charge) in Equity	As at 31st March, 2021
Deferred tax assets/ (liabilities)						
Provision for post retirement benefits and other employee benefits	30	-	6	1	-	37
Provision for doubtful debts and advances	14	2	15	-	-	31
Expenses allowable for tax purposes when paid/deductible	161	71	(55)	-	9	186
Property, plant and equipment and Intangible assets	(238)	(6,215)	(169)	-	-	(6,622)
Fair value gain/(loss)	(35)	(1)	64	(47)	-	(19)
Impact of Right of Use Asset and Lease Liabilities	0	1	0	-	-	1
Other temporary differences	329	10	61	-	-	400
	261	**(6,132)**	**(78)**	**(46)**	**9**	**(5,986)**

#Refer Note 40

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 9 INCOME TAXES (CONTINUED)
D. Tax Assets and Liabilities

	As at 31st March, 2021	As at 31st March, 2020
Non-current tax assets (net of tax provision)	1,200	1,016
Non-current tax liabilities (net of tax assets)	1,359	416

E. Uncertain Tax Position
During FY 2020-21, an uncertain tax provision was established in respect of the tax amortisation of certain intangible assets acquired upon the scheme of HUL-GSK CH merger (Refer Note 40). This is in compliance with Ind AS 12 – Income Taxes.

NOTE 10 OTHER NON-CURRENT ASSETS

	As at 31st March, 2021	As at 31st March, 2020
Capital advances	71	49
Advances other than Capital advances		
Deposit with Government Authorities (Customs, GST, etc.)	110	91
Other advances (includes advances for materials)	17	22
Less: Allowance for bad and doubtful advances	(17)	(22)
	181	**140**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	22	33
Change in allowance for bad and doubtful advances during the year	(1)	6
Written off during the year	(4)	(17)
Balance as at the end of the year	**17**	**22**

NOTE 11 INVENTORIES
Refer Note 2.4 (d) for accounting policy on Inventories

	As at 31st March, 2021	As at 31st March, 2020
Raw materials [includes in transit: ₹68 crores (31st March, 2020: ₹65 crores)]	1,228	907
Packing materials	96	79
Work-in-progress	428	254
Finished goods [includes in transit: ₹24 crores (31st March, 2020: ₹20 crores)] (Refer Note (a) below)	1,542	1,325
Stores and spares	89	71
	3,383	**2,636**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2020-21 an amount of ₹195 crores (31st March, 2020: ₹155 crores) was charged to the Standalone 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, 2020: Nil).

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 12 TRADE RECEIVABLES
Refer Note 2.4 (g) for accounting policy on Trade Receivables

	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables considered good – Secured	-	-
Trade Receivables considered good – Unsecured	1,670	1,059
Less: Allowance for expected credit loss	(22)	(13)
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	85	21
Less: Allowance for credit impairment	(85)	(21)
	1,648	**1,046**
The movement in change in allowance for expected credit loss and credit impairment		
Balance as at beginning of the year	34	28
Change in allowance for expected credit loss and credit impairment during the year	75	6
Trade receivables written off during the year	(2)	(0)
Balance as at the end of the year	**107**	**34**

Refer Note 37 for information about credit risk and market risk of trade receivables.

Refer Note 42 for information about receivables from related party.

NOTE 13 CASH AND CASH EQUIVALENTS
Refer Note 2.4 (e) for accounting policy on Cash and Cash Equivalents

	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	0	0
Balances with Banks		
In current accounts	121	2,927
Term deposits with original maturity of less than three months	1,619	203
	1,740	**3,130**

NOTE 14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks		
Unpaid dividend	206	174
Others (Escrow account)	-	17
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,375	1,696
	2,581	**1,887**

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 15 OTHER CURRENT ASSETS
(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2021	As at 31st March, 2020
Advances other than Capital advances		
Input taxes (GST, etc.)	122	262
Other advances (includes prepaid expenses etc.)	316	271
	438	533

NOTE 16 ASSETS HELD FOR SALE
Refer Note 2.4 (f) for accounting policy on Assets Held for Sale

	As at 31st March, 2021	As at 31st March, 2020
Groups of assets held for sale		
Land	3	3
Buildings	14	15
Plant and equipment	0	0
Furniture and fixtures	0	0
	17	18

Note: During FY 2019-20, the Company had identified certain land of ₹2 crores (NBV: ₹2 crores), plant and equipment of ₹0 crore (NBV: ₹0 crore) and building of ₹25 crores (NBV: ₹13 crores) which were moved from property, plant and equipment to assets held for sale. During FY 2020-21, the Company has sold land of ₹0 crore and buildings of ₹1 crore. The gain on such sale has been credited to the standalone statement of profit and loss under exceptional items.

NOTE 17 EQUITY SHARE CAPITAL

	As at 31st March, 2021	As at 31st March, 2020
Authorised		
2,85,00,00,000 (31st March, 2020: 2,25,00,00,000) equity shares of ₹1 each	285	225
Issued, subscribed and fully paid up		
2,34,95,67,819 (31st March, 2020: 2,16,48,44,187) equity shares of ₹1 each	235	216
	235	216

a) Reconciliation of the number of shares

	As at 31st March, 2021		As at 31st March, 2020	
Equity Shares	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,48,44,187	216	2,16,47,04,405	216
Add: Shares issued on account of business combination (Refer Note 40)	18,46,23,812	19*	-	-
Add: ESOP shares issued during the year (Refer Note 39)	99,820	0	1,39,782	0
Balance as at the end of the year	**2,34,95,67,819**	**235**	**2,16,48,44,187**	**216**

*Rounded up to nearest crore.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

b) Rights, preferences and restrictions attached to shares
Equity shares: The Company has one class of equity shares having a par value of ₹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, 2021	As at 31st March, 2020
Equity Shares of ₹1 each		
1,11,43,70,148 shares (31st March, 2020: 1,11,43,70,148) held by Unilever PLC, UK, the Holding Company	111	111
3,40,042,710 shares (31st March, 2020: 3,40,042,710) 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

Unilever PLC, UK, the Holding Company	As at 31st March, 2021	As at 31st March, 2020
Number of shares	1,11,43,70,148	1,11,43,70,148
% of holding	47.43%	51.48%

e) Shares reserved for issue under options

	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Amount	Number of shares	Amount
Under 2012 HUL Performance Share Scheme: equity shares of ₹1 each, at an exercise price of ₹1 per share (refer note 39)	25,049	0	1,47,765	0
	25,049	0	1,47,765	0

For terms and other details Refer Note 39.

f) For the period of preceding five years as on the Balance Sheet date, Issued, Subscribed and Paid-up Share Capital includes:

i. Aggregate of 18,46,23,812 (31st March, 2020: Nil) Equity shares of ₹1 each allotted as fully paid-up pursuant to HUL-GSK CH merger without payment being received in cash (Refer Note 40).

ii. Aggregate of 10,07,036 (31st March, 2020: 13,79,336) Equity shares allotted under the Employee stock option plan/performance share schemes as consideration for services rendered by employees for which only exercise price has been received in cash.

Notes
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(All amounts in ₹ crores, unless otherwise stated)

NOTE 18 OTHER EQUITY

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance

A. Summary of Other Equity balance

	As at 31st March, 2021	As at 31st March, 2020
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium	40,350	153
Employee Stock Options Outstanding Account	5	16
Retained Earnings	6,805	7,664
Other Reserves	9	9
Items of Other Comprehensive Income		
- Fair value of Cash flow hedges through OCI	20	(37)
- Fair value of Debt instruments through OCI	(0)	0
Total Other Equity	**47,199**	**7,815**

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets acquired, 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:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. 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. In case of business combinations, the difference between fair value and nominal value of shares issued on the acquisition date is accounted as securities premium.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions is recognised in standalone Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **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.

(f) **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.

(g) **Items of Other Comprehensive Income**

i) **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 are adjusted to retained earnings.

ii) **Fair value of cash flow hedges through Other Comprehensive Income:** The effective portion of the fair value change of the cash flow hedges measured at fair value through other comprehensive income is recognised in Cash flow hedges through Other Comprehensive Income. Upon derecognition, if the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts accumulated in other comprehensive income are taken to the standalone statement of profit and loss at the same time as the related cash flow.

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iii) **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 standalone 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	Cash flow hedges through Other Comprehensive Income	Debt instruments through Other Comprehensive Income	Total
As at 31st March, 2019	**(47)**	**-**	**1**	**(46)**
Transfer to retained earnings	47	-	-	47
Fair value of debt instruments through other comprehensive income	-	-	(1)	(1)
Fair Value of cash flow hedges in other comprehensive income	-	(77)	-	(77)
Tax on above	-	40	0	40
As at 31st March, 2020	**-**	**(37)**	**-**	**(37)**
Fair value of debt instruments through other comprehensive income	-	-	(0)	(0)
Fair Value of cash flow hedges in other comprehensive income	-	70	-	70
Hedging loss/(gain) transferred to non-financial asset (net)	-	34	-	34
Tax on above	-	(47)	0	(47)
As at 31st March, 2021	**-**	**20**	**(0)**	**20**

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 monitor 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.

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 19 OTHER FINANCIAL LIABILITIES
Refer Note 2.4 (g) and (o) for accounting policy on Financial Instruments and Leases

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Security deposits	28	26
Employee and ex-employee related liabilities	187	183
Contingent consideration payable on business combination	51	93
Lease Liabilities	679	551
Total (A)	**945**	**853**
Current		
Unpaid dividends [Refer (a) below]	206	174
Salaries, wages, bonus and other employee payable	249	188
Fair Value of Derivatives	4	158
Contingent consideration payable on business combination	41	37
Consignment Payables	244	-
Lease Liabilities	264	224
Other payables (including trade deposits, retention money for purchase of property, plant & equipment, etc.)	148	88
Total (B)	**1,156**	**869**
Total (A+B)	**2,101**	**1,722**

Refer Note 37 for information about liquidity risk of other financial liability.

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, 2021 (31st March, 2020: Nil).

NOTE 20 PROVISIONS
Refer Note 2.4 (h) for accounting policy on Provisions

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Provision for employee benefits (pension, post medical retirement benefits, etc.) [Refer Note 38]	220	154
Other provisions (including for statutory levies etc.) – net [Refer (a) below]	1,331	1,044
Total (A)	**1,551**	**1,198**
Current		
Provision for employee benefits (gratuity and compensated absences) [Refer Note 38]	92	70
Other provisions (including restructuring, etc.) [Refer (a) below]	399	348
Total (B)	**491**	**418**
Total (A+B)	**2,042**	**1,616**

Notes
to the standalone financial statements for the year ended 31st March, 2021

(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, 2019	485	902	1,387
Add: Provision/reclassified during the year*	145	137	282
Less: Amount utilised/reversed during the year	(72)	(205)	(277)
Balance as at 31st March, 2020	558	834	1,392
Add: Additions due to business combination (refer Note 40)	240	103	343
Add: Provision/reclassified during the year*	64	105	169
Less: Amount utilised/reversed during the year	(57)	(117)	(174)
Balance as at 31st March, 2021	**805**	**925**	**1,730**

*includes impact of discounting
#including restructuring provisions, etc.

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.

The Company does not expect any reimbursements in respect of the above provisions.

NOTE 21 TRADE PAYABLES
Refer Note 2.4 (g) for accounting policy on Trade Payables

	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro enterprises and small enterprises [Refer (a) below]	64	-
(as per the intimation received from vendors)		
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	101	120
Trade payables	8,462	7,279
	8,627	**7,399**

Refer Note 37 for information about liquidity risk and market risk related to trade payables.

a) Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

		As at 31st March, 2021	As at 31st March, 2020
A(i).	Principal amount remaining unpaid	64	-
A(ii).	Interest amount remaining unpaid	-	-
B.	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	0	-
C.	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	-	-
D.	Interest accrued and remaining unpaid	-	-
E.	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	-	-

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 22 OTHER CURRENT LIABILITIES

	As at 31st March, 2021	As at 31st March, 2020
Statutory dues (including provident fund, tax deducted at source and others)	474	264
Others (including advance from customers etc.)	93	154
	567	418

NOTE 23 CONTINGENT LIABILITIES AND COMMITMENTS

Refer Note 2.4 (h) for accounting policy on Contingent Liabilities

A. Contingent Liabilities

	As at 31st March, 2021	As at 31st March, 2020
Claims against the Company not acknowledged as debts		
Income tax matters	1,076	1,029
Indirect Tax matters	728	941
Legal and Other Matters	281	282
Corporate Guarantee given	1	8

(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.

(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 various direct tax, indirect 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 standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its standalone financial statements.

(iv) The Company has given Bank Guarantees in respect of certain contingent liabilities included above.

B. Commitments

i) Lease commitments

Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets and leases with term less than twelve months.

	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	79	91
Later than one year and not later than five years	108	186
Later than five years	-	1

ii) Capital commitments

	As at 31st March, 2021	As at 31st March, 2020
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	419	271
	419	271

Notes
to the standalone financial statements for the year ended 31st March, 2021

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NOTE 24 REVENUE FROM OPERATIONS

Refer Note 2.4 (i) for accounting policy on Revenue Recognition

	Year ended 31st March, 2021	Year ended 31st March, 2020
Sale of products	45,311	38,273
Other operating revenue*		
Income from services rendered	225	255
Commission income on consignment sales	264	-
Others (including Government grant, scrap sales, etc.)	196	257
	45,996	38,785

Total Government grant recognised ₹108 crores (31st March, 2020: ₹171 crores) (Refer Note 2.4 (j) for accounting policy on government grant).

Reconciliation of Revenue from sale of products with the contracted price

	Year ended 31st March, 2021	Year ended 31st March, 2020
Contracted Price	50,905	44,197
Less: Trade discounts, volume rebates, etc.	(5,594)	(5,924)
Sale of products	45,311	38,273

*There is no adjustment made to contract price for revenue recognised as other operating revenue.

Segment-wise Revenue from operations

	Year ended 31st March, 2021	Year ended 31st March, 2020
Home Care	13,959	13,642
Beauty & Personal Care	17,964	17,345
Foods & Refreshment	13,204	7,450
Others (includes Exports, Infant & Feminine Care etc.)	869	348
	45,996	38,785

NOTE 25 OTHER INCOME

Refer Note 2.4 (i) for accounting policy on Revenue Recognition

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income on		
Bank deposits	213	281
Current investments	6	39
Others (including interest on Income tax refunds)	131	180
Dividend income from		
Subsidiaries	101	95
Non-current investments	1	1
Other non-operating income		
Fair value gain on investments measured at fair value through profit or loss*	61	137
	513	733

*Includes realised gain on sale of investment of ₹52 crores (31st March, 2020: ₹65 crores).

Notes
to the standalone financial statements for the year ended 31st March, 2021

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NOTE 26 COST OF MATERIALS CONSUMED

	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw materials consumed	12,667	9,036
Packing materials consumed	2,284	2,536
	14,951	**11,572**

NOTE 27 PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2021	Year ended 31st March, 2020
Purchases of stock-in-trade	7,117	6,342
	7,117	**6,342**

NOTE 28 CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening inventories		
Finished goods	1,325	1,206
Work-in-progress	254	252
Closing inventories		
Finished goods	(1,542)	(1,325)
Work-in-progress	(428)	(254)
	(391)	**(121)**

NOTE 29 EMPLOYEE BENEFITS EXPENSES

Refer Note 2.4 (l) for accounting policy on Employee Benefits

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries and wages, bonus etc.	1,830	1,431
Contribution to provident funds and other funds	155	116
Defined benefit plan expense (Refer Note 38)	40	32
Share based payments to employees (Refer Note 39)	56	45
Workmen and staff welfare expenses	148	67
	2,229	**1,691**

NOTE 30 FINANCE COSTS

Refer Note 2.4 (l) and 2.4 (o) for accounting policy on Employee Benefits and Leases

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expense on bank overdraft and others	0	0
Net interest on the net defined benefit liability (Refer Note 38)	13	9
Unwinding of discount on provisions and liabilities	6	10
Unwinding of discount on employee and ex-employee related liabilities	4	6
Interest on lease liabilities	81	74
Others (including interest on taxes)	4	7
	108	**106**

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NOTE 31 DEPRECIATION AND AMORTISATION EXPENSES

Refer Note 2.4 (a), (b) and (o) for accounting policy on Property, Plant and Equipment, Intangible assets and Leases

	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation on property, plant and equipment (owned assets)*	597	568
Depreciation on property, plant and equipment (leased assets)	390	355
Amortisation on intangible assets	25	15
	1,012	**938**

*In addition to the above, ₹57 crores of accelerated depreciation has been charged to exceptional items under a restructuring project.

NOTE 32 OTHER EXPENSES

	Year ended 31st March, 2021		Year ended 31st March, 2020	
Advertising and promotion		4,737		4,686
Carriage and freight		1,674		1,460
Royalty				
- Technology	572		535	
- Brand	158	730	156	691
Fees for central services from Parent Company		446		380
Processing charges		413		182
Power, fuel, light and water		304		263
Rent		101		107
Travelling and motor car expenses		90		157
Repairs		150		142
Rates & taxes (excluding income tax)		7		38
Corporate social responsibility expense [Refer Note (b) below]		165		144
Miscellaneous expenses [Refer Note (a) below]		1,949		1,451
		10,766		**9,701**

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Miscellaneous expenses include:		
Auditor's remuneration and expenses		
Statutory audit fees	2	2
Tax audit fees	1	1
Others		
Fees for other audit related services	1	0
Fees for certification	1	1
Reimbursement of out-of-pocket expenses	0	0
Total	**5**	**4**

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NOTE 32 OTHER EXPENSES (CONTINUED)

(b) The Company has spent ₹165 crores (2019-20: ₹144 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: ₹162 crores (2019-20: ₹142 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	In cash	Yet to be paid in Cash	In cash	Yet to be paid in Cash
i) Construction/acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	165	-	144	-
Total	**165**	**-**	**144**	**-**

III. Above includes a contribution of ₹18 crores (2019-20: ₹28 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.

V. The Company does not wish to carry forward any excess amount spent during the year.

VI. The Company does not have any ongoing projects as at 31st March, 2021.

NOTE 33 EXCEPTIONAL ITEMS (NET)

	Year ended 31st March, 2021	Year ended 31st March, 2020
i) Profit on disposal of surplus properties	95	46
ii) Fair valuation of contingent consideration payable (refer note 40)	22	26
Total exceptional income (A)	**117**	**72**
i) Acquisition and disposal related cost	(156)	(132)
ii) Restructuring and other costs	(188)	(137)
Total exceptional expenditure (B)	**(344)**	**(269)**
Exceptional items (net) (A+B)	**(227)**	**(197)**

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NOTE 34 EARNINGS PER EQUITY SHARE

Refer Note 2.4 (q) for accounting policy on Earnings Per Share

	Year ended 31st March, 2021	Year ended 31st March, 2020
Earnings Per Share has been computed as under:		
Profit for the year	7,954	6,738
Weighted average number of equity shares outstanding during the year	2,34,95,42,101	2,16,47,95,829
Earnings Per Share (₹) – Basic (Face value of ₹1 per share)	₹33.85	₹31.13
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	50,297	1,96,123
Weighted average number of Equity shares (including dilutive shares) outstanding during the year	2,34,95,92,398	2,16,49,91,952
Earnings Per Share (₹) – Diluted (Face value of ₹1 per share)	₹33.85	₹31.12

NOTE 35 DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2021	Year ended 31st March, 2020
Dividend on equity shares declared and paid during the year		
Final dividend of ₹14.00 per share for FY 2019-20 (2018-19: ₹13.00 per share)	3,289	2,814
Dividend distribution tax on final dividend*	-	578
Special dividend of ₹9.50 per share for FY 2020-21	2,232	-
Interim dividend of ₹14.00 per share for FY 2020-21 (2019-20: ₹11.00 per share)	3,290	2,382
Dividend distribution tax on interim dividend*	-	470
	8,811	**6,244**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹17.00 per share for FY 2020-21 (2019-20: ₹14.00 per share)	3,994	3,289
	3,994	**3,289**
Payout ratio#	**92%**	**91%**

#Payout ratio excluding special dividend.

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) was applicable only up to FY 2019-20. DDT - net comprises credit in respect of tax paid under Section 115 O of the Income-tax Act, 1961 by the Company on dividend received from its subsidiaries.

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NOTE 36 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, 2021	As at 31st March, 2020
Financial Assets			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	6	647	-
ii. Fair value through profit and loss	6	2,038	1,250
Fair Value of Derivatives	8	29	104
Financial assets measured at amortised cost			
Investments	6	0	0
Loans	7	520	453
Investments in term deposits	8,14	2,375	2,296
Indemnification Asset	8	608	-
Other assets	8	826	661
		7,043	**4,764**
Financial Liabilities			
Financial liabilities measured at fair value			
Fair Value of Derivatives	19	4	158
Contingent consideration payable on business combination	19	92	130
Financial liabilities measured at amortised cost			
Security deposits	19	28	26
Employee Liabilities	19	436	371
Lease Liabilities	19	943	775
Other payables	19	148	88
		1,651	**1,548**

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, receivables from group companies, consignment receivables, trade payables, consignment 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.

Notes
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B. Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Standalone Statement of Profit and Loss are as follows:

	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
Financial assets measured at amortised cost			
Interest income	25	227	298
Dividend income	25	101	95
Allowance for expected credit loss and credit impairment	12	75	6
Financial assets measured at fair value through other comprehensive income			
Investment in debt instruments			
Interest income	25	6	39
Fair value gain/(loss) recognised in other comprehensive income	18C	(0)	(1)
Financial assets measured at fair value through profit or loss			
Fair value gain/(loss) on investment in debt instruments	25	61	137
Dividend income on non-current investment	25	1	1
Financial liabilities measured at amortised cost			
Interest on lease liabilities	30	81	74
Interest expense other than on lease liabilities	30	10	16
Financial liabilities measured at fair value			
Fair valuation of contingent consideration payable	33	22	26
Derivatives – foreign exchange forward contracts and cash flow hedges			
Fair value gain/(loss)	26,32	(152)	36

C. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into 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.

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NOTE 36 FINANCIAL INSTRUMENTS (CONTINUED)

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarised below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2021				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	647	-	-	647
ii. Fair Value through Profit or Loss	2,036	-	2	2,038
Fair Value of Derivatives	-	29	-	29
Liabilities at fair value				
Fair Value of Derivatives	-	4	-	4
Contingent consideration payable on business combination	-	-	92	92
As at 31st March, 2020				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	-	-	-	-
ii. Fair Value through Profit or Loss	1,248	-	2	1,250
Fair Value of Derivatives	-	104	-	104
Liabilities at fair value				
Fair Value of Derivatives	-	158	-	158
Contingent consideration payable on business combination	-	-	130	130

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of 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, 2020.

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, foreign exchange forward rates and commodity prices.

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), consignment receivable, trade payables, consignment payable 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.

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Significant Unobservable Inputs Used In Level 2 and Level 3 Fair Values

As at 31st March, 2021	Valuation techniques	Significant unobservable inputs	Sensitivity of input to fair value measurement
(a) Fair Value of Derivatives	Forward pricing: The fair value is determined using quoted forward exchange rates and the commodity derivative prices at the reporting date.	Not applicable	A 10% increase in prices of open trades would have led to approximately ₹ 2 crores gain in OCI. A 10% decrease in prices would have led to an equal but opposite effect.
(b) Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Forecast revenue:	10% increase in forecasted revenue per year will have additional liability of ₹ 5 crores and 10% decrease will have reduction in liability of ₹ 5 crores.
		Discount rate: 6.3%	1% increase in Discount rate will have reduction in liability of ₹1 crore. 1% decrease will have increase in liability of ₹1 crore.

As at 31st March, 2020	Valuation techniques	Significant unobservable inputs	Sensitivity of input to fair value measurement
(a) Fair Value of Derivatives	Forward pricing: The fair value is determined using quoted forward exchange rates and the commodity derivative prices at the reporting date.	Not applicable	A 10% increase in prices of open trades would have led to approximately ₹21 crores gain in OCI. A 10% decrease in prices would have led to an equal but opposite effect.
(b) Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Forecast revenue:	10% increase in forecasted revenue per year will have additional liability of ₹16 crores and 10% decrease will have reduction in liability of ₹20 crores.
		Discount rate: 6.9%	1% increase in Discount rate will have reduction in liability of ₹2 crores. 1% decrease will have increase in liability of ₹2 crores.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities is given below:

Reconciliation of movements in Level 3 valuations	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening	132	178
Additions during the year	12	-
Interest unwinding	5	10
Payments during the year	(33)	(30)
Gain recognised in profit and loss on fair value adjustment	(22)	(26)
Closing	**94**	**132**

NOTE 37 FINANCIAL RISK MANAGEMENT

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risk, credit risk and commodity 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.

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to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 FINANCIAL RISK MANAGEMENT (CONTINUED)

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, 2021 and 31st March, 2020. 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 assets and financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

			Undiscounted Amount		
	Note	Carrying amount	Within 1 year	More than 1 year	Total
As at 31st March, 2021					
Financial assets					
Non-derivative assets					
Cash and cash equivalents	13	1,740	1,740	-	1,740
Bank Balances other cash and cash equivalents	14	2,581	2,581	-	2,581
Trade Receivables	12	1,648	1,648	-	1,648
Loans	7	520	-	520	520
Investments	6	2,685	2,683	2	2,685
Consignment Receivable	8	198	198	-	198
Other financial asset	8	928	923	5	928
Derivative assets					
Fair Value of Derivatives	8	29	29	-	29
Financial liabilities					
Non-derivative liabilities					
Trade payables (including acceptances)	21	8,627	8,627	-	8,627
Employee liabilities	19	436	249	198	447
Security deposits	19	28	-	28	28
Unpaid dividend	19	206	206	-	206
Consignment Payable	19	244	244	-	244
Other Payables	19	148	148	-	148
Contingent consideration	19	92	41	55	96
Lease Liabilities	19	943	264	819	1,083
Derivative liabilities					
Fair Value of Derivatives	19	4	4	-	4

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(All amounts in ₹ crores, unless otherwise stated)

			Undiscounted Amount		
	Note	Carrying amount	Within 1 year	More than 1 year	Total
As at 31st March, 2020					
Financial assets					
Non-derivative assets					
Cash and Cash Equivalents	13	3,130	3,130	-	3,130
Bank Balances other cash and cash equivalents	14	1,887	1,887	-	1,887
Trade Receivables	12	1,046	1,046	-	1,046
Loans	7	453	-	453	453
Investments	6	1,250	1,248	2	1,250
Other financial asset	8	1,309	1,306	3	1,309
Derivative assets					
Fair Value of Derivatives	8	104	104	-	104
Financial liabilities					
Non-derivative liabilities					
Trade payables (including acceptances)	21	7,399	7,399	-	7,399
Employee liabilities	19	371	188	195	383
Security deposits	19	26	-	26	26
Unpaid dividend	19	174	174	-	174
Other Payables	19	88	88	-	88
Contingent consideration	19	130	37	105	142
Lease Liabilities	19	775	224	653	877
Derivative liabilities					
Fair Value of Derivatives	19	158	158	-	158

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;
- interest rate risk; and
- commodity 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.

Notes

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 FINANCIAL RISK MANAGEMENT (CONTINUED)

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, 2021, the unhedged exposure to the Company on holding financial assets (trade receivables) and liabilities (trade payables) other than in their functional currency amounted to ₹67 crores payable (net) [31st March, 2020: ₹5 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 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 ₹3 crores gain in the Statement of Profit and Loss (2019-20: ₹0 crore gain). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

Payable/(Receivable)	As at 31st March, 2021	As at 31st March, 2020
EUR	16	13
USD	4	(37)
GBP	11	5
SGD	16	10
SEK	9	7
NZD	8	3
Others	3	4
	67	**5**

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, 2021, the investments in debt mutual funds amounts to ₹2,036 crores (31st March, 2020: ₹1,248 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 ₹20 crores gain in the Standalone Statement of Profit and Loss (2019-20: ₹12 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. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits. As at 31st March, 2021, the investments in treasury bill amounts to ₹647 crores (31st March, 2020: Nil). 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 ₹0 crore gain in the Standalone Statement of Profit and Loss (2019-20: Nil). A 0.25% increase in interest rates would have led to an equal but opposite effect.

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Potential Impact of Risk	Management Policy	Sensitivity to Risk
4. Commodity Risk		
The Company is exposed to the risk of changes in commodity prices in relation to its purchase of certain raw materials. At 31st March, 2021, the Company had hedged its exposure to future commodity purchases with commodity derivatives valued at ₹5 crores (31st March, 2020: ₹32 crores). Hedges of future commodity purchases resulted in cumulative losses of ₹112 crores (31st March, 2020: ₹12 crores) being reclassified to the standalone statement of profit and loss as an adjustment to inventory purchase.	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 risk for the Company. The commodities are priced using pricing benchmarks and commodity derivatives are priced using exchange-traded pricing benchmarks. The 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 Company uses commodity swaps and option contracts to hedge against components of commodities where it is not possible to hedge the commodity in full.	A 10% increase in prices of open trades would have led to approximately ₹2 crores gain in OCI (2019-20 ₹21 crores gain). A 10% decrease in prices 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 indicate a low credit risk. 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 ₹280 crores (31st March, 2020: ₹226 crores).

The Company's maximum exposure to credit risk as at 31st March, 2021 and 31st March, 2020 is the carrying value of each class of financial assets.

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NOTE 38 EMPLOYEE BENEFIT PLANS

I. Defined Contribution Plans

Refer Note 2.4(l) for accounting policy on Employee Benefits.

Refer Note 29 for Company's contribution to the defined contribution plans with respect to provident fund and other funds.

II. 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 with an insurance service provider & Company managed trust. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, invested 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 for most employees are managed through investment made under Company managed trust & for some employees through insurance policy.

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 for 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.

Notes

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(All amounts in ₹ crores, unless otherwise stated)

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, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Present Value of Obligation	3,880	2,830	255	196
Fair Value of Plan Assets	(3,821)	(2,768)	(66)	(71)
(Asset)/Liability recognised in the Balance Sheet	**59**	**62**	**189**	**125**
Of which in respect of:				
Funded plans in surplus:				
Present Value of Obligation	133	12	-	-
Fair Value of Plan Assets	(194)	(26)	-	-
(Asset)/Liability recognised in the Balance Sheet*	**-***	**-***	**-**	**-**
*The excess of assets over liabilities in respect of Officer's Pension & Gratuity Plan II have not been recognised.				
Funded plans in deficit:				
Present Value of Obligation	3,747	2,818	201	196
Fair Value of Plan Assets	(3,688)	(2,756)	(66)	(71)
(Asset)/Liability recognised in the Balance Sheet	**59**	**62**	**135**	**125**
Unfunded plans in deficit:				
Present Value of Obligation	-	-	54	-
Fair Value of Plan Assets	-	-	-	-
(Asset)/Liability recognised in the Balance Sheet	**-**	**-**	**54**	**-**

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, 2019	2,635	2,665	30	81	157	76
Current service cost	-	112	112	-	0	0
Past service cost	-	5	5	-	-	-
Employee contributions	188	188	-	-	-	-
Interest cost	-	202	202	-	12	12
Interest income	199	-	(199)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	20	30	10	(2)	19	21
Actuarial (gain)/loss arising from experience adjustments	-	15	15	-	22	22
Employer contributions	126	-	(126)	-	-	-
Assets acquired/(settled)	(51)	(51)	-	-	-	-
Benefit payments	(336)	(336)	-	(14)	(14)	-
As at 31st March, 2020	**2,781**	**2,830**	**49**	**71**	**196**	**125**

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NOTE 38 EMPLOYEE BENEFIT PLANS (CONTINUED)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2020	2,781	2,830	49	71	196	125
Additions due to business combination	796	796	-	-	55	55
Current service cost	-	143	143	-	1	1
Change in asset ceiling	(28)	-	28	-	-	-
Employee contributions	242	242	-	-	-	-
Interest cost	-	238	238	-	17	17
Interest income	237	-	(237)	5	-	(5)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	3	3	-	(1)	(1)
Actuarial (gain)/loss arising from changes in financial assumptions	89	(5)	(94)	1	-	(1)
Actuarial (gain)/loss arising from experience adjustments	-	76	76	-	(1)	(1)
Employer contributions	147	-	(147)	1	-	(1)
Assets acquired/(settled)	(122)	(122)	-	-	-	-
Benefit payments	(321)	(321)	-	(12)	(12)	-
As at 31st March, 2021	**3,821**	**3,880**	**59**	**66**	**255**	**189**

C. Statement of Profit and Loss

The charge to the Standalone Statement of Profit and Loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Employee Benefit Expenses*:				
Current service cost	39	28	1	0
Past service cost	-	4	-	-
Finance costs*:				
Interest cost	51	51	17	12
Interest income	(50)	(48)	(5)	(6)
Net impact on profit (before tax)	**40**	**35**	**13**	**6**
Remeasurement of the net defined benefit plans:				
Actuarial (gains)/losses arising from changes in demographic assumptions	3	-	(1)	-
Actuarial (gains)/losses arising from changes in financial assumptions	(10)	31	(1)	21
Actuarial (gains)/losses arising from experience adjustments	(8)	(6)	(1)	22
Change in asset ceiling (gains)/losses	21	-	-	-
Net impact on other comprehensive income (before tax)	**6**	**25**	**(3)**	**43**

*Service cost and Finance cost excludes charges towards Officer's Pension and Provident Fund.

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D. Assets

The fair value of plan assets at the Balance Sheet date for our defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Quoted				
Government Debt Instruments	1,646	1,157	-	-
Other Debt Instruments	1,241	596	66	71
Equity	185	118	-	-
Total (A)	**3,072**	**1,871**	**66**	**71**
Unquoted				
Other Debt Instruments	228	490	-	-
Others	582	420	-	-
Total (B)	**810**	**910**	**-**	**-**
Total (A+B)	**3,882**	**2,781**	**66**	**71**

Note: Assets to the extent of ₹7 crores for Officer's Pension Fund (FY 2019-20: ₹14 crores) & ₹54 crores for Gratuity Fund (FY 2019-20: Nil) are not recognised.

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 Standalone Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
Financial Assumptions	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Discount rate (per annum)	6.7%	6.7%	6.7%	6.7%
Salary Escalation Rate (per annum)				
Management employees – for first 5years	8.0%	8.0%		
Management employees – after 5 years	8.0%	8.0%		
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 (2012-14) Ultimate table.

Mortality in Retirement: LIC Buy-out Annuity Rates & Published rates under S1PA Mortality table adjusted for Indian Lives.

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NOTE 38 EMPLOYEE BENEFIT PLANS (CONTINUED)

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	0.50%	-2.44%	0.50%	-4.8%
	Decrease	0.50%	2.60%	0.50%	5.2%
Salary escalation rate (per annum)	Increase	0.25%	1.41%	-	-
	Decrease	0.25%	-1.39%	-	-
Pension rate	Increase	0.25%	3.76%	-	-
	Decrease	0.25%	-3.68%	-	-
Life expectancy	Increase	1 year	2.8%	1 year	5.3%
	Decrease	1 year	-2.9%	1 year	-5.2%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	10.6%
	Decrease	-	-	1.00%	-9.1%

The sensitivity analysis 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 the next year for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2021	Year ended 31st March, 2020	
Gratuity Plan I	7.4	7.4	47.3
Gratuity Plan II	6.7	-	-
Management Pension	6.2	6.0	0.3
Officer's Pension	2.4	3.2	-
Provident Fund Plan I	8.9	8.7	92.6
Provident Fund Plan II	8.4	-	19.7
Post-retirement medical benefits Plan I	10.0	10.3	-
Post-retirement medical benefits Plan II	15.6	-	-

Plan I refers to existing employee benefit plans of the Company.

Plan II refers to employee benefit plans added pursuant to HUL-GSK CH merger.

Compensated absences

Employee Benefit expenses for the year include ₹10 crores (FY 2019-20: ₹1 crore) towards compensated absences.

Provision for compensated absences as on 31st March, 2021 is ₹42 crores (31st March, 2020: ₹21 crores).

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NOTE 39 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, underlying operating margin, and cumulative 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.

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
	Interim 2018	27-Jul-18	4,650			1.00	1.00

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 39 SHARE BASED PAYMENTS (CONTINUED)

		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	Outstanding at the end of the year
2012 HUL Performance Share Scheme	2016	-	-	-	-	-
		(93,008)	(4,659)	(1,035)	(96,632)	-
	Interim 2016	-	-	-	-	-
		(10,442)	(1,691)	(1,113)	(11,020)	-
	2017	82,043	-	-	82,043	-
		(1,11,880)	(7,434)	(5,141)	(32,130)	(82,043)
	Interim 2017	5,601	612	-	6,213	-
		(6,016)	-	(415)	-	(5,601)
	2018	55,471	-	22,888	11,564	21,019
		(59,053)	-	(3,582)	-	(55,471)
	Interim 2018	4,650	-	620	-	4,030
		(4,650)	-	-	-	(4,650)

*Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to FY 2019-20)

Weighted average equity share price at the date of exercise of options during the year was ₹2,021 (2019-20: ₹1,833).

Weighted average remaining contractual life of options as at 31st March, 2021 was 0.3 years (31st March, 2020: 0.4 years).

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 150% of grant level, depending on the achievement of the performance metrics. The performance metrics of GPSP are underlying sales growth, underlying operating margin, and cumulative operating cash flow. The performance metrics of MCIP are underlying sales growth, underlying EPS growth, return on invested capital and sustainability progress index. Under the SHARES Plan, eligible employees can invest up to ₹16,897 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 3/4 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 or four 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.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Effect of share based payment transactions on the Standalone Balance Sheet:

	As at 31st March, 2021	As at 31st March, 2020
Other non-current financial liabilities	79	73
Other current financial liabilities	91	78
Total carrying amount of liabilities	**170**	**151**

Effect of share based payment transactions on the Standalone Statement of Profit and Loss:

	As at 31st March, 2021	As at 31st March, 2020
Equity settled share based payments	(2)	2
Cash settled share based payments	58	43
Total expense on share based payments	**56**	**45**

NOTE 40 BUSINESS COMBINATION

Refer Note 2.4(r) for accounting policy on Business Combination

Acquisition of Indulekha Brand

On 7th April, 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 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, 2020, the fair value of the contingent consideration was ₹119 crores which was classified as other financial liability.

Deferred contingent consideration

Based on actual performance in financial year 2020-21, contingent consideration paid 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, 2021, the fair value of the contingent consideration is ₹80 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 input used in determining the fair value of deferred contingent consideration were domestic turnover projection of the brand.

Acquisition of Adityaa Milk Brand

On 26th September, 2018, the Company completed the acquisition of the brand 'Adityaa Milk' and its front-end distribution network from Vijaykant Dairy and Food Products Limited [VDFPL]. The deal comprised the acquisition of the brand 'Adityaa Milk', customer relationship, technical know-how, Property, Plant and Equipment, working capital and other intangible assets for a total consideration of ₹65 crores and a deferred contingent consideration of ₹18 crores. The deferred contingent consideration is payable after 3 year from acquisition date.

Basis the future projections of the performance of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March, 2020, the fair value of the contingent consideration was ₹11 crores which was classified as other financial liability.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 40 BUSINESS COMBINATION (CONTINUED)

Deferred contingent consideration

Based on actual performance in financial year 2020-21 and current view of future projections for the brand, the Company has reviewed, and determined that there will be no contingent consideration which will be payable and accordingly as at 31st March, 2021, the fair value of the contingent consideration is Nil.

Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non-financial performance targets.

Acquisition of VWash Brand

On 25th June, 2020, the Company completed the acquisition of the brand 'VWash' from Glenmark Pharmaceuticals Limited. The deal comprised the acquisition of the brand 'VWash', along with other trademarks, copyrights, know-how and designs associated with the brand ('VWash Business') and certain packing/product moulds for a cash consideration of ₹286 crores including a holdback consideration of ₹10 crores; plus a deferred contingent consideration of ₹12 crores. The transaction is accounted as business combination under Ind AS 103.

The transaction is undertaken with an objective of entering the female intimate hygiene market with an established brand, to capitalise on its market position and build upon existing product offerings over time to strengthen HUL's competencies in this segment.

(A) Purchase consideration transferred:

	Amount
Upfront cash consideration (Including holdback consideration)	286
Deferred contingent consideration	12
	298

Deferred contingent consideration

The Contingent consideration is payable at 5% of net turnover for next 3 years from closing date (25th June, 2020) and accordingly recognised at fair value of ₹12 crores. Determination of the fair value as at balance sheet date is based on discounted cash flow method. The key input used in determining the fair value of deferred contingent consideration were net turnover projection of the brand.

(B) Details of assets acquired:

The fair values of identifiable assets acquired as at the date of acquisition were:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	0
Specified Intangibles Assets	
Vwash Brand	261
Distribution relationships	15
Non-compete agreement	7
Total identifiable assets	**283**
Goodwill	15
Total Net Assets	**298**

(C) Acquisition-related costs:

In addition to cash consideration mentioned above, acquisition related costs of ₹9 crores were paid towards stamp duty on transfer of assets are included in 'Exceptional items' in the standalone statement of Profit and Loss.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(D) Analysis on cash flows of acquisition:

Cash paid on acquisition of Brand Vwash and related assets of ₹286 crores are included under Cash flow from investing activities.

Transaction cost of ₹9 crores are included under cash flow from operating activities.

(E) Impact of acquisition on the results:

The acquired business contributed revenue of ₹52 crores, EBITDA of ₹3 crores and EBIT of ₹1 crore for the period from the date of acquisition (i.e 25th June, 2020) till 31st March, 2021. If the acquisition had taken place from 1st April, 2020 the acquired business would have contributed an additional turnover of ₹16 crores. With this the total turnover of the Company for the year ended 31st March, 2021 would have been ₹45,327 crores.

Refer to the end of this note for definition of EBIDTA and EBIT

Amalgamation of GlaxoSmithKline Consumer Healthcare Limited

On 1st April, 2020, the Company completed the merger of GlaxoSmithKline Consumer Healthcare Limited ['GSK CH'] via an all-equity merger under which 4.39 shares of HUL (the Company) were allotted for every share of GSK CH. With this merger the Company acquired the business of GSK CH including the Right to Use asset of brand Horlicks and Intellectual property rights of brands like Boost, Maltova and Viva. The Company also acquired the Horlicks intellectual property rights, being the legal rights to the Horlicks brand for India from GlaxoSmithKline Plc.

The scheme of merger("scheme") submitted by the Company was approved by Hon'ble National Company Law Tribunal by its order dated 24th September, 2019 (Mumbai bench) and 12th March, 2020 (Chandigarh bench). The Board of Directors approved the scheme between the Company and GSK CH, on 1st April, 2020. The scheme was filed with Registrar of Companies on the same date. Accordingly, 1st April, 2020 is considered as the acquisition date, i.e. the date on which control is transferred to the Company.

The merger was in line with HUL's strategy to build a sustainable and profitable Foods & Refreshment (F&R) business in India by leveraging the megatrend of health and wellness. GSK CH was one of the key players in this category with iconic brands such as 'Horlicks' and 'Boost' and comprised of a wide product portfolio.

The merger has been accounted for using the acquisition accounting method under Ind AS 103 – Business Combinations. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their fair value.

(A) Purchase consideration transferred:

The total consideration paid was ₹40,242 crores which comprised of shares of the Company, valued based on the share price of the Company on the completion date. Refer to the details below:

As per the scheme, the Company issued its shares in favour of existing shareholders of GSK CH such that 4.39 of Company's shares were allotted for every share of GSK CH as below.

Total number of GSK CH shares outstanding	4,20,55,538
Total number of Company's shares issued to GSK CH shareholders i.e. 4.39 of Company's shares per share of GSK CH	18,46,23,812
Value of the Company share (closing price of the Company share on NSE as on 1st April, 2020)	2,179.65
Total consideration paid to acquire GSK CH (₹ crores)	**40,242**

(a) Total costs relating to the issuance of shares amounting to ₹44 crores have been recognised against equity.

(b) Transaction cost of ₹146 crores that were not directly attributable to the issue of shares are included under exceptional items in the standalone Statement of Profit and Loss.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 40 BUSINESS COMBINATION (CONTINUED)

(B) Details of major assets acquired, and liabilities assumed:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	
Owned Assets	1,133
Leased Assets	76
Capital Work-in-progress	30
Specified Intangibles Assets	
Right of Use Horlicks	19,274
Boost Trademark	4,800
Others	62
Other Assets	
Trade and other receivables	651
Inventories	470
Cash and cash equivalents	300
Bank Balances other than cash and cash equivalents	3,855
Indemnification asset	608
Tax assets	186
Total identifiable assets (A)	**31,445**
Specified liabilities	
Trade payables	533
Other liabilities	400
Provision for employee benefits	86
Other Provisions (including ₹64 crores provision created against contingent liabilities)	343
Direct Tax Provision against contingent liabilities	974
Deferred tax labilities	6,132
Total identifiable liabilities (B)	**8,468**
Total identifiable net assets acquired (A) - (B)	22,977
Goodwill	17,265
Total Net Assets	**40,242**

The main assets acquired were Right to use Horlicks and Boost brand which were valued using the income approach model by estimating future cashflows generated by these assets and discounting them to present value using rates in line with a market participant expectation.

In addition, as applicable, Property plant & equipment have been valued using the market comparison technique and replacement cost method.

The gross contractual value and fair value of trade and other receivables as at the dates of acquisition amounted to ₹651 crores which is expected to be fully recoverable.

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(C) Acquisition of Horlicks Brand:

The Company also acquired the Horlicks intellectual property rights (IPR), being the legal rights to the Horlicks brand for India from GlaxoSmithKline Plc for a consideration of ₹3,045 crores. The transaction has been accounted as an asset acquisition in line with Ind AS 38 (Intangible asset).

The Company incurred transaction cost of ₹91 crores for the above asset acquisition which was capitalised along with Horlicks IPR. Total value of ₹3,136 crores is recognised under Intangible assets in the standalone financial statements.

(D) Goodwill:

Goodwill of ₹17,265 crores was recognised upon giving effect to the Scheme of Merger, which primarily can be attributable to the synergies expected to be achieved from integrating GSK CH into the Company's existing business and the value of GSK CH India's overlapping distribution network and assembled workforce i.e. the value of the acquired experienced and skilled employees, who have been instrumental to the GSK CH success.

Pursuant to amendment by Finance Act, 2021, Goodwill has been held as non-tax deductible asset effective 1st April, 2020.

(E) Details of contingent liabilities recognised:

GSK CH had direct/indirect tax related matters under litigation, for which contingent liability was determined amounting to ₹3,583 crores. Provision for these contingencies have been created at a fair value of ₹1,038 crores. There are several matters being disputed and, in each case, we believe that the likelihood that the Company will ultimately prevail is more likely than not. We expect that most of these disputes will not be resolved for several years. Further the Company has recognised Indemnification assets of ₹608 crores.

GlaxoSmithKline Plc, GlaxoSmithKline Pte. Ltd., Horlicks Ltd and the Company have entered into a contract to indemnify the Company for any exposure in relation to select taxation matters for a period of 10 years from date of acquisition i.e. till 31st March, 2030 and for a maximum value of USD 150 million.

(F) Analysis on cash flows of acquisition:

Purchase cost of Brand Horlicks of ₹3,045 crores and related transaction cost of ₹91 crores is included under Cash flow from investing activities.

Transaction cost attributable to issuance of equity shares ₹44 crores is included under cash flows from investing activities.

Transaction cost of ₹146 crores that were not directly attributable to the issue of shares are included under cash flow from operating activities.

(G) Impact of acquisition on the results

For the 12 months ended 31st March, 2021, GSK CH contributed revenue of ₹4,752 crores, EBITDA of ₹1,512 crores and EBIT of ₹1,406 crores to the Company's results.

Comparable period

The results for the year ended 31st March, 2021 include the impact of the acquisitions of VWash and GSK CH and accordingly are not comparable with previous year to that extent.

Note:

EBIT = Profits before finance income, finance cost, exceptional items and tax

EBITDA = Profits before depreciation & amortisation, finance income, finance cost, exceptional items and tax

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 41 DISCLOSURES PURSUANT TO REGULATION 34 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

(a) Loans to Subsidiaries

		Year ended 31st March, 2021	Year ended 31st March, 2020
(i)	Lakme Lever Private Limited		
	Balance as at the beginning of the year	185	166
	Loans given	35	55
	Loans repaid	35	36
	Balance as at the end of the year	185	185
	Maximum amount outstanding at any time during the year	210	185
	[Lakme Lever Private Limited has utilised the loan for working capital requirements and capital expenditure. It is repayable over a period of 5 years and carries an average rate of interest at 5.84% during the year (2019-20: 7.03%)]		
(ii)	Unilever India Export Limited		
	Balance as at the beginning of the year	41	25
	Loans given	145	237
	Loans repaid	91	221
	Balance as at the end of the year	95	41
	Maximum amount outstanding at any time during the year	95	72
	(Unilever India Export Limited has utilised the loan for working capital requirements. It is repayable over a period of 5 years and carries an average rate of interest at 5.84% during the year (2019-20: 7.03%)		

(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 standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(c) Details of Non-current Investments made by the Company

		As at 31st March, 2021	As at 31st March, 2020
A.	**Equity Instruments**		
a)	Quoted equity instruments		
	10,000 equity shares [31st March, 2020: 10,000] of ₹10 each held in Scooters India Limited	0	0
b)	Unquoted equity instruments		
	1,00,000 equity shares [31st March, 2020: 100,000] of ₹10 each held in Biotech Consortium India Limited	0	0
	8,284 equity shares [31st March, 2020: 8,284] of ₹10 each held in Assam Bengal Cereals Limited	0	0
	200 equity shares [31st March, 2020: 200] of ₹100 each held in The Nilgiri Co-operative Enterprises Limited	0	0
	1,000 equity shares [31st March, 2020: 1,000] of ₹10 each held in Saraswat Co-operative Bank Limited	0	0
	96,125 equity shares [31st March, 2020: 96,125] of ₹10 each held in Hindustan Field Services Private Limited	0	0
	1 equity share [31st March, 2020: 1] of ₹10,000 each held in Coffee Futures India Exchange Limited	0	0
	50 equity shares [31st March, 2020: 50] of ₹100 each held in Dugdha Sahakari Kraya-Vikraya Samiti Limited	0	0
	1,150 equity shares [31st March, 2020: 1,150] of ₹100 each held in Annamallais Ropeway Company Limited	0	0
	1,000 equity shares [31st March, 2020: 1,000] of ₹10 each held in Super Bazar Co-op. Stores Limited	0	0
	2,40,000 equity shares [31st March, 2020: 2,40,000] of ₹10 each held in Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited) [Net of impairment: ₹0 crore (31st March, 2020: ₹0 crore)]	-	-
	52,000 equity shares [31st March, 2020: 52,000] of ₹100 each held in Aquagel Chemicals Bhavanagar Private Limited	1	1
Total (A)		**1**	**1**
B.	**Other Instruments**		
a)	Unquoted investment in debentures and bonds		
	14 6 1/2% Non-redeemable Registered Debentures [31st March, 2020: 14] face value of ₹1,000 each held in The Bengal Chamber of Commerce & Industry	0	0
	44 1/2% Debentures [31st March, 2020: 44] face value of ₹100 each held in Woodlands Hospital and Medical Research Centre Limited	0	0
	1 5% Non-redeemable Registered Debenture stock [31st March, 2020: 1] face value of ₹100 each held in Woodlands Hospital and Medical Research Centre Limited	0	0
	56 5% Debentures [31st March, 2020: 56] face value of ₹100 each held in Shillong Club Limited	0	0
b)	Unquoted investment in National Savings Certificates		
	7 Year National Savings Certificates – II Issue	0	0
c)	Unquoted investment in preference shares		
	1,04,000 9% Cumulative Redeemable Preference Shares [31st March, 2020: 1,04,000] of ₹100 each held in Aquagel Chemicals Bhavanagar Private Limited	1	1
Total (B)		**1**	**1**
Total (A + B)		**2**	**2**

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 41 DISCLOSURES PURSUANT TO REGULATION 34 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013 (CONTINUED)

(d) Refer Note 5 for details of Investments in subsidiaries.

(e) Details of guarantees given

Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹1 crore (31st March, 2020: ₹8 crores).

(f) The Company has not provided any security covered under Section 186 and accordingly, the disclosure requirements to that extent does not apply to the Company.

NOTE 42 RELATED PARTY DISCLOSURES

A. Enterprises exercising control

(i) Holding Company : Unilever Plc

B. Enterprises where control exists

(i) Subsidiaries (Extent of holding) :
Unilever India Exports Limited (100%)
Lakme Lever Private Limited (100%)
Unilever India Limited (100%)
Unilever Nepal Limited (80%)
Pond's Exports Limited (90%)
Daverashola Estates Private Limited (100%)
Jamnagar Properties Private Limited (100%)
Bhavishya Alliance Child Nutrition Initiatives (100%) (Section 8 Company)
Hindustan Unilever Foundation (76%) (Section 8 Company)
Hindlever Trust Limited (100%)
Levers Associated Trust Limited (100%)
Levindra Trust Limited (100%)

(ii) Trust : Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control)

(iii) Key Management Personnel

(a) Executive Directors :
Sanjiv Mehta
Srinivas Phatak
Pradeep Banerjee/Pradeep Banerjee Associates LLP. (up to 31st December, 2019)
Wilhelmus Uijen (with effect from 1st January, 2020)
Dev Bajpai
BP Biddappa (up to 31st May, 2019)
Anuradha Razdan (with effect from 1st June, 2019)
Priya Nair
Sandeep Kohli (up to 31st January, 2020)
Prabha Narasimhan (with effect from 1st February, 2020)
Sudhir Sitapati
Srinandan Sundaram
Vibhav Sanzgiri (with effect from 1st June, 2019)

(b) Non-executive Directors
Kalpana Morparia
Sanjiv Misra
O. P. Bhatt
Leo Puri
Ashish Gupta (with effect from 31st January, 2020)
Aditya Narayan (up to 29th June, 2020)
S. Ramadorai (up to 29th June, 2019)

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(iv) Employees' Benefit Plans where there is significant influence :
The Union Provident Fund
Hindustan Lever Gratuity Fund
The Hindlever Pension Fund
Hindlever Limited Superannuation Fund
GlaxoSmithKline Consumer Healthcare Ltd Sr. Staff Gratuity Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Employees Gratuity Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Provident Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Indian Sr. Executives SAF (with effect from 1st April, 2020)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances

		Year ended 31st March, 2021	Year ended 31st March, 2020
Holding Company	Dividend paid	4,179	2,674
	Royalty expense	717	672
	Fees for central services	446	380
	Income from services rendered	216	247
	Expenses for services received	404	400
	Reimbursements paid	9	-
	Outstanding as at the year end:		
	- Trade and other receivables	56	13
	- Trade and other payables	465	590
Subsidiaries/Trust	Sale of finished goods/raw materials etc	554	272
	Processing charges	132	114
	Purchase of Property, Plant & Equipment	1	0
	Purchase of finished goods/raw materials etc	4	8
	Royalty income	8	10
	Rent income	1	1
	Commission paid	0	1
	Expenses shared by subsidiary companies	15	11
	Dividend income	101	95
	Interest income	12	13
	Reimbursement received/receivable towards pension and medical benefits	26	48
	Purchase of export licences	1	12
	Sale of Property, Plant & Equipment	0	0
	Income from services rendered	3	-
	Management fees paid	12	10
	Rent expense	0	0
	Donation paid	18	28
	Reimbursements paid	0	4
	Reimbursements received	40	34
	Inter corporate loans given during the year	180	292
	Inter corporate loans repaid during the year	126	257
	Outstanding as at the year end:		
	- Trade and other receivables	182	54
	- Trade and other payables	14	11
	- Loans & advances to subsidiaries	280	226

Notes
to the standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 42 RELATED PARTY DISCLOSURES (CONTINUED)

		Year ended 31st March, 2021	Year ended 31st March, 2020
Fellow Subsidiaries	: Purchase of Property, Plant & Equipment	-	14
	Rent income	6	6
	Purchase of export licences	2	-
	Sale of Property, Plant & Equipment	-	5
	Income from services rendered	8	6
	Expenses for services received	11	27
	Purchase of finished goods/raw materials etc.	644	577
	Dividend paid	1,275	816
	Royalty expense	13	19
	Expenses shared by fellow subsidiary companies	3	4
	Gains/Losses on Commodity Hedge	142	3
	Maintenance and support costs for licences and software	78	9
	Reimbursements paid	125	138
	Reimbursements received	59	63
	Outstanding as at the year end		
	- Trade and other receivables	21	6
	- Trade and other payables	90	258
Key Management Personnel (Executive Directors)	: Remuneration:		
	- Short-term employee benefits	47	44
	- Post-employment benefits*	1	1
	- Other long-term benefits*	-	-
	- Share-based payments	6	10
	- Consultancy Fees	-	6
	Dividend paid	1	1
	Consideration received on exercise of options	0	0
Key Management Personnel (Non-executive Directors)	: Dividend paid	0	-
	Commission paid	2	2
Employees' Benefit Plans where there is significant influence	: Contributions during the year (Employer's contribution only)	115	94
	Outstanding as at the year end:		
	- Advances recoverable in cash or kind or for value to be received	3	14

*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.

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. Refer Note 41 for terms and conditions of loans given to subsidiaries.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2019-20: ₹0 crore). 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 standalone financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Disclosure of transactions between Company and Related Parties during the year which are more than 1% of Revenue.

		Year ended 31st March, 2021	Year ended 31st March, 2020
Holding Company	: Royalty expense		
	Unilever Plc.	717	672
	Dividend Paid		
	Unilever Plc.	4,179	2,674
Subsidiaries	: Sale of finished goods/raw materials etc.		
	Unilever India Exports Ltd.	548	264

NOTE 43

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 there are no long-term contracts for which there are any material foreseeable losses. The Company has ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on derivative contracts has been made in the books of accounts.

NOTE 44

The Company has presented segment information in the consolidated financial statements which are presented in the same annual report. Accordingly, in terms of Paragraph 3 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in these standalone financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Independent Auditor's Report

to the Members of Hindustan Unilever Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Hindustan Unilever Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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 auditors on separate financial statements of a subsidiary as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditors referred to in sub-paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition - Discounts and rebates
See note 24 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As disclosed in note 24 to the consolidated financial statements, revenue is measured net of any trade discounts and volume rebates to customers ("discounts and rebates"). Certain discounts and rebates for goods sold during the year are only finalised when the precise amounts are known and revenue therefore includes an estimate of variable consideration. The variable consideration represents the portion of discounts and rebates that are not directly deducted on the invoice and involves estimation by the Group in recognition and measurement of such discounts and rebates. This includes establishing an accrual at year end, particularly in arrangements with customers involving varying terms which are based on annual contracts or shorter-term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span beyond the year end. The unsettled portion of the variable consideration results in discounts and rebates due to customers as at year end. Therefore, there is a risk of revenue being overstated due to fraud through manipulation of discounts and rebates accruals recognised, resulting from pressure the Group may feel to achieve performance targets at the year end. We identified the evaluation of accrual for discounts and rebates as a key audit matter.	Our audit procedures included: • Understanding the process followed by the Group to determine the amount of accrual for discounts and rebates. • Evaluating the design and implementation and testing operating effectiveness of Group's general IT controls, key manual and application controls over the Group's IT systems including controls over rebates agreements / arrangements, rebate payments / settlements and Group's review over the rebate accruals. • Inspecting on a sample basis, key customer contracts. Based on the terms and conditions relating to discounts and rebates, assessing the Group's revenue recognition policies with reference to the requirements of the applicable accounting standards. • Performing substantive testing by selecting samples of discounts and rebates transactions recorded during the year as well as period end discounts and rebates accruals and matching the parameters used in the computation with the relevant source documents. • Examining historical rebate accrual together with our understanding of current year developments to form an expectation of the rebate accrual as at year end and comparing this expectation against the actual rebate accrual, completing further inquiries and obtaining underlying documentation, on a sample basis, as appropriate. Further, we also performed retrospective review to evaluate the precision with which management makes estimates. • Checking completeness and accuracy of the data used by the Group for accrual of discounts and rebates. • Testing actualisation of estimated accruals on a sample basis. • Testing a selection of rebate accruals recorded after 31 March 2021 and assessing whether the accrual is recorded in the correct period. • Testing a selection of payments made after 31 March 2021 and where relevant, comparing the payment to the related rebate accrual. • Critically assessing manual journal entries posted to revenue, on a sample basis, to identify unusual items and examining the underlying documentation.

Provisions and contingent liabilities relating to taxation, litigations and claims
See note 20 and 23 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The provisions and contingent liabilities relate to ongoing litigations and claims with various authorities and third parties. These relate to direct tax, indirect tax, transfer pricing arrangements, claims, general legal proceedings, environmental issues and other eventualities arising in the regular course of business. As at the year ended 31 March 2021, the amounts involved are significant. The computation of a provision or contingent liability requires significant judgement by the Group because of the inherent complexity in estimating future costs. The amount recognised as a provision is the best estimate of the expenditure. The provisions and contingent liabilities are subject to changes in the outcomes of litigations and claims and the positions taken by the Group. It involves significant judgement and estimation to determine the likelihood and	Our audit procedures included: • Understanding the process followed by the Group for assessment and determination of the amount of provisions and contingent liabilities relating to taxation, litigations and claims. • Evaluating the design and implementation and testing operating effectiveness of key internal controls around the recognition and measurement of provisions and re-assessment of contingent liabilities. • Involving our tax professionals with specialised skills and knowledge to assist in the assessment of the value of significant provisions and contingent liabilities relating to taxation matter, on sample basis, in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.

The key audit matter	How the matter was addressed in our audit
timing of the cash outflows and interpretations of the legal aspects, tax legislations and judgements previously made by authorities.	• Inquiring the status in respect of significant provisions and contingent liabilities with the Group's internal tax and legal team, including challenging the assumptions and critical judgements made by the Group which impacted the computation of the provisions and inspecting the computation. • Assessing the assumptions used and estimates of outcome and financial effect, including considering judgement of the Group, supplemented by experience of similar decisions previously made by the authorities and, in some cases, relevant opinions given by the Group's advisors. • Testing data used to develop the estimate for completeness and accuracy. • Evaluating judgements made by the Group by comparing the estimates of prior year to the actual outcome. • Assessing the Group's disclosures in the consolidated financial statements in respect of provisions and contingent liabilities.

Accounting for acquisition of GlaxoSmithKline Consumer Healthcare Limited
See note 41 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As disclosed in note 41 to the consolidated financial statements, on 1 April 2020, the Holding Company acquired GlaxoSmithKline Consumer HealthCare Limited (GSK CH India) under a scheme of amalgamation. The fair value of the consideration transferred by the Holding Company was ₹40,242 crores. Accounting for the acquisition involves judgement in order to: • Identify and measure the fair value of the identifiable assets (tangible and intangible) acquired and liabilities assumed including the contingent liabilities. • Allocate the consideration transferred between identifiable assets and liability and goodwill. The most significant judgements made by the Group include: • Determining the discount rate, near and long-term revenue growth rate and projected margins to develop the fair value of the intangible assets, including determination of their economic useful lives. • Determining the comparable market rates, replacement cost and economic useful life to develop the fair value of the property, plant and equipment. Complex auditor's judgement and specialised skills were also required in evaluating these assumptions for which management had engaged external valuation experts. This was a material acquisition for the Group and given the level of estimation and judgement required, we considered it to be a key audit matter.	Our audit procedures included: • Understanding the process followed by the Group for assessment and determination of the effective date and the accounting treatment for the scheme of amalgamation, including the identification of assets and liabilities and determination of their fair values and also evaluation of work of management experts. • Evaluating the design and implementation and testing the operating effectiveness of key internal controls (including management review control) related to the Group's valuation process, including assumptions around near and long-term revenue growth rates and discount rate. • Testing the completeness of the identified assets acquired and liabilities assumed by comparison to the scheme of amalgamation, through discussions with the Group and their external valuation experts. • Challenging the reasonableness of the key assumptions, including discount rate, near and long-term revenue growth rate and projected margins for indefinite life intangible asset based on future business prospects and external industry growth rate. • Involving valuation professionals with specialised skills and knowledge to assist in: – Evaluating the appropriateness of the valuation methodologies applied and also, to test the inputs to the valuation models used to determine the value of the tangible and intangible assets. – Evaluating the economic useful life for tangible and intangible assets. – Evaluating the discount rate and long-term revenue growth rate applied by the Group by comparing it to a range of rates that were independently developed using publicly available market indices and market data for comparable entities. Applying additional sensitivities to assess the reasonableness of the above key assumptions. – Evaluating market rates and replacement cost basis knowledge of the business and independent market sources to develop the fair value of property, plant and equipment. • Testing data used to develop the estimate for completeness and accuracy. • Involving our tax professionals with specialised skills and knowledge to assist in evaluating the management judgement to recognise and measure fair value of tax litigations, for selected matters. • Evaluating the recognition of deferred tax liability for all temporary differences on date of acquisition (including those arising as a result of uncertainty over tax benefit of indefinite life intangibles)

Impairment assessment of Food & Refreshment Cash Generating Unit (F&R CGU)
See note 4 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As disclosed in note 4 to the consolidated financial statements, the F&R CGU includes ₹17,301 crores of goodwill and ₹27,210 crores of indefinite life intangible assets which together represents 65% of total assets of the Group as at 31 March 2021. The recoverable value of the F&R CGU which is based on the value in use model, has been derived from discounted forecast cash flow model. This model requires the Group to make significant assumptions such as discount rate, near and long-term revenue growth rate and projected margins which involves inherent uncertainty since they are based on future business prospects and economic outlook.	Our audit procedures included: • Understanding the process followed by the Group in respect of the annual impairment analysis for F&R CGU. • Evaluating the design and implementation and testing the operating effectiveness of key internal controls related to the Group's process relating to review of the annual impairment analysis, including controls over determination of discount rate, near and long-term revenue growth rate and projected margins.

The key audit matter	How the matter was addressed in our audit
Due to the materiality of above assets in context of the consolidated financial statements and sensitivity of discount rate and near and long-term revenue growth rate assumptions where a minor changes could have a significant impact on the recoverable value, we have considered the impairment assessment of F&R CGU to be a key audit matter.	• Challenging the reasonableness of the assumptions, particularly forecasted revenue growth rate and margins based on our knowledge of the Group and market. Assessing historical accuracy by comparing past forecasts to actual results achieved. • Involving the valuation professionals with specialised skills and knowledge to assist in evaluating the impairment model used and assumptions (including discount rate and long-term sales growth rate applied by the Group by comparing it to a range of rates that were independently developed using publicly available market indices and market data for comparable entities). Applying additional sensitivities to assess the reasonableness of the above key assumptions. • Testing data used to develop the estimate for completeness and accuracy. • Performing a sensitivity analysis to evaluate the impact of change in key assumption individually or collectively to the recoverable value. • Assessing the adequacy of the Group's disclosures in respect of its impairment testing.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the consolidated financial statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of 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 Management and 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in sub-paragraph (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditors referred to in sub-paragraph (a) of the Other

Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹288 crores as at 31 March 2021, total revenues of ₹320 crores and net cash inflows amounting to ₹25 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated 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 sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

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 auditors on separate financial statements of a subsidiary as was audited by other auditors, as noted in the 'Other Matters' 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 financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors;

   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 financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 2021 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 incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act; and

   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".

2. 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group - Refer Note 23 to the consolidated financial statements;

   ii. The Group did not have any material foreseeable losses on long-term contracts during the year ended 31 March 2021. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on derivative contracts - Refer Note 45 to the consolidated 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 or its subsidiary companies incorporated in India during the year ended 31 March 2021; and

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us the remuneration paid during the current year by the Holding Company and its subsidiary companies, where applicable, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act, except in case of a subsidiary where requisite approvals are taken in the general meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 21105149AAAACI9299

Mumbai: 29 April 2021

Annexure A

to the Independent Auditor's report on the consolidated financial statements of Hindustan Unilever Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Section 143(3)(i) of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Hindustan Unilever Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Aniruddha Godbole
Partner
Membership No. 105149
ICAI UDIN: 21105149AAAACI9299

Mumbai: 29 April 2021

Consolidated Balance Sheet
as at 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,116	4,960
Capital work-in-progress	3	745	597
Goodwill	4A	17,316	36
Other intangible assets	4A	27,930	402
Goodwill on consolidation	4B	81	81
Financial assets			
Investments	5	2	2
Loans	6	251	238
Other financial assets	7	617	3
Non-current tax assets (net)	8E	1,246	1,083
Deferred tax assets (net)	8C	17	284
Other non-current assets	9	219	146
Current assets			
Inventories	10	3,579	2,767
Financial assets			
Investments	5	2,707	1,253
Trade receivables	11	1,758	1,149
Cash and cash equivalents	12	1,842	3,216
Bank balances other than cash and cash equivalents mentioned above	13	2,629	1,897
Other financial assets	7	1,188	1,420
Other current assets	14	497	601
Assets held for sale	15	17	18
Total assets		**68,757**	**20,153**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	As at 31st March, 2021	As at 31st March, 2020
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	235	216
Other equity	17A	47,439	8,013
Non-controlling interests	18	20	17
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	19	1,027	939
Provisions	20	1,578	1,227
Non-current tax liabilities (net)	8E	1,367	424
Deferred tax liabilities (net)	8C	5,988	-
Current liabilities			
Financial liabilities			
Trade payables			
total outstanding dues of micro enterprises and small enterprises	21	67	-
total outstanding dues of creditors other than micro enterprises and small enterprises	21	8,735	7,535
Other financial liabilities	19	1,206	932
Other current liabilities	22	588	428
Provisions	20	507	422
Total equity and liabilities		**68,757**	**20,153**
Basis of preparation, measurement and significant accounting policies	2		
Contingent liabilities and commitments	23		

The accompanying notes 1 to 45 are an integral part of these consolidated financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
INCOME			
Revenue from operations	24	47,028	39,783
Other income	25	410	632
TOTAL INCOME		**47,438**	**40,415**
EXPENSES			
Cost of materials consumed	26	15,432	11,976
Purchases of stock-in-trade	27	7,121	6,391
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	28	(405)	(108)
Employee benefits expenses	29	2,358	1,820
Finance costs	30	117	118
Depreciation and amortisation expense	31	1,074	1,002
Other expenses	32	10,896	9,843
TOTAL EXPENSES		**36,593**	**31,042**
Profit before exceptional items and tax		10,845	9,373
Exceptional items (net)	33	(239)	(200)
Profit before tax from Continuing Operations		**10,606**	**9,173**
Tax expenses			
Current tax	8A	(2,520)	(2,243)
Deferred tax charge	8A	(86)	(166)
Profit after tax from Continuing Operations (A)		**8,000**	**6,764**
Loss from discontinued operations before tax	34A	(1)	(6)
Tax expenses of discontinued operations	34A	-	(2)
Loss from discontinued operations after tax (B)		**(1)**	**(8)**
PROFIT FOR THE YEAR (A+B)		**7,999**	**6,756**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	39C	(3)	(68)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans	8A	1	17
Items that will be reclassified subsequently to profit or loss			
Fair value of debt instruments through other comprehensive income	17C	(0)	(1)
Fair value of cash flow hedges through other comprehensive income	17C	70	(77)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Fair value of Debt instruments through other comprehensive income	8A	0	0
Fair value of cash flow hedges through other comprehensive income	8A	(47)	40
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (C)		**21**	**(89)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B+C)		**8,020**	**6,667**

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit attributable to:			
Owners of the Holding Company		**7,995**	**6,748**
Non-controlling interests	18	**4**	**8**
Other Comprehensive income attributable to:			
Owners of the Holding Company		**21**	**(89)**
Non-controlling interests	18	**0**	**-**
Total Comprehensive income attributable to:			
Owners of the Holding Company		**8,016**	**6,659**
Non-controlling interests	18	**4**	**8**
Earnings per equity share from Continuing Operations			
Basic (Face value of ₹1 each)	35A	₹34.03	₹31.21
Diluted (Face value of ₹1 each)	35A	₹34.03	₹31.21
Earnings per equity share from Discontinued Operations			
Basic (Face value of ₹1 each)	35B	₹(0.00)	₹(0.04)
Diluted (Face value of ₹1 each)	35B	₹(0.00)	₹(0.04)
Earnings per equity share from Continuing and Discontinued Operations			
Basic (Face value of ₹1 each)		₹34.03	₹31.17
Diluted (Face value of ₹1 each)		₹34.03	₹31.17
Basis of preparation, measurement and significant accounting policies	2		

The accompanying notes 1 to 45 are an integral part of these consolidated financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Consolidated Statement of Changes in Equity
for the year ended 31st March, 2021

(All amounts in ₹crores, unless otherwise stated)

A. EQUITY SHARE CAPITAL

	Note	Balance
As at 31st March, 2019	16	**216**
Changes in equity share capital during the year		0
As at 31st March, 2020	16	**216**
Changes in equity share capital during the year		19
As at 31st March, 2021	16	**235**

B. OTHER EQUITY

	Reserves and Surplus									Items of Other Comprehensive Income (OCI)			Grand Total		
	Capital Reserve	Capital Redemption Reserve	Securities Premium	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 OCI	Cash flow Hedges through OCI	Total Attributable to owners of the Company	Attributable to Non-controlling Interest	Total
As at 31st March, 2019	**4**	**6**	**142**	**24**	**114**	**7,348**	**9**	**50**	**0**	**(48)**	**2**	**-**	**7,651**	**18**	**7,669**
Transition impact of Ind AS 116, net of tax	-	-	-	-	-	(42)	-	-	-	-	-	-	(42)	(0)	(42)
Restated Balance as at 1st April, 2019	**4**	**6**	**142**	**24**	**114**	**7,306**	**9**	**50**	**0**	**(48)**	**2**	**-**	**7,609**	**18**	**7,627**
Profit for the year	-	-	-	-	-	6,748	-	-	-	-	-	-	6,748	8	6,756
Transfer to retained earnings	-	-	-	-	-	(48)	-	-	-	48	(1)	(37)	(38)	-	(38)
Other comprehensive income for the year	-	-	-	-	-	(51)	-	-	-	-	-	-	(51)	-	(51)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**6,649**	**-**	**-**	**-**	**48**	**(1)**	**(37)**	**6,659**	**8**	**6,667**
Dividend on equity shares for the year (refer note 36)	-	-	-	-	-	(5,196)	-	-	-	-	-	-	(5,196)	(9)	(5,205)
Dividend distribution tax (refer note 36)	-	-	-	-	-	(1,061)	-	-	-	-	-	-	(1,061)	-	(1,061)
Issue of equity shares on exercise of employee stock options	-	-	11	(11)	-	-	-	-	-	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	2	-	-	-	-	-	-	-	-	2	-	2
As at 31st March, 2020	**4**	**6**	**153**	**15**	**114**	**7,698**	**9**	**50**	**0**	**-**	**1**	**(37)**	**8,013**	**17**	**8,030**

(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	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 OCI	Cash flow Hedges through OCI	Total Attributable to owners of the Company	Attributable to Non-controlling Interest	Total
As at 1st April, 2020															
Profit for the year	-	-	-	-	-	7,995	-	-	-	-	-	-	7,995	4	7,999
Other comprehensive income for the year	-	-	-	-	-	(2)	-	-	-	-	(0)	23	21	-	21
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**7,993**	**-**	**-**	**-**	**-**	**(0)**	**23**	**8,016**	**4**	**8,020**
Hedging loss/(gain) transferred to non-financial assets (net)	-	-	-	-	-	-	-	-	-	-	-	34	34	-	34
Dividend on equity shares for the year (refer note 36)	-	-	-	-	-	(8,811)	-	-	-	-	-	-	(8,811)	(1)	(8,812)
Issue of equity shares on account of business combination (Refer note 41)	-	-	40,223	-	-	-	-	-	-	-	-	-	40,223	-	40,223
Stamp Duty on issue of equity shares on account of business combination (Refer Note 41)	-	-	(44)	-	-	-	-	-	-	-	-	-	(44)	-	(44)
Deferred Tax on Stamp duty (Refer Note 8A)	-	-	9	-	-	-	-	-	-	-	-	-	9	-	9
Issue of equity shares on exercise of employee stock options	-	-	9	(9)	-	-	-	-	-	-	-	-	-	-	-
Equity settled share based payment credit	-	-	-	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)
As at 31st March, 2021	**4**	**6**	**40,350**	**5**	**114**	**6,880**	**9**	**50**	**0**	**-**	**1**	**20**	**47,439**	**20**	**47,459**

Refer Note 17B for nature and purpose of reserves.

The accompanying notes 1 to 45 are an integral part of these consolidated financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Consolidated Statement of Cash Flows
for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax from continuing operations	10,606	9,173
Adjustments for:		
Depreciation and amortisation expenses	1,134	1,002
(Profit)/loss on sale of property, plant and equipment	(57)	53
Government grant accrued (net)	13	(104)
Contingent consideration true up for business combination	(22)	(26)
Finance Income	(346)	(492)
Dividend income	(1)	(1)
Other non-operating income – Fair value (gain)/loss on investments	(63)	(139)
Interest expense	117	118
Provision for expenses on employee stock options	(1)	2
Inventory written off net of Provision/(write back) for Inventory	201	138
Bad debts/assets written off net of Provision/(write back)	77	11
Mark-to-market loss/(gain) on derivative financial instruments	14	(12)
Cash generated from operations before working capital changes	**11,672**	**9,723**
Adjustments for:		
(Increase)/decrease in Non-Current Assets	(4)	(19)
(Increase)/decrease in Current Assets	(412)	471
(Increase)/decrease in Inventories	(543)	(331)
Increase/(decrease) in Non-Current Liabilities	28	56
Increase/(decrease) in Current Liabilities	830	234
Cash generated from operations	**11,571**	**10,134**
Taxes paid (net of refunds)	(2,407)	(2,505)
Loss from discontinued operations	(1)	(6)
Net cash generated from operating activities – [A]	**9,163**	**7,623**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(741)	(850)
Sale proceeds of property, plant and equipment	97	52
Purchase of intangible assets	(3,422)	(12)
Contingent consideration paid on business combination	(33)	(30)
Purchase of current investments	(39,876)	(36,090)
Sale proceeds of current investments	38,486	37,690
Stamp duty on issue of equity shares	(44)	-
Investment in term deposits (having original maturity of more than 3 months)	(2,874)	(4,979)
Redemption/maturity of term deposits (having original maturity of more than 3 months)	6,601	5,658
Interest received	277	351
Dividend received from others	1	1
Net cash (used in)/generated from investing activities – [B]	**(1,528)**	**1,791**

(All amounts in ₹ crores, unless otherwise stated)

	Year ended 31st March, 2021	Year ended 31st March, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividends paid	(8,811)	(5,196)
Dividend distribution tax paid	-	(1,061)
Amount taken for short-term purpose	188	-
Repayment of amount taken for short-term purpose	(188)	(99)
Principal payment of lease liabilities	(406)	(373)
Interest paid on lease liabilities	(86)	(80)
Interest paid other than on lease liabilities	(6)	(10)
Proceeds from share allotment under employee stock options/performance share schemes	0	0
Net cash used in financing activities – [C]	**(9,309)**	**(6,819)**
Net (decrease)/increase in cash and cash equivalents – [A+B+C]	**(1,674)**	**2,595**
Add: Cash and cash equivalents at the beginning of the year	3,216	621
Add: Cash acquired under Business Combination (refer note 41)	300	-
Cash and cash equivalents at the end of the year (refer note 12)	**1,842**	**3,216**

Note: The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Consolidated Statement of Cash Flows'.

The accompanying notes 1 to 45 are an integral part of these consolidated financial statements.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

Srinivas Phatak
Executive Director Finance & IT and CFO
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Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 1 GROUP INFORMATION

Hindustan Unilever Limited (the 'Holding 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 Holding Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Holding Company is in the FMCG business comprising primarily of Home Care, Beauty & Personal Care and Foods & Refreshment segments. The Holding Company has manufacturing facilities across the country and sells primarily in India.

The Holding Company and its subsidiaries (jointly referred to as the 'Group' hereinafter) 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, 2021	As at 31st March, 2020
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 India Limited#	India	FMCG business	100	-
Unilever Nepal Limited	Nepal	FMCG business	80	80
Pond's Exports Limited	India	Leather products business (discontinued operations)	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 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 National Company Law Tribunal. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹5 crores (31st March, 2020: ₹5 crores) and ₹0 crore (31st March, 2020: ₹0 crore) respectively.

#On 7th June, 2020, Unilever India Limited, a wholly-owned subsidiary of the Holding Company was incorporated with an authorised share capital of ₹2,000 crores and paid up capital of ₹60 crores.

b) Associates

Section 129(3) of the Companies Act, 2013, requires preparation of consolidated financial statement of the Holding 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 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 company is currently dormant.

ii) Aquagel Chemicals (Bhavnagar) Private Limited where the Group has 26% in equity and preference capital holding. This is a company engaged in Silica business.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(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 the Group, 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 statements of the Group.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

c) Share of Entities in Group

Name of the Entity	As at 31st March, 2021		For the year ended 31st March, 2021							
	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 sale of products and services	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	99.5%	47,434	97.8%	45,311	99.3%	7,954	99.8%	21	99.4%	7,975
Subsidiaries										
Indian										
Unilever India Exports Limited	0.5%	234	2.5%	1,169	1.9%	151	0.0%	-	1.9%	151
Unilever India Limited*	0.1%	56	0.0%	-	-0.1%	(4)	0.0%	-	0.0%	(4)
Lakme Lever Private Limited	0.4%	194	0.5%	226	-0.2%	(19)	0.0%	-	-0.2%	(19)
Pond's Exports Limited	0.0%	(12)	0.0%	-	0.0%	(1)	0.0%	-	0.0%	(1)
Daverashola Estates Private Limited	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%	-
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)
Hindustan Unilever Foundation	0.0%	5	0.0%	-	0.0%	0	0.0%	-	0.0%	0
Bhavishya Alliance Child Nutrition Initiatives	0.0%	-	0.0%	-	0.0%	(0)	0.0%	-	0.0%	(0)
Foreign										
Unilever Nepal Limited	0.3%	128	0.7%	317	0.2%	16	0.2%	0	0.2%	16
Non-controlling interests	0.0%	20	0.0%	-	0.1%	4	0.0%	0	0.0%	4
Inter-company eliminations	-0.8%	(365)	-1.5%	(702)	-1.2%	(102)	0.0%	-	-1.3%	(102)
TOTAL	**100.0%**	**47,694**	**100.0%**	**46,321**	**100.0%**	**7,999**	**100.0%**	**21**	**100.0%**	**8,020**

* New subsidiary incorporated w.e.f. 7th June, 2020

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Name of the Entity	As at 31st March, 2020		For the year ended 31st March, 2020							
	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	97.4%	8,031	97.5%	38,273	99.6%	6,737	100.0%	(89)	99.7%	6,648
Subsidiaries										
Indian										
Unilever India Exports Limited	2.2%	180	1.8%	714	1.1%	73	0.0%	-	1.1%	73
Lakme Lever Private Limited	2.6%	213	0.7%	278	0.1%	5	0.0%	-	0.1%	5
Pond's Exports Limited	-0.1%	(11)	0.0%	-	-0.1%	(8)	0.0%	-	-0.1%	(8)
Daverashola Estates Private Limited	0.0%	-	0.0%	-	-0.1%	(4)	0.0%	-	-0.1%	(4)
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	0.0%	4	0.0%	-	0.0%	1	0.0%	-	0.0%	1
Bhavishya Alliance Child Nutrition Initiatives	0.0%	0	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Foreign										
Unilever Nepal Limited	1.4%	116	1.0%	378	0.5%	34	0.0%	-	0.5%	34
Non-controlling interests	0.2%	17	0.0%	-	0.1%	8	0.0%	-	0.1%	8
Inter-company eliminations	-3.7%	(304)	-1.0%	(405)	-1.2%	(90)	0.0%	-	-1.3%	(90)
TOTAL	**100.0%**	**8,246**	**100.0%**	**39,238**	**100.0%**	**6,756**	**100.0%**	**(89)**	**100.0%**	**6,667**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(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 as amended from time to time.

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's normal operating cycle, paragraph 66 and 69 of Ind AS 1 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 control or hold 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 consolidated 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' 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/loss and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the consolidated statement of profit and loss and consolidated statement of changes in equity.

The consolidated financial statements are presented in INR, the functional currency of the Group. Items included in the consolidated financial statements of the Group are recorded using the currency of the primary economic environment in which the Group operates (the 'functional currency').

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0" in the relevant notes to these consolidated financial statements.

The consolidated financial statements of the Company for the year ended 31st March, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 29th April, 2021.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(b) Basis of measurement

These consolidated financial statements are prepared under the historical cost convention except for certain class of financial assets/liabilities, share based payments and net liability for defined benefit plans that are measured at fair value

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 judgements 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 judgements 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 39

(b) Measurement and likelihood of occurrence of provisions and contingencies – Notes 20 and 23

(c) Recognition of deferred tax assets – Note 8

(d) Key assumptions used in discounted cash flow projections – Note 41

(e) Impairment of Goodwill and other intangible assets – Note 4

(f) Indefinite useful life of certain intangible assets – Note 4

(g) Measurement of Lease liabilities and Right of Use Assets (ROUA) – Notes 3 and 19

(h) Fair valuation of assets acquired and liabilities assumed as part of business combination – Note 41

Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external sources of information. The Group has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions

2.3 Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021.

MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statement. These amendments are applicable to the Group for the financial year starting 1st April, 2021.

2.4 Significant accounting policies

(a) These are set out under "Significant Accounting Policies" as given in the Holding Company's standalone financial statements. (note 2.4 of the Holding Company's standalone financial statements for the year ended 31st March, 2021.)

(b) Other significant accounting policies applicable to the Group

i) Operating segments:

The Operating Segment is the level at which discrete financial information is available. Business segments are 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.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Exceptional items and other expenses which are not attributable or allocable to

Notes

to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

segments are disclosed separately. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable assets and liabilities.

ii) Grant:

The Group is entitled to the scheme of "Interest Equalisation on Pre and Post Shipment rupee export credit loan" under which it receives interest subsidy. Grant in the nature of interest is initially recognised and measured at fair value and the grant is measured as the difference between the initial carrying value of the loan and the proceeds received. Such grants are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate and reduced from corresponding cost. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

iii) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes

to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	As at 31st March, 2021	As at 31st March, 2020
Owned Assets	5,067	4,109
Leased Assets	1,049	851
Total	**6,116**	**4,960**

A. Owned Assets

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross Block						
Balance as at 31st March, 2019	59	1,527	4,092	88	95	5,861
Additions	-	115	517	7	27	666
Disposals/Reclassification	(0)	(9)	(318)	59	17	(251)
Balance as at 31st March, 2020	**59**	**1,633**	**4,291**	**154**	**139**	**6,276**
Additions through business combination (Refer note 41)	421	367	328	1	16	1,133
Additions	-	64	475	6	23	568
Disposals/Adjustments	(3)	(16)	(54)	(5)	(3)	(81)
Balance as at 31st March, 2021	**477**	**2,048**	**5,040**	**156**	**175**	**7,896**
Accumulated Depreciation						
Balance as at 31st March, 2019	-	189	1,421	34	47	1,691
Additions	-	81	475	20	33	609
Disposals/Reclassification	-	13	(179)	27	6	(133)
Balance as at 31st March, 2020	**-**	**283**	**1,717**	**81**	**86**	**2,167**
Additions*	-	95	556	12	32	695
Disposals/Reclassification	-	(4)	(26)	(1)	(2)	(33)
Balance as at 31st March, 2021	**-**	**374**	**2,247**	**92**	**116**	**2,829**
Net Block						
Balance as at 31st March, 2020	**59**	**1,350**	**2,574**	**73**	**53**	**4,109**
Balance as at 31st March, 2021	**477**	**1,674**	**2,793**	**64**	**59**	**5,067**

*Includes ₹60 crores of accelerated depreciation which has been charged to exceptional items under a restructuring project

NOTES:

(a) Buildings include ₹0 crore (31st March, 2020: ₹0 crore) being the value of shares in co-operative housing societies.

(b) The title deeds of Freehold land and building, net block aggregating ₹68 crores (31st March, 2020: ₹54 crores) are in the process of perfection of title.

Notes

to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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, 2020	**0**	**75**	**0**	**0**	**75**
Accumulated Depreciation as at 31st March, 2020	(0)	(41)	(0)	(0)	(41)
Net Block as at 31st March, 2020	**0**	**34**	**0**	**0**	**34**
Gross Block as at 31st March, 2021	0	85	0	0	85
Accumulated Depreciation as at 31st March, 2021	(0)	(43)	(0)	(0)	(43)
Net Block as at 31st March, 2021	**0**	**42**	**0**	**0**	**42**

The lease payments received under operating leases amounting to ₹12 crores (FY 2019-20: ₹13 crores) are recognised as a credit to the consolidated statement of profit and loss.

B. Leased Assets

	Land & Building	Plant, equipment & others*	Total
Gross Block			
Balance as at 31st March, 2019	**27**	**-**	**27**
Addition on account of transition to Ind AS 116 - 1st April, 2019	181	537	718
Additions	307	214	521
Deletions	(104)	(41)	(145)
Balance as at 31st March, 2020	**411**	**710**	**1,121**
Additions through business combination (Refer Note 41)	47	29	76
Additions[#]	251	476	727
Deletions	(155)	(158)	(313)
Balance as at 31st March, 2021	**554**	**1,057**	**1,611**
Accumulated Depreciation			
Balance as at 31st March, 2019	**5**	**-**	**5**
Additions	177	200	377
Deletions	(85)	(27)	(112)
Balance as at 31st March, 2020	**97**	**173**	**270**
Additions	206	206	412
Deletions	(104)	(16)	(120)
Balance as at 31st March, 2021	**199**	**363**	**562**
Net Block			
Balance as at 31st March, 2020	**314**	**537**	**851**
Balance as at 31st March, 2021	**355**	**694**	**1,049**

*Others include Furniture and fixtures & office equipments

[#]includes addition of ₹193 crores pertaining to prior period with corresponding impact taken in lease liabilities

NOTES:

(a) The Group incurred ₹85 crores for the year ended 31st March, 2021 (31st March 2020: ₹105 crores) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹583 crores for the year ended 31st March, 2021 (31st March 2020: ₹558 crores), including cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹86 crores for the year ended 31st March, 2021 (31st March, 2020: ₹80 crores).

Notes

to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

(b) The Group's leases mainly comprise of land and buildings, plant, equipment and furniture and fixtures. The Group leases land and buildings for manufacturing and warehouse facilities.

(c) The title deeds of Leasehold Land, net block aggregating ₹0 crore (31st March, 2020: ₹1 crore) are in the process of perfection of title.

(d) Lease commitments and Lease liability: Refer Note 23 B and Note 19 respectively.

C. Capital work-in-progress

Capital work-in-progress as at 31st March, 2021 is ₹745 crores (31st March, 2020: ₹597 crores).

₹568 crores has been capitalised and transferred to property, plant and equipment during the year ended 31st March, 2021 (31st March, 2020: ₹666 crores).

For contractual commitment with respect to property, plant and equipment refer Note 23.B(ii).

NOTE 4 INTANGIBLE ASSETS

A. Goodwill and Other Intangible Assets

	Goodwill	Other intangible assets					
		Indefinite life intangible assets	Finite Life Intangible assets				
		Brand/ Trademarks	Brand/ Trademarks	Knowhow and Design	Computer Software	Others	Total
Gross Block							
Balance as at 31st March, 2019	36	311	18	65	33	27	454
Additions	-	-	-	-	12	-	12
Disposals	-	-	-	-	(1)	-	(1)
Balance as at 31st March, 2020	36	311	18	65	44	27	465
Additions through business combination (Refer Note 41)	17,280	24,335	-	-	4	80	24,419
Additions	-	3,136	-	-	0	-	3,136
Disposals	-	-	-	-	(0)	-	(0)
Balance as at 31st March, 2021	17,316	27,782	18	65	48	107	28,020
Accumulated Amortisation and Impairment							
Balance as at 31st March, 2019	-	-	6	19	21	2	48
Additions	-	-	3	7	4	2	16
Disposals	-	-	-	-	(1)	-	(1)
Balance as at 31st March, 2020	-	-	9	26	24	4	63
Additions	-	-	3	7	7	10	27
Disposals	-	-	-	-	(0)	-	(0)
Balance as at 31st March, 2021	-	-	12	33	31	14	90
Net Block							
Balance as at 31st March, 2020	36	311	9	39	20	23	402
Balance as at 31st March, 2021	17,316	27,782	6	32	17	93	27,930

Other Intangible assets include Customer Relationship, Distribution Network etc.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 4 INTANGIBLE ASSETS (CONTINUED)

Impairment Charges

The goodwill and indefinite life intangible assets are tested for impairment annually. No impairment charges were identified for FY 2020-21 (Nil for FY 2019-20).

Significant Cash Generating Units (CGUs)

The Group has identified its reportable segments, i.e. Home Care, Beauty & Personal Care, Foods & Refreshment and Others as the CGUs. The goodwill and brand/trademark (with indefinite life) acquired through business combinations have been allocated to CGU 'Beauty & Personal Care' and "Foods & Refreshment" segment of the Group. The carrying amount of goodwill and brand/trademark (with indefinite life) is as under:

	As at 31st March, 2021		As at 31st March, 2020	
	Beauty & Personal Care	Foods & Refreshment	Beauty & Personal Care	Foods & Refreshment
Goodwill	15	17,301	0	36
Indefinite life intangible assets	572	27,210	311	-
Total	**587**	**44,511**	**311**	**36**

Following key assumptions were considered while performing Impairment testing:

The recoverable amount of each CGU has been calculated based on its value in use, estimated as the present value of projected future cash flows.

	As at 31st March, 2021		As at 31st March, 2020	
	Beauty & Personal Care	Foods & Refreshment	Beauty & Personal Care	Foods & Refreshment
Annual Growth rate for 5 years	8.0%	11.0%	7.0%	7.0%
Terminal Growth rate	3.5%	3.5%	2.0%	2.0%
Weighted Average Cost of Capital % (WACC) post tax (Discount rate)	8.9%	8.9%	9.1%	9.1%
Average segmental margins	28.5%	16.6%	28.4%	16.7%

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 and segmental margins used to estimate cash flows for the first five years are based on past performance, and on the Group's five-year strategic plan.

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market risk premium x Beta for the Holding Company).

Average segmental margins are based on FY 2020-21 performance.

The Group has performed sensitivity analysis around the base assumptions and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of a CGU to exceed its recoverable amount.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

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 impairment charges were recognised for FY 2020-21 (FY 2019-20: Nil). This goodwill pertains to Beauty & Personal care segment.

	Goodwill on consolidation
Gross Block	
Balance as at 31st March, 2019	81
Additions	-
Disposals	-
Balance as at 31st March, 2020	81
Additions	-
Disposals	-
Balance as at 31st March, 2021	81
Accumulated Amortisation and Impairment	
Balance as at 31st March, 2019	-
Additions	-
Disposals	-
Balance as at 31st March, 2020	-
Additions	-
Disposals	-
Balance as at 31st March, 2021	-
Net Block	
Balance as at 31st March, 2020	81
Balance as at 31st March, 2021	81

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 5 INVESTMENTS

	As at 31st March, 2021	As at 31st March, 2020
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	1
Total (B)	**1**	**1**
Total Non-current investments (A+B)	**2**	**2**
Refer Note 42 for details on non-current investments		
Current Investments		
C. Other instruments		
Fair value through other comprehensive income		
Quoted		
Investments in treasury bills	647	-
Fair value through profit or loss		
Quoted		
Investments in mutual funds	2,060	1,253
Total (C)	**2,707**	**1,253**
Total (A+B+C)	**2,709**	**1,255**
Aggregate amount of quoted investments	2,707	1,253
Aggregate Market value of quoted investments	2,707	1,253
Aggregate amount of unquoted investments	2	2
Aggregate amount of impairment in value of investments	0	0

Refer Note 37 for information about fair value measurement and Note 38 for credit risk and market risk of investments.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 6 LOANS

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Security deposits	140	150
Others (including employee loans)*	111	88
Total	**251**	**238**
Sub-classification of Loans:		
Loan Receivables considered good – Secured	-	-
Loan Receivables considered good – Unsecured	251	238
Loan Receivables which have significant increase in Credit Risk	-	-
Loan Receivables – credit impaired	-	-

Refer Note 38 for information about credit risk and market risk for loans

*Loans given to employees as per the Group's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013

NOTE 7 OTHER FINANCIAL ASSETS
(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Investments in term deposits (with remaining maturity of more than twelve months)	0	1
Indemnification Asset (Refer Note 41)	608	-
Other assets (includes other receivables etc.)	9	2
Total (A)	**617**	**3**
Current		
Receivable from group companies	78	19
Fair Value of Derivatives	30	106
Duty drawback receivable	1	6
Export benefits receivable	9	25
Investments in term deposits (with original maturity of more than twelve months but remaining maturity of less than twelve months)	-	599
Consignment Receivables	198	-
Other assets (includes Government grants, other receivables etc.)	872	665
Total (B)	**1,188**	**1,420**
Total (A+B)	**1,805**	**1,423**

Refer Note 38 for information about credit risk and market risk for other financial assets.

Refer Note 43 for information about receivables from related party.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 8 INCOME TAXES

A. Components of income tax expense

	From Continuing Operations		From Discontinued Operations	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
I. Tax expense recognised in Profit and Loss				
Current tax				
Current year	2,680	2,448	-	-
Adjustments/(credits) related to previous years - (net)	(160)	(205)	-	2
Total (A)	**2,520**	**2,243**	**-**	**2**
Deferred tax charge				
Origination and reversal of temporary differences	86	105	-	-
Adjustments/(credits) related to previous years - (net)	-	61	-	-
Total (B)	**86**	**166**	**-**	**-**
Total (A+B)	**2,606**	**2,409**	**-**	**2**
II. Tax expense recognised in Other Comprehensive Income				
Current tax				
(Gain)/loss on remeasurement of net defined benefit plans	-	-	-	-
(Gain)/loss on debt instruments through other comprehensive income	-	-	-	-
(Gain)/loss on cash flow hedges through other comprehensive income	-	-	-	-
Deferred tax				
(Gain)/loss on remeasurement of net defined benefit plans	(1)	(17)	-	-
(Gain)/loss on debt instruments through other comprehensive income	(0)	(0)	-	-
(Gain)/loss on cash flow hedges through other comprehensive income	47	(40)	-	-
	46	**(57)**	**-**	**-**
III. Tax expense recognised in Equity				
Current tax				
Stamp Duty on issue of equity shares on account of business combination	-	-	-	-
Deferred tax				
Stamp Duty on issue of equity shares on account of business combination	(9)	-	-	-
	(9)	**-**	**-**	**-**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

B. Reconciliation of Effective Tax Rate

The reconciliation between the statutory income tax rate applicable to the Group and the effective income tax rate of the Group is as follows:

	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Statutory income tax rate applicable for the year	25.2%	25.2%
Differences due to:		
Expenses not deductible for tax purposes	1.1%	1.2%
Income exempt from income tax	-0.2%	-
Others	-1.5%	-0.1%
Effective tax rate	**24.6%**	**26.3%**

* Others include prior period adjustment tax refunds, tax on exceptional items and impact of tax rate change (in FY 2019-20).

Impact of tax rate change: During FY 2019-20, the Group elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group re-measured its Net Deferred Tax Assets basis the rate prescribed in the said section. The full impact of this change was recognised in the consolidated statement of profit and loss for that year.

C. Deferred tax assets and liabilities

	As at 31st March, 2021	As at 31st March, 2020
Deferred tax assets (net)	17	284
Deferred tax Liabilities (net)	5,988	-

D. Movement in Deferred tax assets and liabilities

Movements during the year ended 31st March, 2020	As at 31st March, 2019	Credit/(charge) in Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31st March, 2020
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	123	(99)	11	35
Provision for doubtful debts and advances	25	(6)	-	19
Expenses allowable for tax purposes when paid	231	(72)	5	164
Property, plant and equipment and Intangible assets	(377)	129	-	(248)
Fair value gain/(loss)	(75)	(2)	41	(36)
Impact of Right of Use Asset and Lease Liabilities	20	(17)	-	3
MAT credit	1	2	-	3
Other temporary differences	445	(101)	-	344
	393	**(166)**	**57**	**284**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 8 INCOME TAXES (CONTINUED)

Movements during the year ended 31st March, 2021	As at 31st March, 2020	Credit/(charge) on account of business combination#	Credit/(charge) in Profit and Loss	Credit/(charge) in Other Comprehensive Income	Credit/(charge) in Equity	As at 31st March, 2021
Deferred tax assets/ (liabilities)						
Provision for post retirement benefits and other employee benefits	35	-	3	1	-	39
Provision for doubtful debts and advances	19	2	17	-	-	38
Expenses allowable for tax purposes when paid/deductible	164	71	(55)	-	9	189
Property, plant and equipment and Intangible assets	(248)	(6,215)	(168)	-	-	(6,631)
Fair value gain/(loss)	(36)	(1)	64	(47)	-	(20)
Impact of Right of Use Asset and Lease Liabilities	3	1	-	-	-	4
MAT credit	3	-	-	-	-	3
Other temporary differences	344	10	53	-	-	407
	284	**(6,132)**	**(86)**	**(46)**	**9**	**(5,971)**

(Refer Note 41)

E. Tax assets and liabilities

	As at 31st March, 2021	As at 31st March, 2020
Non-Current tax assets (net)	1,246	1,083
Non-Current tax liabilities (net)	1,367	424

F. Uncertain tax position

During FY 2020-21, an uncertain tax provision was established in respect of the tax amortisation of certain intangible assets acquired upon the scheme of HUL-GSK CH merger (Refer Note 41). This is in compliance with Ind AS 12-Income Taxes.

NOTE 9 OTHER NON-CURRENT ASSETS

	As at 31st March, 2021	As at 31st March, 2020
Capital advances	102	49
Advances other than Capital advances		
Deposit with Government authorities (customs, GST, etc.)	116	97
Other advances (includes advances for materials)	17	22
Less: Allowance for bad and doubtful advances	(17)	(22)
Deferred lease rent	1	0
	219	**146**
The movement in allowance for bad and doubtful advances is as follows:		
Balance as at beginning of the year	22	33
Change in allowance for bad and doubtful advances during the year	(1)	6
Written off during the year	(4)	(17)
Balance as at the end of the year	**17**	**22**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 10 INVENTORIES

	As at 31st March, 2021	As at 31st March, 2020
Raw materials [includes in transit: ₹69 crores (31st March, 2020: ₹67 crores)]	1,314	946
Packing materials [includes in transit: ₹1 crore (31st March, 2020: Nil)]	118	97
Work-in-progress	442	264
Finished goods [includes in transit: ₹58 crores (31st March, 2020: ₹31 crores)] (Refer Note (a) below)	1,607	1,380
Stores and spares	98	80
	3,579	**2,767**

(a) Finished goods includes good purchased for re-sale, as both are stocked together.

(b) During FY 2020-21 an amount of ₹203 crores (31st March, 2020: ₹158 crores) was charged to the consolidated statement of profit and loss on account of damaged and slow moving inventory. The reversal on account of above during the year amounted to ₹2 crores (31st March, 2020: ₹20 crores).

NOTE 11 TRADE RECEIVABLES

	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables considered good – Secured	-	-
Trade Receivables considered good – Unsecured	1,783	1,164
Less: Allowance for expected credit loss	(25)	(15)
Trade Receivables – credit impaired	86	21
Less: Allowance for credit impairment	(86)	(21)
	1,758	**1,149**
The movement in change in allowance for expected credit loss and credit impairment:		
Balance as at beginning of the year	36	32
Change in allowance for expected credit loss and credit impairment during the year	78	5
Trade receivables written off during the year	(3)	(1)
Balance as at the end of the year	**111**	**36**

Refer Note 38 for information about credit risk and market risk of trade receivables.

Refer Note 43 for information about receivables from related party.

NOTE 12 CASH AND CASH EQUIVALENTS

	As at 31st March, 2021	As at 31st March, 2020
Cash on hand	0	0
Balances with banks		
In current accounts	189	2,957
Term deposits with original maturity of less than three months	1,650	229
Others		
Overnight Mutual funds	3	30
	1,842	**3,216**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks		
Unpaid dividend account	208	176
Others (escrow account)	-	17
Investments in term deposits (with original maturity of more than three months but less than twelve months)	2,421	1,704
	2,629	**1,897**

NOTE 14 OTHER CURRENT ASSETS
(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2021	As at 31st March, 2020
Advances other than Capital advances		
Input Taxes (GST, etc.)	162	310
Balances with government authorities	2	1
Other advances (includes prepaid expenses etc.)	333	290
	497	**601**

NOTE 15 ASSETS HELD FOR SALE

	As at 31st March, 2021	As at 31st March, 2020
Group of assets held for sale		
Land	3	3
Buildings	14	15
Plant and equipment	0	0
Furniture and fixtures	0	0
	17	**18**

Note: During FY 2019-20, the Group had identified certain land of ₹2 crores (NBV: ₹2 crores), plant and equipment of ₹0 crore (NBV: ₹0 crore) and building of ₹25 crores (NBV: ₹13 crores) which were moved from property, plant and equipment to assets held for sale. During FY 2020-21, the Group has sold land of ₹0 crore and buildings of ₹1 crore. The gain on such sale has been credited to the consolidated statement of profit and loss under exceptional items.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 16 EQUITY SHARE CAPITAL

	As at 31st March, 2021	As at 31st March, 2020
Authorised		
2,85,00,00,000 (31st March, 2020: 2,25,00,00,000) equity shares of ₹1 each	285	225
Issued, subscribed and fully paid up		
2,34,95,67,819 (31st March, 2020: 2,16,48,44,187) equity shares of ₹1 each	235	216
	235	**216**

a) Reconciliation of the number of shares

	As at 31st March, 2021		As at 31st March, 2020	
Equity Shares:	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,16,48,44,187	216	2,16,47,04,405	216
Add: Shares issued on account of business combination (Refer note 41)	18,46,23,812	19*	-	-
Add: ESOP shares issued during the year (Refer Note 40)	99,820	0	1,39,782	0
Balance as at the end of the year	**2,34,95,67,819**	**235**	**2,16,48,44,187**	**216**

* Rounded up to nearest crore.

b) Rights, preferences and restrictions attached to shares

Equity shares: The Holding 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 Parent Company and its Subsidiaries in aggregate

	As at 31st March, 2021	As at 31st March, 2020
Equity Shares of ₹1 each		
1,11,43,70,148 shares (31st March, 2020: 1,11,43,70,148) held by Unilever PLC, UK, the Parent Company	111	111
3,40,042,710 shares (31st March, 2020: 3,40,042,710) held by subsidiaries of the Parent Company	34	34

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

Unilever PLC, UK, the Parent Company	As at 31st March, 2021	As at 31st March, 2020
Number of shares	1,11,43,70,148	1,11,43,70,148
% of holding	47.43%	51.48%

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 16 EQUITY SHARE CAPITAL (CONTINUED)

e) Shares reserved for issue under options

	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	Amount	Number of shares	Amount
Under 2012 HUL Performance Share Scheme: equity shares of ₹1 each, at an exercise price of ₹1 per share (refer note 40)	25,049	0	1,47,765	0
	25,049	**0**	**1,47,765**	**0**

For terms and other details refer note 40.

f) For the period of preceding five years as on the Balance Sheet date, Issued, Subscribed and Paid-up Share Capital includes:

i. Aggregate of 18,46,23,812 (31st March, 2020: Nil) Equity shares of ₹1 each allotted as fully paid-up pursuant to HUL-GSK CH merger without payment being received in cash (Refer Note 41).

ii. Aggregate of 10,07,036 (31st March, 2020: 13,79,336) Equity shares of ₹1 each allotted under the Employee stock option plan/performance share schemes as consideration for services rendered by employees for which only exercise price has been received in cash.

NOTE 17 OTHER EQUITY

Refer consolidated statement of changes in equity for detailed movement in Other Equity balance.

A. Summary of Other Equity balance.

	As at 31st March, 2021	As at 31st March, 2020
Capital Reserve	4	4
Capital Redemption Reserve	6	6
Securities Premium	40,350	153
Employee Stock Options Outstanding Account	5	15
General Reserve	114	114
Retained Earnings	6,880	7,698
Other Reserves	9	9
Employee's Housing Reserve	50	50
Export Profit Reserves	0	0
Items of Other Comprehensive Income		
- Fair value of Debt instruments through OCI	1	1
- Fair Value of cash flow hedges through OCI	20	(37)
Total Attributable to owners of the Company	**47,439**	**8,013**
Attributable to Non-controlling Interest (Refer Note 18)	20	17
Total equity	**47,459**	**8,030**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

B. Nature and purpose of reserves

(a) **Capital Reserve:** During amalgamation, the excess of net assets acquired, over the cost of consideration paid is treated as capital reserve.

(b) **Capital Redemption Reserve:** The Group 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:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. 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. In case of business combinations, the difference between fair value and nominal value of shares issued on the acquisition date is accounted as securities premium.

(d) **Employee Stock Options Outstanding Account:** The fair value of the equity-settled share based payment transactions is recognised in consolidated statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account.

(e) **General Reserve:** The Group had transferred a portion of the net profit of the Group 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 Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(g) **Other Reserves:** The Group 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.

(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 was created to protect, from any losses due to volatility in business.

(j) **Items of Other Comprehensive Income**

i) **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 are adjusted to retained earnings.

ii) **Fair value of cash flow hedges through Other Comprehensive Income:** The effective portion of the fair value change of the cash flow hedges measured at fair value through other comprehensive income is recognised in Cash flow hedges through Other Comprehensive Income. Upon derecognition, if the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts accumulated in other comprehensive income are taken to the consolidated statement of profit and loss at the same time as the related cash flow.

iii) **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 consolidated statement of profit and loss.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 17 OTHER EQUITY (CONTINUED)

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 net defined benefit plans	Cash flow hedges through Other Comprehensive Income	Debt instruments through Other Comprehensive Income	Total
As at 31st March, 2019	(48)	-	2	(46)
Transferred to Retained Earnings	48	-	-	48
Fair value of debt instruments through other comprehensive income	-	-	(1)	(1)
Fair Value of cash flow hedges in other comprehensive income	-	(77)	-	(77)
Tax on above	-	40	0	40
As at 31st March, 2020	**-**	**(37)**	**1**	**(36)**
Fair value of debt instruments through other comprehensive income	-	-	(0)	(0)
Fair Value of cash flow hedges in other comprehensive income	-	70	-	70
Hedging loss/(gain) transferred to non-financial asset (net)	-	34	-	34
Tax on above	-	(47)	0	(47)
As at 31st March, 2021	**-**	**20**	**1**	**21**

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 of the Holding Company monitor 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, 2021	As at 31st March, 2020
Non-current assets	97	259
Current assets	191	148
Non-current liabilities	(16)	(180)
Current liabilities	(124)	(93)
Net assets	**148**	**134**
Carrying amount of non-controlling interests	**20**	**17**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from operations	318	386
Profit for the year	20	42
Other comprehensive income for the year	0	0
Total comprehensive income for the year	**20**	**42**
Attributable to non-controlling interests (20%)		
Profit for the year	4	8
Other comprehensive income for the year	0	0
Cash flows from:		
Operating activities	74	65
Investing activities	(40)	(27)
Financing activities	(9)	(46)
Net increase/(decrease) in cash and cash equivalents	**25**	**(8)**
Dividend paid to non-controlling interests	1	9

NOTE 19 OTHER FINANCIAL LIABILITIES

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Security deposits	34	31
Employee and ex-employee related liabilities	211	209
Contingent consideration payable on business combination	51	93
Lease Liabilities	731	606
Total (A)	**1,027**	**939**
Current		
Unpaid dividends [Refer (a) below]	208	176
Salaries, wages, bonus and other employee benefits	273	216
Fair Value of Derivatives	6	171
Contingent consideration payable on business combination	41	37
Consignment Payables	244	-
Lease Liabilities	278	236
Other payables (including trade deposits, retention money for purchase of property, plant and equipment etc.)	156	96
Total (B)	**1,206**	**932**
Total (A+B)	**2,233**	**1,871**

Refer Note 38 for information about liquidity risk of other financial liability.

a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at 31st March, 2021 (31st March, 2020: Nil).

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 20 PROVISIONS

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Provision for employee benefits (pension, post retirement medical benefits, etc.) [Refer Note 39]	221	155
Other provisions (including for statutory levies etc.) – (net) [Refer (a) below]	1,357	1,072
Total (A)	**1,578**	**1,227**
Current		
Provision for employee benefits (gratuity and compensated absences, etc.) [Refer Note 39]	92	70
Other provisions (including restructuring etc.) [Refer (a) below]	415	352
Total (B)	**507**	**422**
Total (A+B)	**2,085**	**1,649**

a) Movement in Other provisions (Non-current and Current)

	Indirect Tax Matters	Legal and Other Matters#	Total
Balance as at 31st March, 2019	**497**	**943**	**1,440**
Add: Provision/reclassified during the year*	145	141	286
Less: Amount utilised/reversed during the year	(73)	(229)	(302)
Balance as at 31st March, 2020	**569**	**855**	**1,424**
Add: Additions due to business combination (refer Note 41)	240	103	343
Add: Provision/reclassified during the year*	67	113	180
Less: Amount utilised/reversed during the year	(57)	(118)	(175)
Balance as at 31st March, 2021	**819**	**953**	**1,772**

*includes impact of discounting.

#including restructuring provisions, etc.

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.

The Group does not expect any reimbursements in respect of the above provisions.

NOTE 21 TRADE PAYABLES

	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro enterprises and small enterprises [Refer (a) below]	67	-
(as per the intimation received from vendors)		
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	102	120
Trade payables	8,633	7,415
	8,802	**7,535**

Refer Note 38 for information about liquidity risk and market risk of trade payables.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

a) Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

		As at 31st March, 2021	As at 31st March, 2020
A(i).	Principal amount remaining unpaid	67	-
A(ii).	Interest amount remaining unpaid	-	-
B.	Interest paid by the Group 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	0	-
C.	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	-	-
D.	Interest accrued and remaining unpaid	-	-
E.	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	-	-

NOTE 22 OTHER CURRENT LIABILITIES

	As at 31st March, 2021	As at 31st March, 2020
Statutory dues (including provident fund, tax deducted at source and others)	492	270
Others (including advance from customers, etc.)	96	158
	588	**428**

NOTE 23 CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent liabilities

	As at 31st March, 2021	As at 31st March, 2020
Claims against the Group not acknowledged as debts		
Income tax matters	1,412	1,361
Indirect tax matters	757	961
Legal and Other matters	281	284
Corporate Guarantee given	1	8

(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 judgements/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 claims against the Group by employees and pertaining to proceedings pending with various direct tax, indirect tax and other authorities. 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 consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its consolidated financial statements.

(iv) The Group has given Bank Guarantees in respect of certain matters of above contingent liabilities.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 23 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

B. Commitments
i) Lease commitments

Lease commitments are the future cash out flows from the lease contracts which are not recorded in the measurement of lease liabilities. These include potential future payments related to leases of low value assets, leases with term less than twelve months and variable leases.

	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	81	94
Later than one year and not later than five years	114	189
Later than five years	-	1

	As at 31st March, 2021	As at 31st March, 2020
ii) Capital commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	531	303
iii) Other commitments		
Unexpired Letter of credit and acceptances	3	6
	534	**309**

NOTE 24 REVENUE FROM OPERATIONS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Sale of products	46,269	39,136
Sale of services	52	102
Other operating revenue*		
Income from services rendered	222	255
Commission income on consignment sales	264	-
Others (including Government grant, scrap sales, export incentives, etc.)	221	290
	47,028	**39,783**

Total Government grant recognised ₹108 crores (31st March, 2020: ₹171 crores).

Reconciliation of Revenue from sale of products and sale of services with the contracted price

	Year ended 31st March, 2021	Year ended 31st March, 2020
Contracted Price	51,955	45,204
Less: Trade discounts, volume rebates, etc	(5,634)	(5,966)
Sale of products and sale of services	**46,321**	**39,238**

* There is no adjustment made to contract price for revenue recognised as other operating revenue.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Segment-wise Revenue from operations

	Year ended 31st March, 2021	Year ended 31st March, 2020
Home Care	13,957	13,640
Beauty & Personal Care	18,038	17,488
Foods & Refreshment	13,204	7,450
Others (includes Exports, Infant & Feminine Care etc.)	1,829	1,205
	47,028	**39,783**

NOTE 25 OTHER INCOME

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income on		
Bank deposits	216	284
Current investments	6	39
Others (including interest on Income tax refunds)	124	169
Dividend income from		
Non-current investments	1	1
Other non-operating income		
Fair value gain on investments measured at fair value through profit or loss*	63	137
Net gain on sale of investments	-	2
	410	**632**

*Includes realised gain on sale of investment of ₹52 crores (31st March, 2020: ₹65 crores).

NOTE 26 COST OF MATERIALS CONSUMED

	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw materials consumed	13,020	9,306
Packing materials consumed	2,412	2,670
	15,432	**11,976**

NOTE 27 PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2021	Year ended 31st March, 2020
Purchases of stock-in-trade	7,121	6,391
	7,121	**6,391**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 28 CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening inventories		
Finished goods	1,380	1,270
Work-in-progress	264	266
Closing inventories		
Finished goods	(1,607)	(1,380)
Work-in-progress	(442)	(264)
	(405)	**(108)**

NOTE 29 EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries and wages, bonus etc.	1,943	1,547
Contribution to provident fund and other funds	162	122
Defined benefit plan expenses (Refer Note 39)	39	32
Share based payments to employees (Refer Note 40)	56	45
Workmen and staff welfare expenses	158	74
	2,358	**1,820**

NOTE 30 FINANCE COSTS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expense on bank overdraft and others	2	3
Net interest on the net defined benefit liability (Refer Note 39)	13	9
Unwinding of discount on provisions and liabilities	6	13
Unwinding of discount on employee and ex-employee related liabilities	6	6
Interest on Lease liabilities	86	80
Others (including interest on taxes)	4	7
	117	**118**

NOTE 31 DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation on property, plant and equipment (owned assets)*	635	609
Depreciation on property, plant and equipment (leased assets)	412	377
Amortisation on intangible assets	27	16
	1,074	**1,002**

*In addition to the above, ₹60 crores of accelerated depreciation has been charged to exceptional items under a restructuring project.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 32 OTHER EXPENSES

	Year ended 31st March, 2021		Year ended 31st March, 2020	
Advertising and promotion		4,754		4,713
Carriage and freight		1,743		1,507
Royalty				
- Technology	578		540	
- Brand	176	754	159	699
Fees for central services from Parent Company		450		387
Power, fuel, light and water		339		299
Rent		104		110
Processing charges		293		80
Travelling and motor car expenses		93		165
Repairs		163		156
Rates & taxes (excluding income tax)		8		39
Corporate social responsibility expense [Refer Note (a) below]		167		146
Miscellaneous expenses		2,028		1,542
		10,896		**9,843**

The Group has spent ₹167 crores (2019-20: ₹146 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: ₹164 crores (2019-20: ₹144 crores)

II. Amount spent during the year on:

	Year ended 31st March, 2021		Year ended 31st March, 2020	
	In cash	Yet to be paid in Cash	In cash	Yet to be paid in Cash
i) Construction/Acquisition of any asset	-	-	-	-
ii) For purposes other than (i) above	167	-	146	-
	167	**-**	**146**	**-**

III. The Group does not carry any provisions for Corporate Social Responsibility expenses for the current year and previous year.

IV. The Group does not wish to carry forward any excess amount spent during the year.

V. The Group does not have any ongoing projects as at 31st March, 2021.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 33 EXCEPTIONAL ITEMS (NET)

	Year ended 31st March, 2021	Year ended 31st March, 2020
i) Profit on disposal of surplus properties	95	46
ii) Fair valuation of contingent consideration payable (refer Note 41)	22	26
Total exceptional income (A)	**117**	**72**
i) Acquisition and disposal related cost	(156)	(132)
ii) Restructuring and other costs	(200)	(140)
Total exceptional expenditure (B)	**(356)**	**(272)**
Exceptional items (net) (A+B)	**(239)**	**(200)**

NOTE 34 DISCONTINUED OPERATIONS

Pond's Exports Limited (PEL) has closed down its existing operation in line with the Group's strategy of exiting non core business.

A. Results of discontinued operation

	Year ended 31st March, 2021	Year ended 31st March, 2020
Income	1	0
Expenses	(2)	(6)
Results from discontinued operations before tax	**(1)**	**(6)**
Tax Expense		
Adjustments related to previous years	-	(2)
Deferred tax credit/(charge)	-	-
Results from discontinued operations after tax	**(1)**	**(8)**

The Loss from discontinued operations of ₹1 crore (2019-20 loss ₹8 crores) is attributable entirely to the owners of the Holding Company.

B. Net Cash (used in)/generated from discontinued operations

	Year ended 31st March, 2021	Year ended 31st March, 2020
Net cash (used in)/generated from operating activities	(0)	(1)
Net cash (used in)/generated from investing activities	-	-
Net cash used in financing activities	-	-
Net cash flows for the year	**(0)**	**(1)**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 35 EARNINGS PER EQUITY SHARE

A. FROM CONTINUING OPERATIONS

	Year ended 31st March, 2021	Year ended 31st March, 2020
Earnings Per Share has been computed as under:		
Profit for the year attributable to the owners of the Holding Company	7,996	6,756
Weighted average number of equity shares outstanding during the year	2,34,95,42,101	2,16,47,95,829
Earnings Per Share (₹) - Basic (Face value of ₹1 per share)	₹34.03	₹31.21
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	50,297	1,96,123
Weighted average number of Equity shares (including dilutive shares) outstanding during the year	2,34,95,92,398	2,16,49,91,952
Earnings Per Share (₹) - Diluted (Face value of ₹1 per share)	₹34.03	₹31.21

B. From Discontinued operations

	Year ended 31st March, 2021	Year ended 31st March, 2020
Earnings Per Share has been computed as under:		
Loss for the year attributable to the owners of the Holding Company	(1)	(8)
Weighted average number of equity shares outstanding during the year	2,34,95,42,101	2,16,47,95,829
Earnings Per Share (₹) - Basic (Face value of ₹1 per share)	₹(0.00)	₹(0.04)
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	50,297	1,96,123
Weighted average number of Equity shares (including dilutive shares) outstanding during the year	2,34,95,92,398	2,16,49,91,952
Earnings Per Share (₹) - Diluted (Face value of ₹1 per share)	₹(0.00)	₹(0.04)

NOTE 36 DIVIDEND ON EQUITY SHARE

	Year ended 31st March, 2021	Year ended 31st March, 2020
Dividend on equity shares declared and paid during the year		
Final dividend of ₹14.00 per share for FY 2019-20 (2018-19: ₹13.00 per share)	3,289	2,814
Dividend distribution tax on final dividend*	-	578
Special dividend of ₹9.50 per share for FY 2020-21	2,232	-
Interim dividend of ₹14.00 per share for FY 2020-21 (2019-20: ₹11.00 per share)	3,290	2,382
Dividend distribution tax on interim dividend*	-	470
	8,811	**6,244**
Proposed dividend on equity shares not recognised as liability		
Final dividend of ₹17.00 per share for FY 2020-21 (2019-20: ₹14.00 per share)	3,994	3,289
	3,994	**3,289**
Payout ratio#	**91%**	**91%**

#Payout ratio excluding special dividend.

Proposed dividend on equity shares is subject to the approval of the shareholders of the Holding Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

*Dividend Distribution Tax (DDT) was applicable only up to FY 2019-20. DDT – net comprises credit in respect of tax paid under Section 115 O of the Income-tax Act, 1961 by the Holding Company on dividend received from its subsidiaries.

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 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, 2021	As at 31st March, 2020
Financial Assets			
Financial assets measured at fair value			
Investments measured at			
i. Fair value through other comprehensive income	5	647	-
ii. Fair value through profit or loss	5	2,062	1,255
Fair value of Derivatives	7	30	106
Financial assets measured at amortised cost			
Investments	5	0	0
Loans	6	251	238
Investments in term deposits	7,13	2,421	2,304
Indemnification asset	7	608	-
Other assets	7	890	667
		6,909	**4,570**
Financial Liabilities			
Financial liabilities measured at fair value			
Fair value of Derivatives	19	6	171
Contingent consideration payable on business combination	19	92	130
Financial liabilities measured at amortised cost			
Security deposits	19	34	31
Employee Liabilities	19	484	425
Lease Liabilities	19	1,009	842
Other payables	19	156	96
		1,781	**1,695**

The Group has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, receivables from group companies, consignment receivables, trade payables, consignment 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.

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to the consolidated financial statements for the year ended 31st March, 2021

(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 consolidated statement of profit and loss are as follows:

	Note	Year ended 31st March, 2021	Year ended 31st March, 2020
Financial assets measured at amortised cost			
Interest income	25	219	290
Allowance for expected credit loss and credit impairment	11	78	5
Financial assets measured at fair value through other comprehensive income			
Investment in debt instruments			
Interest income	25	6	39
Fair value gain/(loss) recognised in other comprehensive income	17C	(0)	(1)
Financial assets measured at fair value through profit or loss			
Fair value gain/(loss) on investment in debt instruments	25	63	137
Dividend income on non-current investments	25	1	1
Net gain on sale of investments	25	-	2
Financial liabilities measured at amortised cost			
Interest on lease liabilities	30	86	80
Interest expense other than on lease liabilities	30	14	22
Financial liabilities measured at fair value through profit or loss			
Fair valuation of contingent consideration payable	33	22	26
Derivatives - foreign exchange forward contracts and cash flow hedges			
Fair value gain/(loss)	26, 32	(166)	22

C. Fair Value Hierarchy

The fair value of financial instruments as referred to in note (A) above have been classified into 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.

Notes
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(All amounts in ₹ crores, unless otherwise stated)

NOTE 37 FINANCIAL INSTRUMENTS (CONTINUED)

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarised below:

	Level 1	Level 2	Level 3	Total
As at 31st March, 2021				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	647	-	-	647
ii. Fair Value through Profit or Loss	2,060	-	2	2,062
Fair value of Derivatives	-	30	-	30
Liabilities at fair value				
Fair value of Derivatives	-	6	-	6
Contingent consideration payable on business combination	-	-	92	92
As at 31st March, 2020				
Assets at fair value				
Investments measured at:				
i. Fair Value through OCI	-	-	-	-
ii. Fair Value through Profit or Loss	1,253	-	2	1,255
Fair value of Derivatives	-	106	-	106
Liabilities at fair value				
Fair value of Derivatives	-	171	-	171
Contingent consideration payable on business combination	-	-	130	130

Calculation of Fair Values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of 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, 2020.

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, foreign exchange forward rates and commodity prices.

Other financial assets and liabilities

- Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), consignment receivable, trade payables, consignment payable 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.

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Significant Unobservable Inputs Used In Level 3 Fair Values

As at 31st March, 2021	Valuation techniques	Significant unobservable inputs	Sensitivity of input to fair value measurement
(a) Fair Value of Derivatives	Forward pricing: The fair value is determined using quoted forward exchange rates and the commodity derivative prices at the reporting date.	Not applicable	A 10% increase in prices of open trades would have led to approximately ₹2 crores gain in OCI. A 10% decrease in prices would have led to an equal but opposite effect.
(b) Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Forecast revenue:	10% increase in forecasted revenue per year will have additional liability of ₹5 crores and 10% decrease will have reduction in liability of ₹5 crores.
		Discount rate: 6.3%	1% increase in discount rate will have reduction in liability of ₹1 crore. 1% decrease will have increase in liability of ₹1 crore.

As at 31st March, 2020	Valuation techniques	Significant unobservable inputs	Sensitivity of input to fair value measurement
(a) Fair Value of Derivatives	Forward pricing: The fair value is determined using quoted forward exchange rates and the commodity derivative prices at the reporting date.	Not applicable	A 10% increase in prices of open trades would have led to approximately ₹21 crores gain in OCI. A 10% decrease in prices would have led to an equal but opposite effect.
(b) Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Forecast revenue:	10% increase in forecasted revenue per year will have additional liability of ₹26 crores and 10% decrease will have reduction in liability of ₹20 crores.
		Discount rate: 6.9%	1% increase in discount rate will have reduction in liability of ₹2 crores. 1% decrease will have increase in liability of ₹2 crores.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities is given below

Reconciliation of movements in Level 3 valuations	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening	132	178
Additions during the year	12	-
Interest unwinding	5	10
Payments during the year	(33)	(30)
Gain recognised in profit and loss on fair value adjustment	(22)	(26)
Closing	**94**	**132**

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(All amounts in ₹ crores, unless otherwise stated)

NOTE 38 FINANCIAL RISK MANAGEMENT

The Group's business activities are exposed to a variety of financial risks, namely liquidity risk, market risk, credit risk and commodity risk. The Group's 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's risk management policies. The Group's 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 Group.

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'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 Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2021 and 31st March, 2020. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

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 assets and financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

			Undiscounted Amount		
	Note	Carrying amount	Within 1 year	More than 1 year	Total
As at 31st March, 2021					
Financial Assets					
Non-derivative assets					
Cash and cash equivalents	12	1,842	1,842	-	1,842
Bank Balances other than cash and cash equivalents	13	2,629	2,629	-	2,629
Trade Receivables	11	1,758	1,758	-	1,758
Loans	6	251	-	251	251
Investments	5	2,709	2,707	2	2,709
Consignment Receivable	7	198	198	-	198
Other financial asset	7	969	960	9	969
Derivative assets					-
Fair Value of Derivatives	7	30	30	-	30
Financial liabilities					
Non-derivative liabilities					
Trade payables (including acceptances)	21	8,802	8,802	-	8,802
Security deposits	19	34	-	34	34
Employee liabilities	19	484	272	230	502
Unpaid dividend	19	208	208	-	208
Consignment Payable	19	244	244	-	244
Other Payables	19	156	156	-	156
Contingent consideration	19	92	42	55	97
Lease Liabilities	19	1,009	278	882	1,159
Derivative liabilities					
Fair Value of Derivatives	19	6	6	-	6

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(All amounts in ₹ crores, unless otherwise stated)

			Undiscounted Amount		
	Note	Carrying amount	Within 1 year	More than 1 year	Total
As at 31st March, 2020					
Financial Assets					
Non-derivative assets					
Cash and cash equivalents	12	3,216	3,216	-	3,216
Bank Balances other than cash and cash equivalents	13	1,897	1,897	-	1,897
Trade Receivables	11	1,149	1,149	-	1,149
Loans	6	238	-	238	238
Investments	5	1,255	1,253	2	1,255
Other financial asset	7	1,317	1,314	3	1,317
Derivative assets					
Fair Value of Derivatives	7	106	106	-	106
Financial liabilities					
Non-derivative liabilities					
Trade payables (including acceptances)	21	7,535	7,535	-	7,535
Security deposits	19	31	-	31	31
Employee liabilities	19	425	216	221	437
Unpaid dividend	19	176	176	-	176
Other Payables	19	96	96	-	96
Contingent consideration	19	130	37	105	142
Lease Liabilities	19	842	236	725	961
Derivative liabilities					
Fair Value of Derivatives	19	171	171	-	171

Notes

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NOTE 38 FINANCIAL RISK MANAGEMENT (CONTINUED)

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;
- interest rate risk; and
- commodity risk

The above risks may affect the Group's 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

Potential Impact of Risk:

The Group is subject to the risk that changes in foreign currency values impact the Group's exports revenue and imports of raw material and property, plant and equipment.

As at 31st March, 2020, the net unhedged exposure to the Group on holding financial assets (trade receivables and Capital advances), liabilities (trade payables and capital creditors) and commitments other than in their functional currency amounted to ₹53 crores payable (31st March, 2020: ₹16 crores receivable).

Payable/(Receivable)	As at 31st March, 2021	As at 31st March, 2020
EUR	2	6
USD	4	(52)
GBP	11	6
SGD	16	10
SEK	9	7
NZD	8	3
CHF	0	0
AED	(0)	(0)
Others	3	4
	53	(16)

Management Policy:

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 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.

Sensitivity to 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 ₹2 crores gain in the consolidated statement of profit and loss (2019-20: ₹1 crores loss). A 5% weakening of the INR against these currencies would have led to an equal but opposite effect.

2. Price Risk

Potential Impact of 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 2021, the investments in debt mutual funds amounts to ₹2,061 crores (31st March, 2020: ₹1,253 crores). These are exposed to price risk.

Management Policy:

The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.

Sensitivity to Risk:

A 1% increase in prices would have led to approximately an additional ₹21 crores gain in the consolidated statement of profit and loss (2019-20: ₹12 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.

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Potential Impact of Risk | **Management Policy** | **Sensitivity to Risk**

3. Interest Rate Risk

Potential Impact of Risk:

The Group is mainly exposed to the interest rate risk due to its investment in treasury bills and fixed deposits. The interest rate risk arises due to uncertainties about the future market interest rate of these investments.

In addition to treasury bills, the Group invests in term deposits. Considering the short-term nature, there is no significant interest rate risk pertaining to these deposits.

As at 31st March, 2021, the investments in treasury bill and fixed deposits amounts to ₹658 crores (31st March, 2020: Nil). These are exposed to interest rate risk.

Management Policy:

The Group has laid policies and guidelines including tenure of investment made to minimise impact of interest rate risk.

Sensitivity to Risk:

A 0.25% decrease in interest rates would have led to approximately Nil amount in the consolidated statement of profit and loss (2019-20: Nil). A 0.25% increase in interest rates would have led to an equal but opposite effect.

4. Commodity Risk

Potential Impact of Risk:

The Group is exposed to the risk of changes in commodity prices in relation to its purchase of certain raw materials.

At 31st March, 2021, the Group had hedged its exposure to future commodity purchases with commodity derivatives valued at ₹5 crores (31st March, 2020: 32 crores).

Hedges of future commodity purchases resulted in cumulative losses of ₹112 crores (31st March, 2020: ₹12 crores) being reclassified to the consolidated statement of profit and loss as an adjustment to inventory purchase.

Management Policy:

Commodities form a major part of the raw materials required for Group products portfolio and hence commodity price risk is one of the important market risk for the Group. The commodities are priced using pricing benchmarks and commodity derivatives are priced using exchange-traded pricing benchmarks. The Group 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 Group uses commodity swaps and option contracts to hedge against components of commodities where it is not possible to hedge the commodity in full.

Sensitivity to Risk:

A 10% increase in prices of open trades would have led to approximately ₹2 crores gain in OCI (2019-20: ₹21 crores). A 10% decrease in prices 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 indicate low credit risk. 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, Government securities, money market liquid mutual funds and derivative instrument with financial institutions. The Group has set counter-party limits based on multiple factors including financial position, credit rating, etc.

The Group's maximum exposure to credit risk as at 31st March, 2021 and 31st March, 2020 is the carrying value of each class of financial assets.

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NOTE 39 EMPLOYEE BENEFIT PLANS

I. Defined Contribution Plans

Refer Note 29 for Group's contribution to the defined contribution plans with respect to provident fund and other funds.

II. Defined Benefit Plans

Description of Plans

Retirement Benefit Plans of the Group 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 with an insurance service provider & Group managed trust. Pension (Management Pension and Officer's Pension) for most employees is managed through a trust, invested with an insurance service provider and for some employees investments are managed through Group's 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 for most employees are managed through investment made under Group managed trust & for some employees through insurance policy.

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 Group's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Group to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Group 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 Group for 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.

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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, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Present Value of Obligation	3,880	2,830	255	196
Fair Value of Plan Assets	(3,821)	(2,768)	(66)	(71)
(Asset)/Liability recognised in the Balance Sheet	**59**	**62**	**189**	**125**
Of which in respect of:				
Funded plans in surplus:				
Present Value of Obligation	133	12	-	-
Fair Value of Plan Assets	(194)	(26)	-	-
(Asset)/Liability recognised in the Balance Sheet*	**-***	**-***	**-**	**-**
*The excess of assets over liabilities in respect of Officer's Pension & Gratuity Plan II have not been recognised.				
Funded plans in deficit:				
Present Value of Obligation	3,747	2,818	201	196
Fair Value of Plan Assets	(3,688)	(2,756)	(66)	(71)
(Asset)/Liability recognised in the Balance Sheet	**59**	**62**	**135**	**125**
Unfunded plans in deficit:				
Present Value of Obligation	-	-	54	-
Fair Value of Plan Assets	-	-	-	-
(Asset)/Liability recognised in the Balance Sheet	**-**	**-**	**54**	**-**

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, 2019	2,635	2,665	30	81	157	76
Current service cost	-	112	112	-	0	0
Past service cost	-	5	5	-	-	-
Employee contributions	188	188	-	-	-	-
Interest cost	-	202	202	-	12	12
Interest income	199	-	(199)	6	-	(6)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	20	30	10	(2)	19	21
Actuarial (gain)/loss arising from experience adjustments	-	15	15	-	22	22
Employer contributions	126	-	(126)	-	-	-
Assets acquired/(settled)	(51)	(51)	-	-	-	-
Benefit payments	(336)	(336)	-	(14)	(14)	-
As at 31st March, 2020	**2,781**	**2,830**	**49**	**71**	**196**	**125**

Notes
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NOTE 39 EMPLOYEE BENEFIT PLANS (CONTINUED)

	Retirement Benefit Plans			Other Post-Employment Benefit Plans		
	Plan Assets	Plan Obligation	Total	Plan Assets	Plan Obligation	Total
As at 31st March, 2020	2,781	2,830	49	71	196	125
Additions due to business combination	796	796	-	-	55	55
Current service cost	-	143	143	-	1	1
Change in asset ceiling	(28)	-	28	-	-	-
Employee contributions	242	242	-	-	-	-
Interest cost	-	238	238	-	17	17
Interest income	237	-	(237)	5	-	(5)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	3	3	-	(1)	(1)
Actuarial (gain)/loss arising from changes in financial assumptions	89	(5)	(94)	1	-	(1)
Actuarial (gain)/loss arising from experience adjustments	-	76	76	-	(1)	(1)
Employer contributions	147	-	(147)	1	-	(1)
Assets acquired/(settled)	(122)	(122)	-	-	-	-
Benefit payments	(321)	(321)	-	(12)	(12)	-
As at 31st March, 2021	**3,821**	**3,880**	**59**	**66**	**255**	**189**

C. Consolidated statement of profit and loss

The charge to the consolidated statement of profit and loss comprises:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Employee Benefit Expenses*:				
Current service cost	39	28	1	0
Past service cost	-	4	-	-
Finance costs*:				
Interest cost	51	51	17	12
Interest income	(50)	(48)	(5)	(6)
Net impact on profit (before tax)	**40**	**35**	**13**	**6**
Remeasurement of the net defined benefit plans:				
Actuarial (gains)/losses arising from changes in demographic assumptions	3	-	(1)	-
Actuarial (gains)/losses arising from changes in financial assumptions	(10)	31	(1)	21
Actuarial (gains)/losses arising from experience adjustments	(8)	(6)	(1)	22
Change in asset ceiling (gains)/losses	21	-	-	-
Net impact on other comprehensive income (before tax)	**6**	**25**	**(3)**	**43**

* Service cost and Finance cost excludes charges towards Officer's Pension and Provident Fund.

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D. Assets

The fair value of plan assets at the Balance Sheet date for our defined benefit plans for each category are as follows:

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Quoted				
Government Debt Instruments	1,646	1,157	-	-
Other Debt Instruments	1,241	596	66	71
Equity	185	118	-	-
Total (A)	**3,072**	**1,871**	**66**	**71**
Unquoted				
Other Debt Instruments	228	490	-	-
Others	582	420	-	-
Total (B)	**810**	**910**	**-**	**-**
Total (A+B)	**3,882**	**2,781**	**66**	**71**

Note: Assets to the extent of ₹7 crores for Officer's Pension Fund (FY 2019-20: ₹14 crores) & ₹54 crores for Gratuity Fund (FY 2019-20: Nil) are not recognised.

None of the plans invest directly in any property occupied by the Group or any financial securities issued by the Group.

E. Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Holding Company's Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	Retirement Benefit Plans		Other Post-Employment Benefit Plans	
Financial Assumptions	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Discount rate (per annum)	6.7%	6.7%	6.7%	6.7%
Salary Escalation Rate (per annum)				
Management employees – for first 5years	8.0%	8.0%		
Management employees – after 5 years	8.0%	8.0%		
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 (2012-14) Ultimate table.

Mortality in Retirement: LIC Buy-out Annuity Rates & Published rates under S1PA Mortality table adjusted for Indian Lives.

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NOTE 39 EMPLOYEE BENEFIT PLANS (CONTINUED)

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	0.50%	-2.44%	0.50%	-4.8%
	Decrease	0.50%	2.60%	0.50%	5.2%
Salary escalation rate (per annum)	Increase	0.25%	1.41%	-	-
	Decrease	0.25%	-1.39%	-	-
Pension rate	Increase	0.25%	3.76%	-	-
	Decrease	0.25%	-3.68%	-	-
Life expectancy	Increase	1 year	2.8%	1 year	5.3%
	Decrease	1 year	-2.9%	1 year	-5.2%
Annual increase in healthcare costs (per annum)	Increase	-	-	1.00%	10.6%
	Decrease	-	-	1.00%	-9.1%

The sensitivity analysis 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 the next year for each of the defined benefit plan

	Weighted average duration (yrs.)		Expected Employers contribution for the next year
	Year ended 31st March, 2021	Year ended 31st March, 2020	
Gratuity Plan I	7.4	7.4	47.3
Gratuity Plan II	6.7	-	-
Management Pension	6.2	6.0	0.3
Officer's Pension	2.4	3.2	-
Provident Fund Plan I	8.9	8.7	92.6
Provident Fund Plan II	8.4	-	19.7
Post-retirement medical benefits Plan I	10.0	10.3	-
Post-retirement medical benefits Plan II	15.6	-	-

Plan I refers to existing employee benefit plans of the Group.

Plan II refers to employee benefit plans added pursuant to HUL-GSK CH merger.

Compensated absences

Employee Benefit expenses for the year include ₹10 crores (FY 2019-20: ₹1 crore) towards compensated absences.

Provision for compensated absences as on 31st March, 2021 is ₹42 crores (31st March, 2020: ₹21 crores).

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NOTE 40 SHARE BASED PAYMENTS

Equity Settled Share Based Payments

The members of the Holding 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, underlying operating margin, and cumulative 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.

The Employee Stock Option Plan includes employees of the Holding Company (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
	2013	18-Mar-13	3,68,023			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
2012 HUL Performance Share Scheme	Interim 2015	27-Jul-15	12,322	Vested after three years from date of grant	3 months from date of vesting	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
	Interim 2018	27-Jul-18	4,650			1.00	1.00

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NOTE 40 SHARE BASED PAYMENTS (CONTINUED)

Scheme	Year	Number of Share Options: Outstanding at the beginning of the year	Granted during the year*	Forfeited/ Expired during the year	Exercised during the year	Outstanding at the end of the year
2012 HUL Performance Share Scheme	2016	-	-	-	-	-
		(93,008)	(4,659)	(1,035)	(96,632)	-
	Interim 2016	-	-	-	-	-
		(10,442)	(1,691)	(1,113)	(11,020)	-
	2017	82,043	-	-	82,043	-
		(1,11,880)	(7,434)	(5,141)	(32,130)	(82,043)
	Interim 2017	5,601	612		6,213	-
		(6,016)	-	(415)	-	(5,601)
	2018	55,471	-	22,888	11,564	21,019
		(59,053)	-	(3,582)	-	(55,471)
	Interim 2018	4,650	-	620	-	4,030
		(4,650)	-	-	-	(4,650)

* Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to FY 2019-20)

Weighted average equity share price at the date of exercise of options during the year was ₹2,021 (2019-20: ₹1,833).

Weighted average remaining contractual life of options as at 31st March, 2021 was 0.3 years (31st March, 2020: 0.4 years).

Cash Settled Share Based Payments

The employees of the Group are eligible for Unilever PLC (the 'Holding Group') 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 Group and to receive a corresponding award of performance-related shares. Under GPSP, eligible employees receive annual awards of the Holding Group's shares. The awards under MCIP and GPSP plans will vest after 3-4 years between 0% and 150% of grant level, depending on the achievement of the performance metrics. The performance metrics of GPSP are underlying sales growth, underlying operating margin, and cumulative operating cash flow. The performance metrics of MCIP are underlying sales growth, underlying EPS growth, return on invested capital and sustainability progress index. Under the SHARES Plan, eligible employees can invest up to ₹16,897 per month in the shares of the Parent 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 Parent Company charges the Group for the grant of shares to the Group's employees at the end of the 3/4 years based on the market value of the shares on the exercise date. The Group 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 Group 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 or four years of service. The amount of payment is also determined basis increase in the share price of the Parent Company between grant date and the time of exercise.

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to the consolidated financial statements for the year ended 31st March, 2021

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Effect of share based payment transactions on the consolidated balance sheet:

	As at 31st March, 2021	As at 31st March, 2020
Other non-current financial liabilities	79	73
Other current financial liabilities	91	78
Total carrying amount of liabilities	**170**	**151**

Effect of share based payment transactions on the consolidated statement of profit and loss:

	As at 31st March, 2021	As at 31st March, 2020
Equity settled share based payments	(2)	2
Cash settled share based payments	58	43
Total expense on share based payments	**56**	**45**

NOTE 41 BUSINESS COMBINATION

Acquisition of Indulekha Brand

On 7th April, 2016, the Holding 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 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, 2020, the fair value of the contingent consideration was ₹119 crores which was classified as other financial liability.

Deferred contingent consideration

Based on actual performance in financial year 2020-21, contingent consideration paid and current view of future projections for the brand, the Holding Company has reviewed and fair valued the deferred contingent consideration so payable. As at 31st March 2021, the fair value of the contingent consideration is ₹80 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 input used in determining the fair value of deferred contingent consideration were domestic turnover projection of the brand.

Acquisition of Adityaa Milk Brand

On 26th September, 2018, the Holding Company completed the acquisition of the brand 'Adityaa Milk' and its front-end distribution network from Vijaykant Dairy and Food Products Limited [VDFPL]. The deal comprised the acquisition of the brand 'Adityaa Milk', customer relationship, technical know-how, Property, Plant and Equipment, working capital and other intangible assets for a total consideration of ₹65 crores and a deferred contingent consideration of ₹18 crores. The deferred contingent consideration is payable after 3 year from acquisition date.

Basis the future projections of the performance of the brand, the contingent consideration is subject to revision on a yearly basis. As at 31st March, 2020, the fair value of the contingent consideration was ₹11 crores which was classified as other financial liability.

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NOTE 41 BUSINESS COMBINATION (CONTINUED)

Deferred contingent consideration

Based on actual performance in financial year 2020-21 and current view of future projections for the brand, the Holding Company has reviewed, and determined that there will be no contingent consideration which will be payable and accordingly as at 31st March, 2021 the fair value of the contingent consideration is Nil.

Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived basis weighted average probability approach of achieving various financial and non-financial performance targets.

Acquisition of VWash Brand

On 25th June, 2020, the Holding Company completed the acquisition of the brand 'VWash' from Glenmark Pharmaceuticals Limited. The deal comprised the acquisition of the brand 'VWash', along with other trademarks, copyrights, know-how and designs associated with the brand ('VWash Business') and certain packing/product moulds for a cash consideration of ₹286 crores including a holdback consideration of ₹10 crores; plus a deferred contingent consideration of ₹12 crores. The transaction is accounted as business combination under Ind AS 103.

The transaction is undertaken with an objective of entering the female intimate hygiene market with an established brand, to capitalise on its market position and build upon existing product offerings over time to strengthen HUL's competencies in this segment.

(A) Purchase consideration transferred:

	Amount
Upfront cash consideration (Including holdback consideration)	286
Deferred contingent consideration	12
	298

Deferred contingent consideration

The Contingent consideration is payable at 5% of net turnover for next 3 years from closing date (25th June, 2020) and accordingly recognised at fair value of ₹12 crores. Determination of the fair value as at balance sheet date is based on discounted cash flow method. The key input used in determining the fair value of deferred contingent consideration were net turnover projection of the brand.

(B) Details of assets acquired:

The fair values of identifiable assets acquired as at the date of acquisition were:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	0
Specified Intangibles Assets	
Vwash Brand	261
Distribution relationships	15
Non-compete agreement	7
Total identifiable assets	**283**
Goodwill	15
Total Net Assets	**298**

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(C) Acquisition-related costs:

In addition to cash consideration mentioned above, acquisition related costs of ₹9 crores were paid towards stamp duty on transfer of assets are included in 'Exceptional items' in the consolidated statement of profit and loss.

(D) Analysis on cash flows of acquisition:

Cash paid on acquisition of Brand Vwash and related assets of ₹286 crores are included under Cash flow from investing activities.

Transaction cost of ₹9 crores are included under cash flow from operating activities.

(E) Impact of acquisition on the results:

The acquired business contributed revenue of ₹52 crores, EBITDA of ₹3 crores and EBIT of ₹1 crore for the period from the date of acquisition (i.e 25th June, 2020) till 31st March, 2021. If the acquisition had taken place from 1st April, 2020 the acquired business would have contributed an additional turnover of ₹16 crores. With this the total turnover of the Group for the year ended 31st March, 2021 would have been ₹46,337 crores.

Refer to the end of this note for definition of EBIDTA and EBIT

Amalgamation of GlaxoSmithKline Consumer Healthcare Limited

On 1st April, 2020, the Holding Company completed the merger of GlaxoSmithKline Consumer Healthcare Limited ['GSK CH'] via an all-equity merger under which 4.39 shares of HUL (the Holding Company) were allotted for every share of GSK CH. With this merger the Holding Company acquired the business of GSK CH including the Right to Use asset of brand Horlicks and Intellectual property rights of brands like Boost, Maltova and Viva. The Holding Company also acquired the Horlicks intellectual property rights, being the legal rights to the Horlicks brand for India from GlaxoSmithKline Plc.

The scheme of merger("scheme") submitted by the Holding Company was approved by Hon'ble National Company Law Tribunal by its order dated 24th September, 2019 (Mumbai bench) and 12th March, 2020 (Chandigarh bench). The Board of Directors approved the scheme between the Holding Company and GSK CH, on 1st April, 2020. The scheme was filed with Registrar of Companies on the same date. Accordingly, 1st April, 2020 is considered as the acquisition date, i.e. the date on which control is transferred to the Holding Company.

The merger was in line with the Holding Company's strategy to build a sustainable and profitable Foods & Refreshment (F&R) business in India by leveraging the megatrend of health and wellness. GSK CH was one of the key players in this category with iconic brands such as 'Horlicks' and 'Boost' and comprised of a wide product portfolio.

The merger has been accounted for using the acquisition accounting method under Ind AS 103 – Business Combinations. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their fair value.

(A) Purchase consideration transferred:

The total consideration paid was ₹40,242 crores which comprised of shares of the Holding Company, valued based on the share price of the Holding Company on the completion date. Refer to the details below:

As per the scheme, the Holding Company issued its shares in favour of existing shareholders of GSK CH such that 4.39 of Holding Company's shares were allotted for every share of GSK CH as below.

Total number of GSK CH shares outstanding	4,20,55,538
Total number of Holding Company's shares issued to GSK CH shareholders i.e. 4.39 of Holding Company's shares per share of GSK CH	18,46,23,812
Value of the Holding Company share (closing price of the Holding Company share on NSE as on 1st April, 2020)	2,179.65
Total consideration paid to acquire GSK CH (₹ crores)	**40,242**

(a) Total costs relating to the issuance of shares amounting to ₹44 crores have been recognised against equity.

(b) Transaction cost of ₹146 crores that were not directly attributable to the issue of shares are included under exceptional items in the consolidated statement of profit and loss.

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NOTE 41 BUSINESS COMBINATION (CONTINUED)

(B) Details of major assets acquired, and liabilities assumed:

	Amount
Specified Tangible Asset	
Property, Plant and Equipment	
Owned Assets	1,133
Leased Assets	76
Capital Work-in-Progress	30
Specified Intangibles Assets	
Right of Use Horlicks	19,274
Boost Trademark	4,800
Others	62
Other Assets	
Trade and other receivables	651
Inventories	470
Cash and cash equivalents	300
Bank Balances other than cash and cash equivalents	3,855
Indemnification asset	608
Tax assets	186
Total identifiable assets (A)	**31,445**
Specified liabilities	
Trade payables	533
Other liabilities	400
Provision for employee benefits	86
Other Provisions (including ₹64 crores provision created against contingent liabilities)	343
Direct Tax Provision against contingent liabilities	974
Deferred tax labilities	6,132
Total identifiable liabilities (B)	**8,468**
Total identifiable net assets acquired (A) - (B)	22,977
Goodwill	17,265
Total Net Assets	**40,242**

The main assets acquired were Right to use Horlicks and Boost brand which were valued using the income approach model by estimating future cashflows generated by these assets and discounting them to present value using rates in line with a market participant expectation.

In addition, as applicable, Property plant & equipment have been valued using the market comparison technique and replacement cost method.

The gross contractual value and fair value of trade and other receivables as at the dates of acquisition amounted to ₹651 crores which is expected to be fully recoverable.

(C) Acquisition of Horlicks Brand:

The Holding Company also acquired the Horlicks intellectual property rights (IPR), being the legal rights to the Horlicks brand for India from GlaxoSmithKline Plc for a consideration of ₹3,045 crores. The transaction has been accounted as an asset acquisition in line with Ind AS 38 (Intangible asset).

The Holding Company incurred transaction cost of ₹91 crores for the above asset acquisition which was capitalised along with Horlicks IPR. Total value of ₹3,136 crores is recognised under Intangible assets in the consolidated financial statements.

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(D) Goodwill:

Goodwill of ₹17,265 crores was recognised upon giving effect to the Scheme of Merger, which primarily can be attributable to the synergies expected to be achieved from integrating GSK CH into the Holding Company's existing business and the value of GSK CH India's overlapping distribution network and assembled workforce i.e. the value of the acquired experienced and skilled employees, who have been instrumental to the GSK CH success.

Pursuant to amendment by Finance Act, 2021, Goodwill has been held as non-tax deductible asset effective 1st April, 2020.

(E) Details of contingent liabilities recognised:

GSK CH had direct/indirect tax related matters under litigation, for which contingent liability was determined amounting to ₹3,583 crores. Provision for these contingencies have been created at a fair value of ₹1,038 crores. There are several matters being disputed and, in each case, we believe that the likelihood that the Holding Company will ultimately prevail is more likely than not. We expect that most of these disputes will not be resolved for several years. Further the Holding Company has recognised Indemnification assets of ₹608 crores.

GlaxoSmithKline Plc, GlaxoSmithKline Pte. Ltd., Horlicks Ltd and the Holding Company have entered into a contract to indemnify the Holding Company for any exposure in relation to select taxation matters for a period of 10 years from date of acquisition i.e. till 31st March, 2030 and for a maximum value of USD 150 million.

(F) Analysis on cash flows of acquisition:

Purchase cost of Brand Horlicks of ₹3,045 crores and related transaction cost of ₹91 crores is included under Cash flow from investing activities.

Transaction cost attributable to issuance of equity shares ₹44 crores is included under cash flows from investing activities.

Transaction cost of ₹146 crores that were not directly attributable to the issue of shares are included under cash flow from operating activities.

(G) Impact of acquisition on the results

For the 12 months ended 31st March, 2021, GSK CH contributed revenue of ₹4,752 crores, EBITDA of ₹1,512 crores and EBIT of ₹1,406 crores to the Group's results.

Comparable period

The results for the year ended 31st March, 2021 include the impact of the acquisitions of VWash and GSK CH and accordingly are not comparable with previous year to that extent.

Note:
EBIT = Profits before finance income, finance cost, exceptional items and tax
EBITDA = Profits before depreciation & amortisation, finance income, finance cost, exceptional items and tax

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NOTE 42 DISCLOSURES PURSUANT TO REGULATION 34 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

(a) Details of Non-current Investments made by the Group

	As at 31st March, 2021	As at 31st March, 2020
A. Equity Instruments		
a) Quoted equity instruments		
10,000 equity shares [31st March, 2020: 10,000] of ₹10 each held in Scooters India Limited	0	0
b) Unquoted equity instruments		
1,00,000 equity shares [31st March, 2020: 100,000] of ₹10 each held in Biotech Consortium India Limited	0	0
8,284 equity shares [31st March, 2020: 8,284] of ₹10 each held in Assam Bengal Cereals Limited	0	0
200 equity shares [31st March, 2020: 200] of ₹100 each held in The Nilgiri Co-operative Enterprises Limited	0	0
1,000 equity shares [31st March, 2020: 1,000] of ₹10 each held in Saraswat Co-operative Bank Limited	0	0
96,125 equity shares [31st March, 2020: 96,125] of ₹10 each held in Hindustan Field Services Private Limited	0	0
1 equity share [31st March, 2020: 1] of ₹10,000 each held in Coffee Futures India Exchange Limited	0	0
50 equity shares [31st March, 2020: 50] of ₹100 each held in Dugdha Sahakari Kraya-Vikraya Samiti Limited	0	0
1,150 equity shares [31st March, 2020: 1,150] of ₹100 each held in Annamallais Ropeway company Limited	0	0
1,000 equity shares [31st March, 2020: 1,000] of ₹10 each held in Super Bazar Co-op. Stores Limited	0	0
2,40,000 equity shares [31st March, 2020: 2,40,000] of ₹10 each held in Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited) [Net of impairment: ₹0 crore (31st March, 2020: ₹0 crore)]	-	-
52,000 equity shares [31st March, 2020: 52,000] of ₹100 each held in Aquagel Chemicals Bhavanagar Private Limited	1	1
Total (A)	**1**	**1**
B. Other Instruments		
a) Unquoted investment in debentures and bonds		
14 6 1/2% Non-redeemable Registered Debentures [31st March, 2020: 14] face value of ₹1,000 each held in The Bengal Chamber of Commerce & Industry	0	0
44 1/2% Debentures [31st March, 2020: 44] face value of ₹100 each held in Woodlands Hospital and Medical Research Centre Limited	0	0
1 5% Non-redeemable Registered Debenture stock [31st March, 2020: 1] face value of ₹100 each held in Woodlands Hospital and Medical Research Centre Limited	0	0
56 5% Debentures [31st March, 2020: 56] face value of ₹100 each held in Shillong Club Limited	0	0
b) Unquoted investment in National Savings Certificates		
7 Year National Savings Certificates - II Issue	0	0
c) Unquoted investment in preference shares		
1,04,000 9% Cumulative Redeemable Preference Shares [31st March, 2020: 1,04,000] of ₹100 each held in Aquagel Chemicals Bhavanagar Private Limited	1	1
Total (B)	**1**	**1**
Total (A + B)	**2**	**2**

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(b) Details of guarantees given

Corporate Guarantee given to Yes Bank Limited for credit facility availed by Broadcast Audience Research Council (BARC) outstanding ₹1 crores (31st March, 2020: ₹8 crores).

(c) The Group has not provided any security covered under Section 186 and accordingly, the disclosure requirements to that extent does not apply to the Group.

NOTE 43 RELATED PARTY DISCLOSURES

A. Enterprises exercising control

(i) Parent Company : Unilever Plc

B. Enterprises where control exists

(i) Trust : Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control)

C. Other Related Parties with whom the Group had transactions during the year

(i) Key Management Personnel

(a) Executive Directors :
Sanjiv Mehta
Srinivas Phatak
Pradeep Banerjee/Pradeep Banerjee Associates LLP. (up to 31st December, 2019)
Wilhelmus Uijen (with effect from 1st January, 2020)
Dev Bajpai
BP Biddappa (up to 31st May, 2019)
Anuradha Razdan (with effect from 1st June, 2019)
Priya Nair
Sandeep Kohli (up to 31st January, 2020)
Prabha Narasimhan (with effect from 1st February, 2020)
Sudhir Sitapati
Srinandan Sundaram
Vibhav Sanzgiri (with effect from 1st June, 2019)

(b) Non-executive Directors :
Kalpana Morparia
Sanjiv Misra
O. P. Bhatt
Leo Puri
Ashish Gupta (with effect from 31st January, 2020)
Aditya Narayan (up to 29th June, 2020)
S. Ramadorai (up to 29th June, 2019)

(ii) Employees' Benefit Plans where there is significant influence :
The Union Provident Fund
Hindustan Lever Gratuity Fund
The Hindlever Pension Fund
Hindlever Limited Superannuation Fund
GlaxoSmithKline Consumer Healthcare Ltd Sr. Staff Gratuity Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Employees Gratuity Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Provident Fund (with effect from 1st April, 2020)
GlaxoSmithKline Consumer Healthcare Ltd Indian Sr. Executives SAF (with effect from 1st April, 2020)

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NOTE 43 RELATED PARTY DISCLOSURES (CONTINUED)

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances

		Year ended 31st March, 2021	Year ended 31st March, 2020
Parent Company	: Dividend paid	4,179	2,674
	Royalty expense	725	679
	Fees for central services	458	387
	Income from services rendered	216	247
	Expenses for other services received	404	400
	Reimbursements paid	10	-
	Outstanding as at the year end:		
	- Trade payables	473	590
	- Trade receivables	56	13
Fellow Subsidiaries	: Sale of finished goods/raw materials etc.	802	682
	Purchase of Property, Plant & Equipment	-	14
	Purchase of finished goods/raw materials etc.	657	600
	Rent income	6	6
	Sale of Property, Plant & Equipment	-	5
	Income from services rendered	25	6
	Expenses for services received	12	32
	Dividend paid	1,275	816
	Royalty expense	13	20
	Purchase of export licences	2	-
	Expenses shared by fellow subsidiaries	3	4
	Maintenance and support costs for licences and software	85	9
	Gains/Losses on Commodity Hedge	142	3
	Contribution to foundation	2	3
	Reimbursements paid	127	139
	Reimbursements received	60	78
	Outstanding as at the year end:		
	- Trade receivables	149	75
	- Trade payables	108	267
Key Management Personnel (Executive Directors)	: Remuneration:		
	- Short-term employee benefits	47	44
	- Post-employment benefits*	1	1
	- Other long-term benefits*	-	-
	- Share-based payments	6	10
	- Consultancy Fees	-	6
	Dividend paid	1	1
	Consideration received on exercise of options	0	0
Key Management Personnel (Non-executive Directors)	: Dividend paid	0	-
	Commission paid	2	2
Employees' Benefit Plans where there is significant influence	: Contributions during the year (Employer's contribution only)	123	100
	Outstanding as at the year end:		
	- Advances recoverable in cash or kind or for value to be received	3	14

*Note: As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Holding Company as a whole, the amounts pertaining to Key Management Personnel are not included.

Notes

to the consolidated financial statements for the year ended 31st March, 2021

(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, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019-20: ₹0 crore). 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. 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.

Disclosure of transactions with Related Parties during the year which are more than 1% of Revenue.

		Year ended 31st March, 2021	Year ended 31st March, 2020
Parent Company	: Royalty expense		
	Unilever Plc.	725	679
	Dividend Paid		
	Unilever Plc.	4,179	2,674
Fellow Subsidiaries	: Purchase of finished goods/raw materials etc.		
	PT Unilever Oleochemical Indonesia	444	414

NOTE 44 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, purifiers business, etc.

b) Beauty & Personal Care include products in the categories of oral care, skin care, soaps, hair care, deodorants, talcum powder, colour cosmetics, salon services etc.

c) Foods & Refreshment include branded staples (atta, salt, bread, etc.), culinary products (tomato based products, fruit based products, soups, etc.), tea, coffee, health food drinks, ice-cream and frozen desserts.

d) 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.

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 44 SEGMENT INFORMATION (CONTINUED)

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, 2021			Year ended 31st March, 2020		
	External	Intersegment	Total	External	Intersegment	Total
Revenue						
Home care	13,957	-	13,957	13,640	-	13,640
Beauty & Personal care	18,038	-	18,038	17,488	-	17,488
Foods & Refreshment	13,204	-	13,204	7,450	-	7,450
Others (includes Exports, Infant & Feminine Care etc.)	1,829	-	1,829	1,205	-	1,205
Total Revenue	**47,028**	**-**	**47,028**	**39,783**	**-**	**39,783**
Result						
Home care			2,773			2,559
Beauty & Personal care			5,134			4,896
Foods & Refreshment			2,189			1,232
Others (includes Exports, Infant & Feminine Care etc.)			456			172
Total Segment			**10,552**			**8,859**
Un-allocated corporate expenses net of un-allocated income			-			-
Profit from continuing operations before other income, finance costs, exceptional items and tax			10,552			8,859
Finance costs			(117)			(118)
Other Income			410			632
Profit from continuing operations before exceptional items and tax			**10,845**			**9,373**
Exceptional items - income/(expenditure)			(239)			(200)
Profit before tax from continuing operations			**10,606**			**9,173**
Tax expense						
Current tax			(2,520)			(2,243)
Deferred tax charge			(86)			(166)
Profit for the year from Continuing Operations (A)			**8,000**			**6,764**
Profit for the year from Discontinued Operations (B)			**(1)**			**(8)**
Profit For the Year (A+B)			**7,999**			**6,756**
Less: Non-Controlling Interest			(4)			(8)
Profit for the Year attributable to the owners of the Holding Company			**7,995**			**6,748**

Notes
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Other Information

	Segment Assets		Segment Liabilities	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Home care	3,175	2,966	3,404	3,342
Beauty & Personal care	5,910	5,643	5,636	5,580
Foods & Refreshment	49,510	2,554	3,358	1,599
Others (includes Exports, Infant & Feminine Care etc.)	1,068	549	608	275
Total	**59,663**	**11,712**	**13,006**	**10,796**
Unallocated Corporate Assets/Liabilities	9,094	8,441	8,057	1,111
Total Assets/Liabilities	**68,757**	**20,153**	**21,063**	**11,907**

	Year ended 31st March, 2021			Year ended 31st March, 2020		
	Capital expenditure	Depreciation/ Amortisation*	Non-cash expenses other than depreciation	Capital expenditure	Depreciation/ Amortisation	Non-cash expenses other than depreciation
Home care	366	245	89	363	272	56
Beauty & Personal care	407	472	105	483	519	69
Foods & Refreshment	1,684	324	73	290	178	31
Others (includes Exports, Infant & Feminine Care etc.)	48	33	3	62	33	(17)

*In addition to the above, ₹60 crores of accelerated depreciation has been charged to exceptional items under a restructuring project.

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, 2021	Year ended 31st March, 2020
Revenue by Geographical Market		
India	45,283	38,412
Outside India	1,745	1,371
	47,028	**39,783**
Carrying Amount of Segment Assets		
India	59,256	11,428
Outside India	407	284
	59,663	**11,712**

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
to the consolidated financial statements for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

NOTE 44 SEGMENT INFORMATION (CONTINUED)

Notes

(a) Revenue comprises:

	Year ended 31st March, 2021	Year ended 31st March, 2020
Sale of products	46,269	39,136
Sale of services	52	102
Income from services rendered	222	255
Commission income on consignment sales	264	-
Government grants, export incentives, scrap sales included in other operating income	221	290
Total	**47,028**	**39,783**

NOTE 45

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 there are no long-term contracts for which there are any material foreseeable losses. The Group has ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on derivative contracts has been made in the books of accounts.

As per our report of even date attached

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

Aniruddha Godbole
Partner
Membership No. 105149

Mumbai: 29th April, 2021

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson - Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Form AOC-1
To the consolidated financial statement for the year ended 31st March, 2021

(All amounts in ₹ crores, unless otherwise stated)

Statement containing salient features of the consolidated financial statements of subsidiaries/Joint Ventures

Part A: Subsidiaries

Sr. No.	Name of the subsidiary	Unilever India Exports Limited	Pond's Exports Limited	Unilever Nepal Limited - Indian ₹ (note i, ii, and iii)	Unilever Nepal Limited - Nepalese ₹ (note i, ii, and iii)	Lakme Lever Private Limited	Unilever India 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
1	The date since when subsidiary was acquired	26-06-1963	15-10-1998	22-06-1992		19-12-2008	07-06-2020	16-10-2006	16-03-2005	19-12-2012	12-03-2015	01-04-1958	11-12-1946	11-12-1946
2	Reporting period	31-03-2021	31-03-2021	15-07-2020 (Ashaad, 31, 2077)		31-03-2021	07-06-2020 to 31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021
3	Share capital	3	2	6	9	36	60	5	0	0	0	0	0	0
4	Reserves & surplus	231	(14)	142	227	158	(4)	(5)	(1)	5	(0)	(0)	(0)	(0)
5	Total assets	629	2	288	460	495	62	-	-	5	-	0	0	0
6	Total Liabilities	395	14	140	224	301	6	-	1	0	-	-	0	(0)
7	Investments	6	-	-	-	-	19	-	-	-	-	-	-	-
8	Turnover	1,194	-	318	509	230	-	-	-	23	-	-	-	-
9	Profit/(loss) before taxation	201	(1)	33	53	(14)	(3)	-	-	0	(0)	(0)	(0)	(0)
10	Provision for taxation	50	-	13	21	5	1	-	-	-	-	-	-	-
11	Profit/(loss) after taxation	151	(1)	20	32	(19)	(4)	-	-	0	(0)	(0)	(0)	(0)
12	Proposed Dividend	-	-	-	-	-		-	-	-	-	-	-	-
13	% of shareholding	100%	90%	80%		100%	100%	100%	100%	76%	100%	100%	100%	100%

Notes: i) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees

ii) The financial statements have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

iii) The financial statements are as on 31st March, 2021.

Part B: Joint Venture - Nil

For and on behalf of Board of Directors

Sanjiv Mehta
Chairman and Managing Director
[DIN: 06699923]

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

Kalpana Morparia
Chairperson – Audit Committee
[DIN: 00046081]

Dev Bajpai
Executive Director
Legal and Company Secretary
Membership No. FCS 3354
[DIN: 00050516]

Amit Sood
Group Controller

Mumbai: 29th April, 2021

Awards & Recognition

- 'The Shower' film by HUL won at the highly acclaimed **67th National Film Awards** in the 'Non-Feature Films' category
- HUL was named a **Gold employer** within the 2020 India Workplace Equality Index by the Stonewall and Keshav Suri Foundation, for demonstrating a long-term and in-depth commitment towards LGBT+ inclusion
- HUL received the **Grant Thorton SABERA 2020 'Responsible Business of the Year' Award**
- HUL was honoured with the **Best Governed Company Award** by the Asian Centre for Corporate Governance & Sustainability at the 7th Asia Business Responsibility eSummit & Awards Ceremony
- HUL and its partner Xynteo India's Waste No More Digital Curriculum won the **FICCI Smart Urban Innovation Award** in the Smart Education category
- HUL won a **Silver award at the IPRCCA 2020** in the Best Use of PR by a Corporate category for its HUL Supports India's Fight Against COVID-19 campaign
- HUL won a **Bronze award at the IPRCCA 2020** for Best Public Awareness Campaign During a Pandemic its HUL Supports India's Fight Against COVID-19 campaign
- **Wockhardt Foundation's CSR Shining Star Award** was conferred upon HUL for its work on COVID-19
- Sanjiv Mehta, Chairman and Managing Director, was honoured with the prestigious **AIMA – JRD Tata Corporate Leadership Award 2020** at the All India Management Association's (AIMA) 65th Foundation Day & 15th National Management Day virtual celebrations, 2021
- Sanjiv Mehta, Chairman and Managing Director, received the prestigious **Pralhad P. Chhabria Memorial Global Award** for his Outstanding Contribution to the FMCG Industry
- Our Chairman and Managing Director, Sanjiv Mehta was conferred with the esteemed **Sir Jehangir Ghandy Medal** for Industrial and Social Peace at XLRI's 64th Annual Convocation, 2021
- Our Executive Director, Home Care, Prabha Narasimhan, was recognised as one of **IMPACT's 50 Most Influential Women list, 2020,** being placed at number 16
- Our Executive Director, Beauty & Personal Care, Priya Nair, was recognised as one of **IMPACT's 50 Most Influential Women list, 2020,** being placed at number 6
- Our Executive Director, Human Resources, Anuradha Razdan was acknowledged as **one of India's Most Powerful Women by Business Today** for successfully driving the diversity agenda at Hindustan Unilever Limited
- Our Executive Director, Beauty & Personal Care, Priya Nair, was acknowledged as one of **India's Most Powerful Women by Business Today** for leading HUL's fight against COVID-19.

Corporate Information

REGISTERED OFFICE Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099.

AUDITORS M/s. B S R & Co. LLP, Chartered Accountants, Mumbai; Firm's Registration No. 101248W/W-100022

BANKERS

Deutsché Bank	Hongkong & Shanghai Banking Corporation	Standard Chartered Bank
Bank of America	ICICI Bank	Union Bank of India
Citibank N.A.	Indian Overseas Bank	State Bank of India
HDFC Bank	Punjab National Bank	

PLANT LOCATIONS

Northern Region

Barotiwala
- Khasra no.1350–1318, Village Bhatoli Kalan, Hill top industrial area Jharmajri, Baddi, District Solan–173 205, Himachal Pradesh

Baddi
- Khasra No. 1350–1318, Bhatoli Kalan, Baddi, District Solan–173 205, Himachal Pradesh

Haridwar
- Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar–249 403, Uttarakhand

Nabha
- Patiala Road Nabha–147 201, District Patiala, Punjab

Nalagarh
- Hudbust No. 143, Khasra No. 182/183/187/1, Village Kirpalpur, Near Nalagarh Fire Station, Tehsil Nalagarh, District Solan–174 101, Himachal Pradesh

Rajpura
- A-5, Phase 2-B, Focal Point, Rajpura–140 401, Punjab

Sonipat
- 14, KM Stone, Sonipat–Meerut Road, Village Khewra, P. O. Bahalgarh, District Sonipat, Haryana–131 021

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

Rajahmundry
- Industrial Estate, Dowlaiswaram, Rajahmundry Rural, Andhra Pradesh–533 124

Central Region

Chhindwara
- 5/6, KM Stone, Narsinghpur Road, Village Lehgadua, Post Khajari, District Chhindwara–480 002, Madhya Pradesh

ETAH
- Village Asrauli, G. T. Road, Etah–207 001, Uttar Pradesh

Orai
- A-1, UPSIDC Industrial Area, Orai, District Jalaun–285 001, Uttar Pradesh

Sumerpur
- A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur–210 502, Uttar Pradesh

Western Region

Chiplun
- B-7/17, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun–415 722, Maharashtra

Khamgaon
- C-9, MIDC, Khamgaon, District Buldhana–444 303, Maharashtra

Mumbai
- Aarey Milk Colony, Goregaon, Mumbai–400 065, Maharashtra

Nashik
- Plot No. A-8/9, MIDC, Malegaon, Sinnar–422 103, Nashik, 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
- P. O. 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

Notice of Annual General Meeting

Hindustan Unilever Limited

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099
CIN: L15140MH1933PLC002030, Web: www.hul.co.in, E-mail: levercare.shareholder@unilever.com,
Tel: +91 22 5043 2791/5043 2792

Notice is hereby given that the 88th Annual General Meeting of Hindustan Unilever Limited will be held on Tuesday, 22nd June, 2021 at 3.00 p.m. through Video Conference/Other Audio Visual Means, to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Special Dividend, Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st March, 2021.
3. To appoint a Director in place of Mr. Dev Bajpai (DIN: 00050516), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Wilhelmus Uijen (DIN: 08614686), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ritesh Tiwari (DIN: 05349994), 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 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, 2022, amounting to ₹12 lakhs (Rupees Twelve Lakhs only) as also the payment of taxes, as applicable 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 ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item No. 6 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of the continuing restrictions on the movement of persons at several places in the country, due to outbreak of Covid-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 02/2021 dated 13th January, 2021 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 88th AGM of the Company shall be conducted through VC/OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 9 below and is also available on the website of the Company at www.hul.co.in.
3. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Institutional/Corporate Members are requested to send a scanned copy (PDF/JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Companies Act, 2013, at levercare.shareholder@unilever.com.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th June, 2021 to Tuesday, 22nd June, 2021 (both days inclusive).

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF E-MAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

6. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 and General Circular No. 2/2021 dated 13th January, 2021 issued by MCA, and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
7. Members holding shares in physical mode and who have not updated their e-mail addresses with the Company are requested to update their e-mail addresses by writing to the Company at levercare.shareholder@unilever.com along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register/update their e-mail addresses with the relevant Depository Participants. In case of any queries/difficulties in registering the e-mail address, Members may write to levercare.shareholder@unilever.com.
8. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at www.hul.co.in, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at www.evoting.nsdl.com.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

9. Pursuant to Section 108 of the Act, 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.
10. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, 15th June, 2021, 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. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
11. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Thursday, 17th June, 2021 and will end at 5.00 p.m. on Monday, 21st June, 2021. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at https://www.evoting.nsdl.com/.
12. The details of the process and manner for remote e-voting are explained herein below:

Step 1: Access to NSDL e-voting system:

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts/websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

Notice of Annual General Meeting (continued)

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility.

a) Login method for e-voting and joining virtual meeting Individual shareholders holding securities in demat mode is given below:

Type of Individual Shareholders	Login Method
Shareholders holding securities in demat mode with NSDL.	**A. Users registered for NSDL IDeAS facility:** 1. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section. 2. A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 3. Click on options available against Company name or **e-voting service provider - NSDL** and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. **B. Users not registered for IDeAS e-Services:** Option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS"** Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp **C. Visit the e-voting website of NSDL** 1. After successfully registering on IDeAS, visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 2. A new screen will open. Enter your User ID (i. e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. 3. Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Shareholders holding securities in demat mode with CDSL	**A. Users who have opted for Easi/Easiest:** 1. Shareholders can login through their user ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of **e-voting service provider** i.e. **NSDL**. Click on **NSDL** to cast your vote. **B. Users who have not opted for Easi/Easiest:** Option to register for Easi/Easiest is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration **C. Visit the e-voting website of NSDL** 1. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & e-mail as recorded in the demat Account. 2. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-voting is in progress.
Shareholders (holding securities in demat mode) login through their depository participants	1. Shareholders can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-voting facility. After logging, you will be able to see e-voting option. 2. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against Company name or **e-voting service provider-NSDL** and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Important Note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Individual Shareholders holding shares in demat mode who need assistance for any technical issues related to login through Depository i.e. NSDL and CDSL may reach out to below helpdesk:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free No. 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

b) Login Method for e-voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-voting website?

a) Visit the e-voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/.

b) Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholders/Members' section.

c) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

d) Your User ID details are given below:

Manner of holding shares	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12****** then your User ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12************** then your User ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example: if folio number is 001*** and EVEN is 101456 then your User ID is 101456001***

e) Your password details are given below

i. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

ii. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

Notice of Annual General Meeting (continued)

iii. How to retrieve your 'initial password'?

- If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- If your e-mail ID is not registered, please follow **process for those shareholders whose e-mail ids are not registered.**

f) If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:

i. Click on 'Forgot User Details/Password?' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

ii. Physical User Reset Password? (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

h) Now, you will have to click on "Login" button.

i) After you click on the "Login" button, Home page of e-voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system.

a) How to cast your vote electronically and join AGM on NSDL e-voting system?

a) After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status

b) Select "EVEN" of Company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

c) Now you are ready for e-voting as the voting page opens.

d) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

e) Upon confirmation, the message ' Vote cast successfully' will be displayed.

f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

g) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

b) Process for those shareholders whose e-mail ids are not registered with the depositories for procuring user ID and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

a) Members whose shares are held in physical mode are requested to provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to levercare.shareholder@unilever.com.

b) Members whose shares are held in demat mode are requested to provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to levercare.shareholder@unilever.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

c) Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user ID and password for e-voting by providing above mentioned documents.

d) In terms of SEBI circular dated 9th December, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-voting facility.

c) The instructions for members for e-voting on the day of the AGM are as under:

a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b) Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

d) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free No. 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Senior Manager, NSDL at evoting@nsdl.co.in.

PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM

13. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system.** After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.

14. Members are encouraged to join the Meeting through Laptops for better experience.

15. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

16. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

17. Members, who need assistance before or during the AGM, may:

- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
- Contact Mr. Amit Vishal, Senior Manager, NSDL at the designated email ID: AmitV@nsdl.co.in; or
- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: pallavid@nsdl.co.in.

PROCEDURE TO ASK QUESTIONS/SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

18. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/ send their queries in advance mentioning their name, demat account number/folio number, e-mail id, mobile number at levercare.shareholder@unilever.com. Questions/queries received by the Company till 5.00 p.m. on Thursday, 17th June, 2021 shall only be considered and responded during the AGM.

Notice of Annual General Meeting (continued)

19. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

GENERAL INFORMATION:

20. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

21. The voting rights shall be as per the number of equity shares held by the Member(s) as on Tuesday, 15th June, 2021 being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

22. The Company has appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary (FCS 4206 and CP No. 1774), to act as the Scrutiniser, to scrutinise 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.

23. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutiniser's Report, shall also be placed on the website of the Company at www.hul.co.in.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

24. All the documents referred to in the accompanying Notice and Explanatory Statement, shall be available for inspection through electronic mode, basis the request being sent on levercare.shareholder@unilever.com.

25. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act 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 shall be available for inspection upon login at NSDL e-voting system at https://www.evoting.nsdl.com.

DIVIDEND RELATED INFORMATION:

26. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Tuesday, 15th June, 2021, i.e. the date prior to the commencement of book closure, being the cut-off date will be paid the Final Dividend for the financial year ended 31st March, 2021, as recommended by the Board, if approved at the AGM, on or after Friday, 25th June, 2021.

27. 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 Participant(s) 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.

28. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to KFin Technologies Private Limited (KFintech), Registrar and Share Transfer Agent of the Company or Investor Service Department of the Company immediately by sending a request on e-mail at levercare.shareholder@unilever.com or contact KFintech at einward.ris@kfintech.com. In case, the Company is unable to pay the dividend to any shareholder by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services, dispatch the dividend warrant to such shareholder by post.

29. Shareholders may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable us to determine the appropriate TDS rate as applicable, Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.

    a) **For Resident Shareholders,** TDS shall be made under Section 194 of the Income Tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during financial year 2021-22 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

    However, no tax shall be deducted on the Dividend payable to a resident Individual if the total dividend to be received by them during financial year 2021-22 does not exceed ₹5,000. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2021-22.

    Separately, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm or HUF)/Form 15H (applicable to an Individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted.

    b) **For Non-resident Shareholders,** taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

    - Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident.
    - Self declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
    - Self-attested copy of the Permanent Account Number (PAN Card) allotted by the Indian Income Tax authorities.
    - Self- Declaration certifying the following points:
        i. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2021-22;
        ii. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
        iii. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
        iv. Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
        v. Member does not have a taxable presence or a permanent establishment in India during the financial year 2021-22.

30. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

31. Accordingly, in order to enable us to determine the appropriate TDS/withholding tax rate applicable, we request you to provide these details and documents as mentioned above before Monday, 31st May, 2021.

32. Kindly note that the aforementioned documents are required to be submitted at https://ris.kfintech.com/form15/ on or before Monday, 31st May, 2021 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post Monday, 31st May, 2021. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

33. We shall arrange to e-mail the soft copy of TDS certificate to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.

34. The Company vide its separate e-mail communication dated Friday, 14th May, 2021 had informed the

Notice of Annual General Meeting (continued)

Members regarding this change in the Income Tax Act, 1961 as well as the relevant procedure to be adopted by the Members to avail the applicable tax rate.

35. 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. 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 the shares of shareholders whose dividends remain unpaid/ unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders 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, 2020 (date of last AGM) are available on the website of the Company at https://www.hul.co.in/investor-relations/unclaimed-and-unpaid-dividends/ and on MCA's website. The details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2021 shall be updated in due course. The Member(s) 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/IEPF/refund.html.

36. Members are requested to contact KFintech/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 at https://www.hul.co.in/investor-relations/unclaimed-and-unpaid-dividends/

OTHERS:

37. Members of the Company had approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors at the Eighty Sixth AGM of the Company which is valid till Ninety First AGM of the Company. In accordance with the Act, the appointment of Statutory Auditors is not required to be ratified at every AGM.

38. In terms of Section 152 of the Act, Mr. Dev Bajpai, Mr. Wilhelmus Uijen and Mr. Ritesh Tiwari are liable to retire by rotation at this Annual General Meeting and being eligible, offers themselves for re-appointment.

39. Mr. Dev Bajpai, Mr. Wilhelmus Uijen and Mr. Ritesh Tiwari, Executive Directors, have been appointed as per the provisions of the Companies Act, 2013 and shall serve in accordance with, the terms of contract of employment with the Company.

40. The terms and conditions including the remuneration of Mr. Dev Bajpai, Mr. Wilhelmus Uijen and Mr. Ritesh Tiwari as Whole-time Directors are being governed within the overall limits of remuneration approved by the Shareholders at their Annual General Meeting held on 29th June, 2019 and resolution passed through Postal ballot dated 29th April, 2021. The remuneration payable to them for the financial year 2021-22 shall be decided by the Nomination and Remuneration Committee of the Company which shall be within the aforesaid limits approved by the Shareholders. The details of Remuneration paid and number of meetings of the Board and its Committee attended during the financial year 2020-21 forms part of Corporate Governance Report.

41. Details as required in Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India in respect of the Directors seeking re-appointment at the AGM are provided at page nos. 282 and 285 of this Report. Requisite declarations have been received from the Directors seeking appointment/re-appointment. The Independent Directors of the Company have been appointed for a consecutive term of 5 years and are not eligible to retire by rotation.

42. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

43. 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 KFintech/Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through e-mail at levercare.shareholder@unilever.com. 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.

44. 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 at www.hul.co.in. This feedback will help the Company in improving Shareholder Service Standards.

EXPLANATORY STATEMENT
Item No. 6

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, 2022. 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 recommends the Ordinary Resolution set out at Item No. 6 for the approval of Members.

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

Mumbai: 29th April, 2021

By Order of the Board

Dev Bajpai
Executive Director
Legal & Corporate Affairs
and Company Secretary
FCS No: 3354/DIN: 00050516

ATTENTION MEMBERS

Manner of registering/ updating e-mail address	Manner of joining the AGM	TDS on Dividend
Members holding shares in physical mode and who have not registered/updated their e-mail addresses with the Company are requested to update their e-mail addresses by writing to the Company at levercare.shareholder@unilever.com	A facility to attend the AGM through VC/ OAVM is available through the NSDL e-voting system at https://www.evoting.nsdl.com	As per the Income Tax Act, 1961, as amended by the Finance Act, 2020, the dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Members. The Company shall deduct Tax at Source (TDS) at the time of making the final dividend. Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961 at https://ris.kfintech.com/form15

Profile of Directors*

SANJIV MEHTA (DIN: 06699923)

Mr. Sanjiv Mehta (60) joined the Board of the Company in October, 2013 as the Chief Executive Officer and Managing Director. He was also appointed as the Executive Vice President of Unilever South Asia. On 30th June, 2018, he was appointed as the Chairman and Managing Director of the Company and continued his responsibilities for Unilever in South Asia. In May 2019, he was also appointed as President of Unilever, South Asia and Member of the Unilever Leadership Executive (ULE), which is the global executive Board of Unilever.

Mr Mehta joined Unilever in October 1992 and has been with the Company for 29 years. During the last 19 years, he has led businesses in different parts of the world including South Asia, South East Asia, North Africa and Middle East. He was Chairman and Managing Director of Unilever Bangladesh from 2002-2006, Chairman and CEO of Unilever Philippines from 2007-2008 and Chairman of Unilever North Africa and Middle East (NAME) from 2008-2013.

During his tenure, as the head of various Unilever Companies, the businesses achieved significant success accelerating both growth and profitability. Importantly, he has been instrumental in building leadership talent and substantially strengthening the organisational capabilities. Before joining Unilever, Mr. Mehta worked for Union Carbide India Limited.

Mr. Mehta is a Chartered Accountant from the Institute of Chartered Accountants of India and has also completed the Advanced Management Program from Harvard Business School. In terms of his external responsibilities, Mr. Mehta is the Senior Vice president of Federation of Indian Chambers of Commerce and Industry (FICCI) and a member of Executive Committee. He also chairs Xyenteo's 'Vikaasa', a purpose-driven business coalition of top Indian and MNC companies formed with an intention to solve some of the intractable environmental and social issues and working towards creating a new model of growth. He co-chairs the Advisory Network to the High-Level Panel for a 'Sustainable Ocean Economy'. Mr. Mehta is a member of the South Asia Advisory Board of Harvard Business School and is a Director on the Board of the Indian School of Business. He is also a member of the Board of Directors of Breach Candy Hospital Trust, Mumbai. Mr. Mehta is a co-opted member of All India Management Association.

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

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation *(Director)*
Breach Candy Hospital Trust *(Nominee Director)*
Bhavishya Alliance Child Nutrition Initiatives *(Director)*
Indian School of Business (Director)

Mr. Mehta does not hold any Membership/Chairmanship of the Board Committees in other Companies.

DEV BAJPAI (DIN: 00050516)

Mr. Dev Bajpai (55) was appointed as the Executive Director – Legal and Company Secretary and as 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 on 23rd January, 2017.

He has over 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 Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (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 and in his capacity as a Company Secretary is a secretary to all Board Committees.

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation (Director)
Bhavishya Alliance Child Nutrition Initiatives (Director)
Indian Beauty and Hygiene Association (Director)
Unilever India Limited (Director)

Mr. Bajpai does not hold any Membership/Chairmanship of the Board Committees in other Companies.

* Board of Directors as on 1st May, 2021

RITESH TIWARI (DIN: 05349994)

Mr. Ritesh Tiwari (45), joined the Company as a Management Trainee in 1999. He was appointed as Executive Director, Finance and Chief Financial Officer with effect from 1st May, 2021. He is also the Vice President, Finance for Unilever, South Asia

Over the last 22 years, Mr. Ritesh Tiwari has led teams within India and across Unilever in core finance and as a business partner to front-end sales, categories and supply chain. Mr. Ritesh Tiwari brought in digitisation and simplification for the Company, while setting up a strong governance framework during his tenure as Group Finance Controller. He has also led some key projects for Unilever, in his role as Vice President, Finance - Global Performance Management.

Mr. Tiwari is a qualified Chartered Accountant and Cost and Works Accountant.

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

Directorship in other Companies
Unlisted
Hindustan Unilever Foundation (Director)
Bhavishya Alliance Child Nutrition Initiatives (Director)
Unilever India Limited (Director)

Mr. Tiwari does not hold any Membership/Chairmanship of the Board Committees in other Companies.

WILHELMUS UIJEN (DIN: 08614686)

Mr. Wilhelmus Uijen (46) has been appointed as Executive Director, Supply Chain with effect from 1st January, 2020. He also leads the Supply Chain function for Unilever, South Asia.

Mr. Uijen started his career at Unilever in 1999 as a Management Trainee in the Netherlands. He has held a series of assignments in Supply Chain and Research and Development. He has spent most of his professional life working in various roles in Supply Chain for Unilever's Latin America business where he was based in Mexico City from 2003 to 2015 with a short assignment in London. He has been the Supply Chain Vice President for Unilever, Mexico and the Caribbean (2012-2015), vice President Home Care SC Latin America based out of Switzerland (2015-2016) and recently headed Unilever's Supply Chain, Home Care division based out of London (2016-2019).

He holds a Master of Science (M.Sc.) degree in Applied Physics from Eindhoven University in the Netherlands.

Mr. Uijen is a Member of Risk Management Committee of the Company.

Directorship in other Companies
Unlisted
Unilever India Exports Limited (Director)
Unilever India Limited (Director)

Membership/Chairmanship of Board Committees in other Companies
Unlisted
Unilever India Exports Limited
- Nomination and Remuneration Committee (Member)
- Corporate Social Responsibility Committee (Member)

O. P. BHATT (DIN: 00548091)

Mr. O. P. Bhatt (70) is the former Chairman of SBI (State Bank of India). In the 37 years that Mr. Bhatt served at SBI, he worked on several national and international assignments. Mr. Bhatt led SBI through challenging times by leveraging & nurturing the Bank's strengths. As Chairman of SBI, he headed the largest financial group in India, comprising, in addition to SBI, seven associate Banks, five international banking subsidiaries and nine financial services Companies in India. Under his leadership, SBI rose in market share, market cap and on the Global List rankings of Fortune 500.

Mr. Bhatt was nominated 'Banker of the Year' by Business Standard and CNN–IBN Indian of the Year for Business in 2007. Mr. Bhatt was Chairman of the Indian Banks' Association. He has also been a part of India's eco-diplomacy as member of the Indo–US, Indo–Russia and Indo-French CEO's Forum.

Mr. Bhatt holds a Graduate degree in Physics and a Post Graduate degree in English literature.

Mr. Bhatt was appointed as an Independent Director on the Board of the Company in December 2011. He is a Member of the Audit Committee and Nomination and Remuneration Committee of the Company. He is the Chairman of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies
Listed
Tata Consultancy Services Limited (Independent Director)
Tata Steel Limited (Independent Director)
Tata Motors Limited (Independent Director)
Unlisted
Aadhar Housing Finance Limited (Director and Non – Executive Chairman)

Profile of Directors (continued)

Membership/Chairmanship of Board Committees in other Companies

Listed

Tata Consultancy Services Limited
- Audit Committee (Member)
- Nomination and Remuneration Committee (Chairman)
- Corporate Social Responsibility Committee (Member)
- Ethics and Compliance Committee (Member)

Tata Steel Limited
- Audit Committee (Chairman)
- Nomination and Remuneration Committee (Member)
- Corporate Social Responsibility Committee (Member)

Tata Motors Limited
- Corporate Social Responsibility Committee (Chairman)
- Nomination and Remuneration Committee (Chairman)
- Audit Committee (Member)

SANJIV MISRA (DIN: 03075797)

Dr. Sanjiv Misra (73) is a retired Indian Administrative Services (IAS) officer and a former Member of the 13th Finance Commission, a constitutional position with the rank of a Minister of State. Prior to joining the Finance Commission, Dr. Misra has served in a wide range of key positions in the Federal and State Governments, including as Managing Director of the Gujarat Industrial Development Corporation and stints at senior levels in the Government of India in the Cabinet Office, the Ministry of Petroleum, the Ministry of Health & Family Welfare and the Ministry of Finance. He served as a Secretary in the Ministry of Finance till his superannuation.

Dr. Misra has represented India in various international conferences, seminars and negotiations. Dr. Misra has been a Member of the Advisory Council of the Asian Development Bank Institute, Tokyo. He was also a Member of the Committee on Fiscal Consolidation (Kelkar Committee) set up by the Finance Minister in August, 2012 to chart out a road map for fiscal consolidation for the Indian economy.

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

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

Dr. Misra does not hold any Directorship or Membership/Chairmanship of the Board Committees in other Companies.

KALPANA MORPARIA (DIN: 00046081)

Ms. Kalpana Morparia (71) is former Chairman of J. P. Morgan, South and Southeast Asia and Member of J. P. Morgan's Asia Pacific Management Committee.

Prior to joining J. P. Morgan India, Ms. Morparia served as Vice Chair on the Boards of ICICI Group Companies. She was a Joint Managing Director of ICICI Group from 2001 to 2007. She had been with the ICICI Group since 1975.

A graduate in law from Bombay University, Ms. Morparia has served on several committees constituted by the Government of India. She has also been recognised by several International & National media for her role as one of the leading women professionals.

Ms. Morparia serves as an Independent Director on the Boards of Dr. Reddy's Lab. Ltd., Philip Morris International Inc. She is also a Member of the Governing Board of Bharti Foundation.

Ms. Morparia was appointed as an Independent Director on the Board of the Company with effect from 9th October, 2014. She is Chairperson of the Audit Committee and a Member of the Nomination & Remuneration Committee and Corporate Social Responsibility Committee of the Company.

Directorship in other Companies

Listed

Dr. Reddy's Laboratories Limited (Independent Director)

Membership/Chairmanship of Board Committees in other Companies

Listed

Dr. Reddy's Laboratories Limited
- Stakeholders Relationship Committee (Chairperson)
- Audit Committee (Member)
- Nomination, Governance and Compensation Committee (Member)

LEO PURI (DIN: 01764813)

Mr. Leo Puri (60) was the Managing Director of UTI Asset Management Company Limited from August, 2013 to August, 2018. He has assumed office of the Chairman of JP Morgan Chase for South & South East Asia in early 2021.

In his career of more than 30 years, Mr. Puri has previously worked as Director with Mckinsey & Company and as Managing Director with Warburg Pincus. Mr. Puri has worked in the UK, USA and Asia and since 1994. He has been based in India.

At Mckinsey, he has advised leading financial institutions, conglomerates, and investment institutions in strategy and operational issues. He has contributed to the development of knowledge and public policy through advice to regulators and Government officials.

At Warburg Pincus, he was responsible for leading and managing investments across industries in India. He also contributed to the financial services investments in the international portfolio as a Member of the global partnership.

Mr. Puri has a Master's degree in P.P.E. from University of Oxford and a Master's degree in Law from University of Cambridge.

Mr. Puri has held Non-Executive Board position at Infosys, Bennett Coleman & Co., Max New York Life and Max Bupa Health Insurance.

Mr. Puri was appointed as an Independent Director on the Board of the Company with effect from 12th October, 2018.

Directorship in other Companies

Listed

Dr. Reddy's Laboratories Ltd *(Independent Director)*

Membership/Chairmanship of Board Committees in other Companies

Listed

Dr. Reddy's Laboratories Limited
- Risk Management Committee (Member)
- Science, Technology and Operations Committee (Member)

ASHISH GUPTA (DIN: 00521511)

Dr. Ashish Gupta (54) is an entrepreneur, advisor and strategic angel investor. He co-founded Helion Advisors in 2006 and presently represents Helion Advisors, managing a corpus of $600 million across three funds. He also serves on the Boards of several firms including Infoedge, Simplilearn and Workspot.

Prior to Helion, Dr. Gupta was a Venture Partner with Woodside Fund and before that, had co-founded two Companies - Tavant Technologies and Junglee.com, which was later acquired by Amazon. He has also worked at Oracle Corporation and IBM. Some of his other investments include redBus, Mu Sigma, Daksh (IBM), Upwork (UPWK), MakeMyTrip, and Flipkart.

Dr. Gupta holds a Ph.D. in Computer Science from Stanford University, and a Bachelor's degree from the Indian Institute of Technology (IIT), Kanpur where he was awarded the President's Gold medal. He is the owner of several patents, published in international journals and authored a book published by MIT Press.

Dr. Gupta was appointed as an Independent Director on the Board of the Company with effect from 31st January, 2020. He is also a Member of Audit Committee of the Company.

Directorship in other Companies

Listed

Info Edge (India) Limited *(Independent Director)*

Unlisted

Quicko Technosoft Labs Private Limited *(Director)*

Simplilearn Solutions Private Limited *(Director)*

Dr. Gupta does not hold any Membership/Chairmanship of the Board Committees in other Companies.

DIRECTORS' INTEREST

None of the Directors of the Company is 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	1,410	0.0001
Dev Bajpai	51,576	0.0022
Ritesh Tiwari	2,630	0.0001
O. P. Bhatt	245	0.0000

Note: Shareholding as on financial year ended 31st March, 2021. None of the other Directors except mentioned above hold any shares in the Company as on 31st March, 2021.

Notes

In order to help the country during the severe second wave of the pandemic, we are procuring more than 5,000 oxygen concentrators from around the world. As part of our Mission HO$_2$PE, these are being made available in the most impacted areas in the country. Oxygen concentrators will be sent to Covid-19 hospitals. In addition, we have initiated a partnership with Portea Medical and KVN Foundation, through which we are executing a model that delivers oxygen concentrators to Covid-19 patients recovering at home through a borrow-use-return model, available free of charge.

For further information on our Economic, Environmental and Social Performance please visit our website:
www.hul.co.in

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CIN : L15140MH1933PLC002030

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