Hindustan Unilever Limited

MAKING SUSTAINABLE LIVING COMMONPLACE

ANNUAL REPORT 2015-16

SUBSIDIARY COMPANIES

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Unilever India Exports Limited
DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Pradeep Banerjee - Director Geetu Verma - Director Girish Anantharaman - Director V. Kannan - Independent Director Nikhilesh Panchal - Independent Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai – 400 099

To the Members,

Your Company's Directors are pleased to present the 52nd Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from operations, net of excise	104,985.25	93,246.16
Profit before exceptional items and tax	14,413.75	14,773.83
Profit for the year	9,562.78	9,904.23
Dividend (including tax on distributed profits)	(10,832.14)	(7,019.57)
Transfer to General Reserve	-	-
Profit and Loss Account balance carried forward	24,131.68	25,401.04

OPERATIONAL REVIEW

Your Company's strategy continues to operate through two units, one focused on driving cross border sourcing of Fast Moving Consumer Goods (FMCG) to other Unilever companies across the world and the other on developing overseas markets by driving distribution of ethnic brands among the Indian diaspora in international markets. During the year, both the segments witnessed good growths while maintaining operational profitability.

Your Company took more locally developed brands like Taj Mahal, Red Label, Bru, Lakme & Kissan to new geographies. Your Company is now exporting to more than 60 countries across the world. Your Company continues to invest heavily in Brand Building and also, expanding the distribution network by appointing new distributors. This helped in overcoming the weak economic conditions in key export markets like Middle East, Russia where crude prices and decline in Forex rate movement have led to demand stagnation.

Personal Care categories witnessed a good growth during the year, with Mass Skin Brands like Fair and Lovely and Pond's delivering superlative growths. As part of making Lakme a global brand, your Company entered into new geographies in Middle East and Sri Lanka. Personal Wash segment showed a decline in sales over last year, as some of the products launched by other Unilever countries did not fair well.

Food and Beverages segment had an exciting year with key Brands like Taj Mahal, Bru, Kissan entering into new markets and showing good growth. In Tea category, both packet tea and bulk tea registered good sales.

Profitability for the year is in line with last year despite pressure on pricing. Profitability was maintained due to continuous effort to reduce cost and increasing efficiency throughout the value chain. Last year, your Company had booked large gains on Forex rate differences which were not there in current year.

Your Company continues to receive support from the Holding Company, Hindustan Unilever Limited, to drive growth of exports business.

DIVIDEND

During the year, the Board of Directors of your Company declared interim dividend of Rs. 302.52 per equity share of face value of Rs.10/- each by passing a resolution by circulation on 21st September, 2015, which was confirmed at the next Board meeting held on 15th December, 2015. The total dividend paid during the financial year will absorb Rs. 10,832.14 lakhs including Dividend Distribution Tax of Rs. 1,832.19 lakhs.

DIRECTORS

The Company has received declaration from the Independent Directors of the Company as per Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

In accordance with Article 116 of the Articles of Association of the Company and the Companies Act, 2013, all the Directors, except the Independent Directors, of the Company retire by rotation at every Annual General Meeting and accordingly, Mr. Pradeep Banerjee, Ms. Geetu Verma and Mr. Girish Anantharaman retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy, apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed at the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board and Committee Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 29th April, 2015, 25th August, 2015, 15th December, 2015 and 21st March, 2016. The interval between any two meetings was well within the maximum allowed gap of 120 days.

COMMITTEES OF THE BOARD

In line with the requirements of Companies Act, 2013 and Rules made thereunder, your Company has three Board Committees viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Your Company has in place all the Statutory Committees required under law.

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

The Board has currently the following Committees:

Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013, the Audit Committee of your Company has Mr. Nikhilesh Panchal, Mr. V. Kannan and Mr. Girish Anantharaman as its Members.

The Audit Committee performs the following functions:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;
- Examination of financial statements and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter – corporate loans and investments;
- Valuation of undertakings and assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The minutes of each Audit Committee meeting are placed at the subsequent meeting of the Committee and the Board.

The Audit Committee met thrice during the financial year ended 31st March, 2016 on 29th April, 2015, 15th December, 2015 and 21st March, 2016.

Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee has Mr. Pradeep Banerjee, Ms. Geetu Verma, Mr. V. Kannan and Mr. Nikhilesh Panchal as its Members.

The Nomination and Remuneration Committee performs the following functions:

- Determine / Recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board
- Determine the criteria for appointment including qualifications, positive attributes and independence of a Director;
- Identify candidates who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Recommend to the Board a policy in relation to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Carry out evaluation of performance of each Director and performance of the Board as a whole.

The minutes of each Nomination and Remuneration Committee meeting are placed at the subsequent meeting of the Committee and the Board.

The Nomination and Remuneration Committee met once during the financial year ended 31st March, 2016 on 21st March, 2016.

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee has Mr. V. Kannan, Mr. Pradeep Banerjee, Ms. Geetu Verma and Mr. Nikhilesh Panchal as its Members.

The Corporate Social Responsibility Committee performs the following functions:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Determine the amount to be expended towards the CSR activities subject to the minimum limits prescribed by the Act i.e. two percent of the average net profits of the Company made during the three immediately preceding financial years, pursuant to the CSR Policy;
- Recommend the amount of expenditure to be incurred on the activities as per the CSR Policy;
- Monitor the CSR Policy of the Company from time to time;
- Perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

The minutes of each Corporate Social Responsibility Committee meeting are placed at the subsequent meeting of the Committee and the Board.

The Corporate Social Responsibility Committee met once during the financial year ended 31st March, 2016 on 21st March, 2016.

Report on Corporate Social Responsibility activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as an Annexure to this Report.

COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has an Internal Complaints Committee (ICC) to investigate and inquire into sexual harassment complaints. During the year, no complaint with allegations of sexual harassment was filed with the Company.

BOARD MEMBERSHIP CRITERIA

The Board of Directors are collectively responsible for selection of members 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 Public 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 requirements of the law;
- Professional qualifications, expertise and experience in specific area of business;
- Balance of skills and expertise in view of the objectives and activities of the Company;
- Avoidance of any present or potential conflict of interest;
- Availability of time and other commitments for proper performance of duties;
- Personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arm's Length basis. In terms of Section 134(3) (h) of the Companies Act, 2013, the details of contracts / arrangements entered into with Related Parties are provided in Form AOC-2 as an Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

Disclosures with respect to remuneration of employees as per Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 have been appended hereto as an Annexure to this Report.

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, the intent being 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 the world and achieve superior operational results.

The guiding principles for Company's reward policies / practices, which are applicable for Directors and all employees of the Company, are as follows:

1. Open, Fair, Consistent and Explainable: 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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details relating to Loans, Guarantees and Investments are provided in the Notes to Financial Statements.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

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

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial control system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate Risk Management Policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

SECRETARIAL AUDIT

Your Company had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries to carry out Secretarial Audit for the year 2015-16. The detailed report on the same is appended as an Annexure to this Report. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 50th Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

Conservation of Energy

Your Company strives cautiously to conserve energy by adopting innovative measures to change to eco friendly and cheaper fuels, reducing wastage and optimizing consumption. Some of the specific measures undertaken are listed below:

- Replacement of fuels from HSD and FO of Steam Boilers and Hot Air Generators with Bio Mass, eco-friendly fuel.
- Putting upgraded technology in Utilities Area – Air Compressors, Chillers, Vacuum Pumps.
- Installation of Variable Frequency Drives for power optimisation where loads are varying.
- Installation of energy efficient lighting on the shop floors and Warehouses.
- Use of Skylight in day time on the shop floors.
- Installation of energy efficient pumps and heat recovery systems.
- Recovery of condensate and recovering heat and water in the process plant.

Above key measures have delivered significant savings in power and fuel to your Company and the journey of your Company on the effective utilization of energy conservation continues.

There was no capital investment made on energy conservation equipments during the year under review.

Technology Absorption

The Company maintains interaction with Unilever internationally. This is facilitated through well co-ordinated management exchange programme. The programme includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements etc. scientific research based on hypothesis testing and experimentation which leads to new / improved / alternative technologies; support the development of launch ready product formulation based on research and implementation of the launch ready product formulations in specific markets.

Your Company is receiving support and guidance from Hindustan Unilever Limited and Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which helps your Company in product improvement, cost reduction, product development / import substitution as also to remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

There was no expenditure incurred on Research and Development during the year under review.

Details of foreign exchange earnings and outgo as per the Companies Act, 2013, are given below.

(Rs. lakhs)

		For the year ended 31st March, 2016	For the year ended 31st March, 2015
I	Earnings	99,377.13	88,474.49
II	Outgo	18,331.64	16,682.78

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Company is committed to excellence in safety, health, environment and quality management. It accords the highest priority to the health and safety of its employees, customers and other stakeholders as well as to the protection of the environment. The management of your Company is focused on continuous improvement in these areas which are fundamental to the sustainable growth of the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 06.05.2016	**Pradeep Banerjee**	**Girish Anantharaman**
Place: Mumbai	Director	Director
	DIN: 02985965	DIN: 06968479

Annexure to the Directors' Report

Report on Corporate Social Responsibility [Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)]

1. Brief Outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken

Water Conservation Projects: According to the estimates, by 2030, the supply of water in India will be half its demand. To understand and partake in meeting this challenge, Hindustan Unilever Limited (HUL), the holding Company set up Hindustan Unilever Foundation (HUF), a not - for - profit Company, in 2010 that anchors various community development initiatives of HUL and its subsidiaries / group Companies, including your Company.

HUF along with its partner, Foundation for Ecological Security, under Water for Public Good, has initiated the project, 'Water Commons –Influencing Practice and Policy.' The project aims to arrive at better governance of water through informed decision making and allocation of water with principles of equity, social justice and sustainability. This project operates in 9 districts of 5 states (Rajasthan, Maharashtra, Madhya Pradesh, Andhra Pradesh and Karnataka). The project aims to achieve the following KPIs by end of 2020:

1. Cumulative and Collective Water potential and saving through supply and demand side interventions- 114 Billion litres
2. Person days to be generated- 16 lakhs (approx.)
3. Agriculture and Biomass production increase – 48,000 tonnes (approx.)

– Reference of the Web-link of CSR Policy – N.A

2. Composition of the CSR Committee

The Corporate Social Responsibility Committee comprises Mr. V. Kannan, Mr. Pradeep Banerjee, Ms. Geetu Verma and Mr. Nikhilesh Panchal as its Members.

	(Rs. lakhs)
3. Average Net Profit of the Company for last 3 financial years	17,227.57
4. Prescribed CSR Expenditure	344.55
5. Details of CSR spent during the financial year 2015-16	
a) Total amount to be spent for the financial year :	344.55
b) Total amount spent for the financial year : (2% of the Average Net Profit)	344.55
c) Amount unspent, if any	Nil

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

(Rs. lakhs)

Sr. No.	CSR project	Sector in which the Project is covered	Projects / Programs Coverage	Amount outlay (budget)	Amount spent on the project/programs		Cumulative expenditure upto to 31st March, 2016	Amount spent: Direct / through implementing agency
					Direct Expenditure	Overheads		
1.	Water Conservation	Note 1	Rajasthan, Maharashtra, Madhya Pradesh, Andhra Pradesh and Karnataka	344.55	344.55	Nil	344.55	Implementing Agency: Foundation of Ecological Security
	TOTAL			**344.55**	**344.55**	**Nil**	**344.55**	

Note 1: ensuring environmental sustainability, ecological balance, protection of flaura and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

6. CSR Committee Responsibility Statement

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

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

V. Kannan
Independent Director
DIN: 07031155

Pradeep Banerjee
Director
DIN: 02985965

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U51900MH1963PLC012667
Registration Date	:	26th June,1963
Name of the Company	:	Unilever India Exports Limited
Category / Sub-Category of the Company	:	Public Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg Chakala, Andheri (East), Mumbai – 400 099 Telephone No : 022 39830000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sr. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1.	Cosmetics	20237	48.87
2.	Tea	10791	25.92
3.	Soaps	20231	16.19

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporates	-	29,75,000	29,75,000	100	-	29,75,000	29,75,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**29,75,000**	**29,75,000**	**100**	**-**	**29,75,000**	**29,75,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**29,75,000**	**29,75,000**	**100**	**-**	**29,75,000**	**29,75,000**	**100**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of Shares total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of Shares total Shares of the Company	% of Shares pledged / encumbered to total shares	
1	Hindustan Unilever Limited	29,74,994	100.00	NIL	29,74,994	100.00	NIL	0.00
2	Levers Associated Trust Limited	1	0.00	NIL	1	0.00	NIL	0.00
3.	Ajay Lalvani j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
4.	BP Biddappa j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
5.	Ritesh Tiwari j/w Hindustan Unilever Limited	1	0.00	NIL	0	0.00	NIL	0.00
6.	Dev Bajpai j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
7.	Hindustan Unilever Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
8.	Hindustan Unilever Limited j/w Aasif Malbari	0	0.00	NIL	1	0.00	NIL	0.00
	Total	**29,75,000**	**100**	**NIL**	**29,75,000**	**100**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

Sl No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Ritesh Tiwari j/w Hindustan Unilever Limited				
	At the beginning of the year	1	0.00	1	0.00
	Sold on 15.12.2015	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
2.	Hindustan Unilever Limited j/w Aasif Malbari				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 15.12.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel

The Directors of the Company did not hold any shares in the Company during the financial year ended 31st March, 2016. The Company is not required to appoint Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in Indebtedness during the financial year				
• Addition	0	180,00,00,000	0	180,00,00,000
• Reduction	0	0	0	0
Net Change	**0**	**180,00,00,000**	**0**	**180,00,00,000**
Indebtedness at the end of the financial year				
i) Principal Amount	0	180,00,00,000	0	180,00,00,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**180,00,00,000**	**0**	**180,00,00,000**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Not Applicable

B. Remuneration to other Directors

(Rs. lakhs)

Sl. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Mr. Nikhilesh Panchal	Mr. V. Kannan	
1	Independent Directors			
	• Sitting Fees for attending Board / Committee Meetings	1.35	1.35	2.70
	Total	**1.35**	**1.35**	**2.70**
	Overall ceiling Limit as per Act	NA*	NA*	NA*

* The Independent Directors of the Company receive Sitting Fee for attending the Board / Committee Meetings of the Company which is excluded under Section 197 of the Companies Act, 2013.

- Non-Executive Directors do not receive any remuneration from the Company.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pradeep Banerjee
Director
DIN: 02985965

Girish Anantharaman
Director
DIN: 06968479

Annexure to the Directors' Report

Form AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - NA

2. Details of material contracts or arrangements or transactions at arm's length basis

(Rs. Crores)

Name of Related Party	Nature of relationship	Nature of contract*	Amount
Hindustan Unilever Limited	Holding Company	Purchase of finished goods/raw materials	298.99
		Purchase of fixed assets	0.25
		Sale of fixed assets	0.03
		Rent received	0.12
		Sale of finished goods/raw materials	16.88
		Sale of DEPB and other licences	6.53
		Expenses	16.92
		Rent Paid	0.15
		Royalty Expences	1.33
Unilever Asia Private Limited	Fellow Subsidiary	Purchase of raw materials	191.18
Unilever Gulf Free Zone Establishment	Fellow Subsidiary	Sale of finished goods	177.04

* All transactions are in the Ordinary Course of Business and at Arm's Length basis and transactions other than Sale of Fixed Assets are of on-going nature. All transactions are placed before the Audit Committee of the Company. The terms of these transactions are governed by the respective agreements/terms of purchase

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pradeep Banerjee
Director
DIN: 02985965

Girish Anantharaman
Director
DIN: 06968479

Annexure to the Directors' Report

Disclosure of remuneration of employees under Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Qualification	Date of employment	Designation / Nature of duties	Remuneration received		Experience	Last employment
					Gross (Rs.)	Net (Rs.)		
G.D. Patil	51	B.E. (Electrical)	27.07.1987	Pune Tea Exports	60,74,981	42,95,678	29	-
Mukesh Gupta	34	Head - Finance Excellence Centre	20.12.2006	Finance Head - Exports	91,87,417	65,19,299	9	Hindustan Petroleum Corp
Rajneesh Varma	47	B. Com	19.11.1990	Business Development Head - Unilever International	70,76,687	50,91,912	25	NA

- Remuneration received Gross includes salary, allowances, commission, performance linked variable pay disbursed, taxable value of perquisites and Company's contribution to provident fund. Remuneration Received Net includes Gross Remuneration less income tax, professional tax and employees contribution to provident fund.
- Remuneration excludes provision for / contributions to pension, gratuity and leave encashment, special awards, payments made in respect of earlier years including those pursuant to settlements during the year, payments made under voluntary retirement schemes and stock options granted. However contributions to pension in respect of employees who have opted for contribution defined scheme has been included.
- Nature of employment is contractual for employees.
- Other terms and conditions as per Company's Rules.
- None of these employees are related to any Director of the Company.
- None of the employees are covered under Rule 5(3)(viii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013.

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pradeep Banerjee
Director
DIN: 02985965

Girish Anantharaman
Director
DIN: 06968479

Annexure to the Directors' Report

Secretarial Audit Report

Form No. MR 3

(For the financial year ended 31st March, 2016)
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Unilever India Exports Limited
CIN: U51900MH1963PLC012667
Unilever House, B. D. Sawant Marg,
Chakala, Andheri (East)
Mumbai - 400099.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder and the applicable provisions of the Companies Act 1956;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **[Not applicable as the Securities of the Company are not listed on any Stock Exchange]**

iii. The Depositories Act,1996 and the Regulations and Byelaws framed thereunder; **[Not applicable as the Equity Shares of the Company are in physical form]**

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;**[Not applicable as the Company has not received any Foreign Direct Investment or made any Foreign Direct Investment]**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **are not applicable as the securities of the Company are not listed on any Stock Exchange**:

   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, 1992; (upto 14th May, 2015)

   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (effective from 15th May, 2015)

   d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   g. 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;

   h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

vi. The Company has indentified the following laws as specifically applicable to the Company:

   1. The Hazardous Wastes (Management & Handling) Rules 1989;
   2. The Insecticide Act, 1968;
   3. The Drugs & Cosmetics Act, 1940;
   4. The Legal Metrology Act, 2009;
   5. The Legal Metrology (Packaged Commodities) Rules, 2011;
   6. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and Regulations;

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

(i) Secretarial Standards with respect to Board Meeting (SS-1) and General Meetings (SS-2) issued by the Institute of Company secretaries of India (ICSI) and made **effective from 1st July 2015**;

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India limited and SEBI (Listing Obligations and Disclosure Requirements),2015 made effective from 1st December,2015 **[Not applicable as the Company is not listed on any Stock Exchange]**

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 : -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings (including committees), agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As recorded in the minutes of the meetings, all decisions were carried out unanimously.

We further report that based on review of compliance mechanism established by the Company and on the basis of the representation made by the management and taken on record by the Board of Directors at their meeting, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

- as informed the Company has responded to notices for demands, claims, penalties etc levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

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

For **S. N. ANANTHASUBRAMANIAN & CO**
Company Secretaries
Firm Registration No.P1991MH040400

Date: 06.05.2016 **Malati Kumar**
Place: Thane C P No. 10980

INDEPENDENT AUDITOR'S REPORT

To the Members of Unilever India Exports Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Unilever India Exports Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

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

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

      I. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer note 21d to the financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Unilever India Exports Limited

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer note 22a to the 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.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

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

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

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.

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

(iii) There are no companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

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

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of clause 3(v) are not applicable to the Company.

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

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of customs, duty of excise, value added tax as at 31 March 2016 which have not been deposited on account of a dispute, are as 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 defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to financial institutions or debenture holders during the year.

(ix) Based on the information and explanations given to us by the management, term loan was applied for the purpose for which the loan was obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

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

(xi) There are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

Act are not applicable and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure to the Independent Auditor's Report - 31 March 2016

Annexure I

Nature of Statute	Nature of dues	Amount (Rs in lakhs)	Period to which amount relates to	Forum where dispute is pending
Excise duty	Excise duty Including Interest and penalty, if applicable	10.5	2004-2005	Commissioner Appeal
Excise duty	Excise duty Including Interest and penalty, if applicable	30.1	2007-2008	High Court
Custom Duty	Custom Duty, Including Interest and penalty, if applicable	698.2	2005-2013	Commissioner appeal.
Custom Duty	Custom Duty, Including Interest and penalty, if applicable	99.3	2007-2008	Deputy Commissioner appeal.
Custom Duty	Custom Duty, Including Interest and penalty, if applicable	381.0	2011-2012	Supreme Court
Custom Duty	Custom Duty, Including Interest and penalty, if applicable	28.0	2004	Tribunal
Income Tax	Income tax , Including Interest and penalty, if applicable	3.1	2001-2002	Income Tax Appellate Tribunal
Sales Tax	Sales Tax, Including Interest and penalty, if any.	76.5	2001-2008	Commissioner appeal.

Annexure B to the Independent Auditor's Report- 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Unilever India Exports Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016 based on the internal control over financial reporting 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 ICAI.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

BALANCE SHEET
As at 31st March, 2016

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

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	297.50	297.50
Reserves and surplus	4	36,562.51	37,831.87
Non-current liabilities			
Other long term liabilities	5	80.32	74.00
Long-term provisions	6	2,705.68	3,415.87
Current liabilities			
Short-term borrowings	7	18,000.00	-
Trade payables			
Due to Micro and Small Enterprises		-	-
Due to others	8	17,214.27	15,002.59
Other current liabilities	9	774.95	895.18
TOTAL		**75,635.23**	**57,517.01**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	6,697.50	6,956.22
Capital work-in-progress		563.68	351.01
Non-current investments	11	28.90	28.90
Deferred tax assets (net)	12	205.15	151.31
Long-term loans and advances	13	2,077.77	1,503.49
Other non-current assets	14	2.27	2.27
Current assets			
Current investments	15	9,969.95	4,850.38
Inventories	16	14,079.51	14,051.17
Trade receivables	17	21,589.42	19,221.31
Cash and bank balances	18	15,445.08	6,168.28
Short-term loans and advances	19	1,901.89	2,528.91
Other current assets	20	3,074.11	1,703.76
TOTAL		**75,635.23**	**57,517.01**
Significant accounting policies	2		
Contingent liabilities, capital and other commitments	21,22		

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May 2016

For and on behalf of Board of Directors

Girish Anantharaman
Director
DIN No-06968479

Mumbai: 6th May 2016

Pradeep Banerjee
Director
DIN No-02985965

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

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

	Note	As at 31st March, 2016	As at 31st March, 2015
REVENUE FROM OPERATIONS (GROSS)	23	1,04,987.34	93,247.64
Less: Excise duty		(2.09)	(1.48)
Revenue from operations (Net)		**1,04,985.25**	**93,246.16**
Other Income	24	1,201.27	5,758.40
Total Revenue		**1,06,186.52**	**99,004.56**
EXPENSES			
Cost of materials consumed	25	41,036.71	32,109.26
Purchase of stock-in-trade	26	31,848.69	33,771.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(1,267.92)	205.77
Employee benefits expense	28	3,319.19	3,601.80
Finance costs	29	9.92	1.88
Depreciation and amortization expense	30	1,029.11	1,061.94
Other expenses	31	15,797.07	13,478.75
Total Expenses		**91,772.77**	**84,230.73**
Profit before exceptional items and tax		**14,413.75**	**14,773.83**
Exceptional items	32	-	684.93
Profit before tax		**14,413.75**	**15,458.76**
Tax Expense:			
Current tax	33	(4,904.81)	(4,004.80)
Deferred Tax (charge)/credit	34	53.84	(1,588.26)
Tax adjustments of previous year, net	33	-	38.53
Profit for the year		**9,562.78**	**9,904.23**
Earnings per equity share			
Basic and Diluted (Face value of Rs. 10 each)	35	321.44	332.92
Significant accounting policies	2		
Other notes	36-51		

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May 2016

For and on behalf of Board of Directors

Girish Anantharaman
Director
DIN No-06968479

Pradeep Banerjee
Director
DIN No-02985965

Mumbai: 6th May 2016

CASH FLOW STATEMENT

for the year ended 31st March, 2016

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

	As at 31st March, 2016	As at 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation and exceptional items	**14,413.75**	**14,773.83**
Adjustments for :		
Depreciation and amortization expense	1,029.11	1,061.94
Unrealised foreign currency losses	36.94	47.46
Net gain on sale of Investments	(22.41)	(54.85)
Loss on fixed assets sold, scrapped, etc. (net)	47.89	-
Interest income	(248.39)	(794.68)
Dividend income	(313.67)	(395.53)
Interest expense	9.92	1.88
Provision for doubtful debts	284.12	-
Old balances written off	-	782.21
Provision for sales tax written back	-	(938.54)
Liabilities no longer payable written back	(99.31)	(413.84)
	724.20	**(703.95)**
Operating Profit/(Loss) before working capital changes	**15,137.95**	**14,069.88**
Changes in Working capital:		
(Increase)/decrease in trade receivables	(2,689.17)	(1,870.35)
(Increase)/decrease in short term loans and advances	726.33	(1,107.87)
(Increase)/decrease in other current assets	(1,370.35)	(1,530.21)
(Increase)/decrease in long term loans and advances	(574.28)	(52.70)
Increase/(Decrease) in trade payables	2,211.68	(1,561.58)
Increase/(Decrease) in long term provisions	(710.19)	(2,131.87)
Increase/(Decrease) in short term provisions	-	-
Increase/(Decrease) in other current liabilities	(120.23)	58.92
Increase/(Decrease) in other long term liabilities	6.32	(37.00)
Increase/(Decrease) in inventories	(28.34)	(4,434.23)
Increase/(Decrease) in Other Non current Assets	-	-
	2,548.23	**(12,666.89)**
Cash generated from Operations	**12,589.72**	**1,402.99**
Exceptional items		
Increase/(Decrease) in liability for retirement benefits arising from actuarial assumption changes	-	10.70
Taxes paid (net of refunds)	(4,904.81)	(4,551.68)
Net cash generated from/(used in) operating activities - [A]	**7,684.91**	**(3,137.98)**
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible assets	(1,038.01)	(1,595.24)
Sale proceeds of tangible assets	7.05	28.50
Purchase of current investments	(1,66,913.92)	(1,94,493.28)
Sale proceeds of current investments	1,61,816.77	1,89,697.73
Proceeds from maturity bank deposits (having original maturity more than 3 months)	2,000.00	3,000.00
Proceeds from bank deposits (having original maturity more than 12 months)	-	0.08
Interest received	248.39	841.88
Dividend received	313.67	395.53
Net cash from investing activities before exceptional items	**(3,566.05)**	**(2,124.79)**

CASH FLOW STATEMENT (Contd.)

for the year ended 31st March, 2016

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

	As at 31st March, 2016	As at 31st March, 2015
Exceptional :		
Consideration received on disposal of unused land and building (including residential properties)	-	684.92
Net cash (used in)/generated from investing activities - [B]	**(3,566.05)**	**(1,439.88)**
C CASH FLOW FROM FINANCING ACTIVITIES:		
Short-term borrowings taken	18,000.00	-
Dividends paid	(8,999.95)	(5,999.89)
Taxes paid on dividend	(1,832.19)	(1,019.68)
Interest paid	(9.92)	(1.88)
Book overdrafts availed/(repaid), etc (net)	-	(162.82)
Net cash (used in) financing activities - [C]	**7,157.94**	**(7,184.27)**
Net (decrease) in cash and cash equivalent - [A+B+C]	11,276.80	(11,762.12)
Cash and cash equivalent at beginning of year	4,168.28	15,930.40
Cash and cash equivalent at end of year	**15,445.08**	**4,168.28**
Cash and cash equivalent comprise of:		
Cash on hand	4.14	3.45
Cheques on hand	-	35.00
Balances with banks		
- Balance with Scheduled banks - current account	840.94	929.83
- Bank deposits (having original maturity of less than three months)	14,600.00	3,200.00
	15,445.08	4,168.28

Notes to the Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements" prescribed in Companies (Accounts) Rule, 2014.
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
3. Figures in brackets indicate Cash Outgo.
4. The previous year's figures have been regrouped/ restated wherever necessary to conform to this year's classification.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May 2016

For and on behalf of Board of Directors

Girish Anantharaman
Director
DIN No-06968479

Pradeep Banerjee
Director
DIN No-02985965

Mumbai: 6th May 2016

NOTES

to the financial statements for the year ended 31st March, 2016

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

1 COMPANY INFORMATION

Unilever India Exports Limited (the 'Company') is a wholly owned subsidiary of Hindustan Unilever Limited (HUL). The Company (bearing CIN number U51900MH1963PLC012667) has various manufacturing plants in India and primarily exports Home, Personal care, Food and beverages goods across the world.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of accounts

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the 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/non-current classification of assets and liabilities. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0.00" in the relevant notes in these financial statements.

2.2 Use of estimates

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

2.3 Revenue recognition

Sale of goods

Export Sales are recognised on the date of Bill of Lading or other relevant documents, in accordance with the terms and conditions of the Sales. Domestic sales are recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties on goods manufactured.

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

Other Operating Revenue are inclusive of exports incentives such as Duty Drawbacks is recognised on an accrual basis.

2.4 Other income

Interest income is recognised/accounted on accrual basis.

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

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

2.5 Expenditure

Expenses are accounted for on accrual basis.

2.6 Tangible assets

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

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

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress.

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

Depreciation is provided on a pro-rata basis as per the useful life esimates prescribed under Schedule II to the Companies Act, 2013, except for certain class of assets. Summary of the useful life estimates for all class of assets is given below - "

Asset Class	Details
Freehold Land	Not depreciable
Building	Depreciated as per useful life estimate ranging from 30 to 60 years, aligned to Schedule II
Plant & Equipment	Depreciated over 2 to 21 years based on the technical evaluation of useful life done by the Company
Office Equipment	Depreciated as per useful life estimate not exceeding 5 years, aligned to Schedule II
Furniture & Fixtures	Depreciated as per useful life estimate ranging from 5 to 10 years, aligned to Schedule II
Computers	Depreciated as per useful life estimate not exceeding 3 years, aligned to Schedule II

2.7 Impairment of assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss, except in case of revalued assets. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.8 Investments

Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Non-current investments". Current investments are stated at the lower of cost and market value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges, work-in-progress and finished goods include appropriate proportion of over heads and where applicable, excise duty. The net realisable value is the estimated selling price in the normal course of business considering obsolescence, estimated costs necessary to make the sale and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

2.10 Trade receivables and loans and advances

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

2.11 Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

2.12 Provisions and contingent liabilities

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

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

2.13 Employee benefits

Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as 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, compensated absences (in respect of certain employees) and long term service awards. The Company's Gratuity fund scheme is considered as defined benefit plans and the gratuity fund assets are being controlled by separate independent trust for entire Hindustan Unilever Limited and its subsidiaries including Unilever India Exports Limited. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date, made by independent actuaries.

As per AS 15 Employee Benefits, in respect of group plans that share risks between various enterprises under common control, the net defined benefit cost is recognised in the separate financial statements of the group enterprise that is legally the sponsoring employer for the plan. Hence, the gratuity plan assets, liabilities towards gratuity, leave encashment and long term service awards are recognised in the books of the holding company for the group. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss of the parent company in the year in which they arise.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

Termination benefits

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

2.14 Taxes on income

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

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

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

2.15 Foreign currency translations

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

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

2.16 Cash and cash equivalents

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

2.17 Operating leases

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

2.18 Segment reporting

The Company is primarily engaged in the business of exports of Home care, Personal care, Foods and Beverages item, and accordingly this is only primary reportable segment as risk and rewards are similar. Further there are no secondary reportable segments.

2.19 Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.20 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorized		
30,00,000 (March 31, 2015: 30,00,000) equity shares of Rs.10 each	300.00	300.00
Issued, subscribed and fully paid up		
29,75,000 (March 31, 2015: 29,75,000) equity shares of Rs. 10 each	297.50	297.50
	297.50	**297.50**

a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	29,75,000	297.50	29,75,000	297.50
Add : Shares issued during the year	-	-	-	-
Balance as at the end of the year	**29,75,000**	**297.50**	**29,75,000**	**297.50**

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their share holding.

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

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares:		
29,75,000 (March 31, 2015: 29,75,000) shares are held by the holding company, Hindustan Unilever Limited and its nominees	297.50	297.50

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

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares held by the holding company, Hindustan Unilever Limited		
Number of Shares held	29,74,994	29,74,994
% of Holding	99.99	99.99

e) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding 31st March, 2016:

465,000 Equity shares of Rs 10 each were issued in January 2012 to the holding company, Hindustan Unilever Limited, pursuant to the Scheme of Arrangement of demerger of FMCG Exports business division of the holding company, Hindustan Unilever Limited to the Company, with effect from 1st April, 2011, as sanctioned by the Honourable Court of Mumbai on November 18, 2011 without payment being received in cash.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Capital Reserve	1.23	1.23
Securities Premium Reserve	6,965.70	6,965.70
Other Reserve		
Export Profit Reserve	4.45	4.45
General Reserve		
Balance as at the beginning of the year	5,459.45	5,546.31
Less: Utilised for depreciation (Refer Note 10)	-	(86.86)
Balance as at the end of the year	5,459.45	5,459.45
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	25,401.04	22,516.38
Add: Profit for the year	9,562.78	9,904.23
Interim dividend on equity shares for the year	(8,999.95)	(5,999.89)
[Rs. 302.52 per share (31 March, 2015: Rs 201.68 per share)]		
Tax on dividend	(1,832.19)	(1,019.68)
Balance as at the end of the year	24,131.68	25,401.04
Total	**36,562.51**	**37,831.87**

5) OTHER LONG TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Employee and ex-employee related liabilities	74.00	74.00
Security deposits	6.32	-
Total	**80.32**	**74.00**

6) LONG TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (Refer Note - 37(ii))		
Gratuity	-	36.82
Compensated absences	-	36.63
Long term service awards	-	37.26
Provision for income tax (Net of advance tax)	311.07	342.73
Other provisions (including sales tax, excise and legal matters etc.) (Refer note 49)	2,394.61	2,962.43
Total	**2,705.68**	**3,415.87**

7) SHORT TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
Unsecured loan from banks	18,000.00	-
Total	**18,000.00**	**-**

Unsecured loan taken from banks for working capital requirement amounting to Rs. 18,000 Lakhs (March 31, 2015: Rs Nil) is repayable in September 2016.

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

8) TRADE PAYABLES

	As at 31st March, 2016	As at 31st March, 2015
Acceptances	272.55	229.06
Trade payables (Refer note below)		
Due to Micro and Small Enterprises	-	-
Due to Others	16,941.72	14,773.53
Total	**17,214.27**	**15,002.59**

Note

Under the Micro, Small and Medium Enterprises Development Act, 2016, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, there are no outstanding dues to Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in the following disclosure:

	As at 31st March, 2016	As at 31st March, 2015
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deduction expenditure under section 23 of the MSMED	Nil	Nil

9) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Statutory liabilities (including provident fund and tax deducted at source)	101.85	44.45
Salary, wages & bonus payable	646.66	569.36
Interest Accrued but not due	7.81	-
Creditors for capital goods	18.63	6.10
Book overdraft	-	275.27
Total	**774.95**	**895.18**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

10) TANGIBLE ASSETS

	Land - Freehold	Land - Leasehold	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipment	Others - Computers	Total
Gross Block								
Balance as at 1st April 2014	59.39	11.87	3,338.82	14,168.16	237.13	210.75	16.64	18,042.75
Additions	-	-	33.27	757.79	10.07	21.31	0.47	822.91
Deletions	-	(11.04)	(102.13)	-	-	-	-	(113.17)
Balance as at 31st March 2015	59.39	0.83	3,269.96	14,925.94	247.20	232.07	17.12	18,752.49
Additions	-	-	87.26	718.83	1.76	10.18	7.30	825.33
Deletions	-	-	(14.81)	(532.29)	(14.67)	(11.43)	(4.07)	(577.27)
Balance as at 31st March 2016	59.39	0.83	3,342.41	15,112.48	234.29	230.82	20.35	19,000.55
Accumulated Depreciation								
Balance as at 1st April 2014	-	5.46	1,161.36	9,243.52	162.23	119.33	15.50	10,707.39
Additions	-	0.15	92.06	924.59	20.98	22.68	1.48	1,061.94
Deletions	-	(4.80)	(12.39)	(42.73)	-	-	-	(59.92)
Depreciation reversal impact	-	-	-	-	34.21	52.65	-	86.86
Balance as at 31st March 2015	-	0.82	1,241.02	10,125.37	217.43	194.66	16.98	11,796.27
Additions	-	0.01	91.37	911.39	8.33	16.12	1.89	1,029.11
Deletions	-	-	(8.60)	(483.57)	(14.67)	(11.43)	(4.06)	(522.33)
Balance as at 31st March 2016	-	0.83	1,323.79	10,553.19	211.09	199.35	14.81	12,303.05
Net Block								
Balance as at 31st March 2015	59.39	0.01	2,028.93	4,800.57	29.77	37.41	0.14	6,956.22
Balance as at 31st March 2016	59.39	-	2,018.62	4,559.28	23.20	31.47	5.54	6,697.50

Notes

(a) During the previous year, the company had adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013, applicable for accounting periods commencing from 1st April 2014 or re-assessed useful life based on technical evaluation. Accordingly, depreciation of Rs. 86.86 Lakhs on account of assets whose useful life is already exhausted as on 1st April 2014 was adjusted against retained earnings and depreciation was recognised prospectively on the remaining useful life of the assets.

(b) Buildings include Rs 0.005 Lakh (March 31, 2015: Rs 0.005 Lakh) being the value of shares in the co-operative housing society.

11) NON-CURRENT INVESTMENTS

	As at 31st March, 2016	As at 31st March, 2015
Trade Investment		
(Unquoted, Valued at cost unless otherwise stated)		
Investment in equity instruments of fellow subsidiary companies		
Hindustan Unilever Foundation	0.24	0.24
2,400 (March 31, 2015: 2,400) Shares of Rs. 10 each		
Pond's Exports Limited	28.66	28.66
19,90,015 (March 31, 2015: 19,90,015) Shares of Rs. 1 each		
Total	**28.90**	**28.90**
Aggregate amount of unquoted investments	**28.90**	**28.90**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

12) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2016	As at 31st March, 2015
Deferred tax assets		
Expenses allowable for tax purposes when paid	493.57	274.57
Provision for post retirement benefits and other employee benefits	58.15	104.96
Provision for doubtful debts and advances	114.27	15.94
Other timing differences	89.94	358.33
	755.93	**753.80**
Deferred tax liabilities		
Depreciation	(550.78)	(602.49)
Total	**205.15**	**151.31**

13) LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Capital advances	373.01	11.62
Deposits with others	874.67	751.41
Advance income tax (Net)	830.09	740.46
Total	**2,077.77**	**1,503.49**

14) OTHER NON - CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Long term deposits with banks with maturity period more than 12 months	2.27	2.27
Total	**2.27**	**2.27**

15) CURRENT INVESTMENTS

(At lower of cost and market value)

	As at 31st March, 2016	As at 31st March, 2015
Investment in Mutual Fund (Unquoted)		
Kotak Mahindra Mutual Fund-Direct Growth- 260,521.08 units (March 31, 2015: Nil units)	8,000.00	-
Reliance Mutual Fund-Direct Plan Growth- 86,389.83 units (March 31, 2015: Nil units)	1,969.95	-
UTI Mutual Fund-Cash Plan -Direct Growth-Nil units (March 31, 2015: 212,017.53 units)	-	4,850.38
Total	**9,969.95**	**4,850.38**
Net asset value of Unquoted investments	**9,981.38**	**4,862.16**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

16) INVENTORIES

(At lower of cost and net realisable value)

	As at 31st March, 2016	As at 31st March, 2015
Raw materials [includes in transit: Rs. 212.23 Lakhs, (March 31, 2015: Rs. 201.93 Lakhs)]	7,214.96	8,501.58
Packing materials	1,672.02	1,627.53
Work-in-progress (Refer Note 43)	1,645.47	1,737.52
Finished goods (Refer Note 42)	3,179.61	1,819.64
Stores and spares	367.45	364.90
Total	**14,079.51**	**14,051.17**

17) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	723.86	427.75
Others	20,865.56	18,793.56
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	330.17	46.05
Less: Provision for doubtful debts	(330.17)	(46.05)
Total	**21,589.42**	**19,221.31**

18) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Cash on hand	4.14	3.45
Cheques/drafts on hand	-	35.00
Bank balances		
- In current accounts	840.94	929.83
- Term deposits with original maturity of less than three months	14,600.00	3,200.00
	15,445.08	**4,168.28**
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	-	2,000.00
Total	**15,445.08**	**6,168.28**

19) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Loans and advances to employees	40.92	50.60
Deposits with customs and other government authorities	375.66	1,203.44
Other loans and advances	1,485.31	1,274.87
Total	**1,901.89**	**2,528.91**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

20) OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Interest accrued on term deposits	8.00	10.55
Export benefits receivable	3,066.11	1,693.21
Total	**3,074.11**	**1,703.76**

21) CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March, 2016	As at 31st March, 2015
Claims against the company not acknowledged as debts		
- Sales tax matters - Rs. 161.27 lakhs net of tax	246.62	205.73
- Income tax matters	3.10	8.75
Total	**249.72**	**214.48**

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(c) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

(d) The Company's pending litigations comprise of claims against the Company by employees and pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/ VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

22) CAPITAL COMMITMENTS

	As at 31st March, 2016	As at 31st March, 2015
Estimated value of contracts in capital account remaining to be executed	184.00	138.56
Total	**184.00**	**138.56**

Note 22a

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

23) REVENUE FROM OPERATIONS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Sale of products (Refer Note 38)	1,01,453.87	90,742.34
Other operating revenue		
- Duty drawback and premium on sale of import licences	3,364.37	2,381.50
- Scrap sales	169.10	123.80
Less: Excise duty	(2.09)	(1.48)
Total	**1,04,985.25**	**93,246.16**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

24) OTHER INCOME

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest Income		
- Bank deposits	241.15	791.48
- From others	7.24	3.21
Dividend income from mutual fund investments	313.67	395.53
Net gain on sale of investments	22.41	54.85
Miscellaneous income	-	13.43
Net gain on foreign currency and translation (other than finance cost) (Refer Note 36)	277.81	3,147.52
VAT/Sales tax refund	239.68	-
Provision for sales tax written back	-	938.54
Liabilities written back to the extent no longer required	99.31	413.84
Total	**1,201.27**	**5,758.40**

25) COST OF MATERIALS CONSUMED

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Consumption of raw material (Refer Note 39)	21,816.34	18,663.69
Consumption of packing material	19,220.37	13,445.57
Total	**41,036.71**	**32,109.26**

(Cost of materials consumed is based on derived values)

26) PURCHASE OF STOCK - IN - TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Purchase of goods (Refer Note 41)	31,848.69	33,771.33
Total	**31,848.69**	**33,771.33**

27) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
(Increase)/ Decrease in Stocks		
Opening stock		
- Finished goods	1,819.64	2,335.51
- Work-in-progress	1,737.52	1,427.42
Closing stock		
- Finished goods	(3,179.61)	(1,819.64)
- Work-in-progress	(1,645.47)	(1,737.52)
Total	**(1,267.92)**	**205.77**

28) EMPLOYEE BENEFITS EXPENSES

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Salaries, wages and bonus *	2,807.42	3,122.05
Contribution to provident fund and other funds	196.26	205.82
Workmen and staff welfare expenses	315.51	273.93
Total	**3,319.19**	**3,601.80**

* Included above is Rs. 130.00 Lakhs (March 31,2015: Rs. 150.00 Lakhs) towards benefit provided to employees of the Company in respect of employee share option scheme administrated by the Holding Company and Ultimate Holding Company.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

29) FINANCE COST

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest expense on bank overdraft	2.11	1.88
Interest expense on short term borrowings	7.81	-
Total	**9.92**	**1.88**

30) DEPRECIATION EXPENSE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Depreciation on tangible assets	1,029.11	1,061.94
Total	**1,029.11**	**1,061.94**

31) OTHER EXPENSES

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Consumption of stores and spares (Refer Note 40 (b))	478.92	577.87
Power, fuel, light and water	945.16	985.07
Processing charges	795.71	636.14
Rent *	712.55	643.96
Repairs and maintenance		
-Repairs to building	5.52	17.67
-Repairs to plant and machinery	350.62	393.94
Insurance	33.08	31.13
Rates and taxes (excluding Income tax)	2.69	12.17
Advertising and sales promotion	3,395.72	1,642.18
Carriage and freight	3,517.58	3,362.96
Provision for doubtful debts	284.12	
Sundry balances written off	-	782.21
Travelling and motor car expenses	157.34	119.24
Deficit on fixed assets sold, scrapped, etc. (net)	47.89	-
Royalty	1,705.40	1,370.84
Auditors' Remuneration		
- Audit fees	16.37	18.05
- Tax audit fees	2.52	2.78
Expenses shared by the Company for use of common facilities	1,386.58	1,290.77
Unrealized exchange loss	36.94	47.46
Miscellaneous expenses **	1,922.36	1,544.31
Total	**15,797.07**	**13,478.75**

Notes:

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

** The Company has spent Rs. 344.55 lakhs (2014-15: Rs. 334.51 lakhs) 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: Rs. 344.55 lakhs (Previous year: Rs. 334.51 Lakhs)

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

II. Amount spent during the year on:

	Paid in cash
i) Consutruction/Acquisition of any asset	-
ii) For purposes other than (i) above	344.55
	(334.51)

(figures in brackets pertain to previous year)

III. Above includes a contribution of Rs. Nil (2014-15: Rs. 334.51 lakhs) to a fellow 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 women empowerment, water harvesting, health and hygiene awareness 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.

Foundation for Ecological Security is a society registered under Societies Registration Act XXI 1860
Project titled ' Water Commons - Influencing Practice and Policy'

32) EXCEPTIONAL ITEMS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Profit arising from disposal of unused land and building (including residential properties)	-	(674.23)
Total exceptional income (A)	**-**	**(674.23)**
Increase/ (decrease) in liability for retirement benefits arising from actuarial assumption changes	-	(10.70)
Total exceptional expenditure (B)	**-**	**(10.70)**
Total	**-**	**(684.93)**

33) CURRENT TAX

	Year Ended 3 1st March, 2016	Year Ended 31st March, 2015
Income tax for the year	4,904.81	4,004.80
Adjustments/(credits) related to previous year - (Net)	-	(38.53)
Total	**4,904.81**	**3,966.27**

34) DEFERRED TAX

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Deferred tax for the year - charge/(credit)	(53.84)	1,588.26
Total	**(53.84)**	**1,588.26**

35) EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Net Profit (Rs. Lakhs)	9,562.78	9,904.23
Weighted average number of Equity shares outstanding	29,75,000	29,75,000
Earnings Per Share (Rs.) - Basic and Diluted (Face value of Rs. 10 per share)	321.44	332.92

36) The net difference in foreign exchange (i.e. the difference between the spot rates on the date of the transactions and the actual rates at which the transactions are settled/appropriate rates applicable at year end, including mark to market valuation of open forward contracts) credited to the Statement of profit and loss under other income is Rs. 277.81 lakhs (March 31, 2015: Rs. 3147.52 lakhs).

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

37) (I) DEFINED CONTRIBUTION PLANS

(a) Provident fund and other funds

(b) Employer's Contribution to Employee's State Insurance

(c) Family pension fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss under Employee benefits expense.

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
- Employer's contribution to provident fund and other funds	145.86	142.40
- Employer's contribution to family pension funds	50.40	63.42

(II) DEFINED BENEFIT PLANS

Gratuity assets are being controlled by separate independent Trusts for entire Hindustan Unilever Limited and its subsidiaries including Unilever India Exports Limited. These trusts maintain their assets at the group level and do not have assets identifiable specifically for Unilever India Exports Limited. Thus all the disclosures required by Accounting Standard 15 "Employee Benefits" have been made in Hindustan Unilever Limited's Financial Statements.

In addition, the company has liabilities towards compensated absences of Rs 10.51 lakhs (2014-15 : Rs 9.25 lakhs) and long term service awards of Rs 3.77 lakhs (2014-15: Rs. 4.06 lakhs) respectively, determined on the basis of actuarial valuation. These liabilities are administered for entire group by Hindustan Unilever Limited and have been recognised in the books of the parent company.

38) SALES

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Personal products (a)	49,579.39	42,782.46
Tea	26,296.07	24,401.09
Soaps	16,426.04	19,398.05
Others (b)	9,152.37	4,160.74
	1,01,453.87	**90,742.34**

Notes :

(a) Personal Products includes Color cosmetics, Oral, Talc and Face-wash.

(b) Others includes Synthetic Detergents, Atta, Coffee and Pre-mix etc.

39) RAW MATERIALS CONSUMED

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Chemicals & Perfumes, Oils & Fats and others	**21,816.34**	**18,663.69**

No single raw or packing material accounts for more than 10% of total consumption.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

40) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

	%	Year Ended 31st March, 2016	%	Year Ended 31st March, 2015
(a) Raw materials				
- Imported	42	9,268.04	38	7,051.28
- Indigenous	58	12,548.30	62	11,612.41
		21,816.34		**18,663.69**
(b) Stores and spares (including components)				
- Imported	9	41.04	19	112.16
- Indigenous	91	437.88	81	465.71
		478.92		**577.87**

41) PURCHASE OF STOCK-IN-TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Personal products	21,629.15	22,197.38
Soaps	8,072.32	9,586.77
Others	2,147.22	1,987.18
	31,848.69	**33,771.33**

42) CLOSING FINISHED STOCKS (INCLUDING STOCK IN TRADE)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Tea	995.99	43.14
Personal products	2,055.82	1,694.43
Soaps	0.36	3.53
Coffee	88.77	60.02
Others	38.67	18.52
	3,179.61	**1,819.64**

43) CLOSING WORK IN PROGRESS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Tea	435.12	630.18
Personal products	465.34	362.32
Soaps	33.24	33.24
Coffee	711.77	711.78
	1,645.47	**1,737.52**

44) VALUE OF IMPORTS ON CIF BASIS

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

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Raw and packing materials	12,470.71	13,375.79
Spare parts and components	41.04	112.16
Capital goods	-	152.11
	12,511.75	**13,640.06**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

45) (A) EARNINGS IN FOREIGN CURRENCY

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Exports at FOB (including exports to Nepal)	99,377.13	88,474.49
	99,377.13	**88,474.49**

(B) EXPENDITURE IN FOREIGN CURRENCY

(on accrual basis and subject to deduction of tax where applicable)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Royalty	1,705.40	1,370.84
Advertising and sales promotion	3,395.72	1,365.66
Others	718.77	306.22
	5,819.89	**3,042.72**

46) The Company is engaged in the business of manufacturing and trading of Fast Moving Consumer Goods (FMCG). The entire operations of FMCG has been considered to be governed by the same set of risks and returns and representing a single business segment. Further domestic sales being negligible, the Company is considered to be operating in one geographical segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS-17).

47) DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments.The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March 2016 are as under :

Sr	Currency exchange	USD/INR	EUR/INR	GBP/INR	SEK/INR	AUD/INR	CAD/INR
a.	Number of 'buy' contracts	-	2.00	6.00	2.00	-	-
		(1.00)	(1.00)	(8.00)	-	(1.00)	-
b.	Aggregate currency amount	-	0.44	4.59	1.99	-	-
		(0.75)	(5.02)	(8.52)	-	(0.80)	-
c.	Number of 'sell' contracts	84.00	11.00	4.00	-	8.00	2.00
		(48.00)	(4.00)	(2.00)	-	(8.00)	-
d.	Aggregate currency amount	626.17	25.53	5.44	-	19.02	1.15
		(340.52)	(19.64)	(4.95)	-	(8.68)	-

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

Currency exchange	GBP	USD	EUR	CAD	CHF	AUD
Net Unhedged Exposure in currency	0.37	0.24	1.58	0.53	-	0.62
	(0.04)	(0.28)	(0.37)	(0.32)	(0.02)	(2.25)

(figures in brackets pertain to 2015)

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

48) RELATED PARTY DISCLOSURES

1 Enterprises where control exists

Ultimate Holding Company	:	Unilever PLC
Holding Company	:	Hindustan Unilever Limited
Fellow Subsidiaries	:	Ponds Exports Limited
		Hindustan Unilever Foundation
		Unilever Nepal Limited

2 Other related parties with whom the Company had transactions during the year

Fellow Subsidiaries of the Ultimate Holding Company	:	Al Gurg Lever Llc
		Conopco Inc
		Lipton Soft Drinks Ireland
		Ooo Unilever Sng, Russia
		Unilever Indonesia Holding B.V
		Severn Gulf Fze
		Unilever (China) Ltd.
		Unilever Andina Colombia Limitada
		Unilever Ascc Ag
		Unilever Asia Private Limited
		Unilever Australia Trading Ltd.
		Unilever Bangladesh Limited
		Unilever Canada Inc.
		Unilever Chile Home And Personal Care Limitada
		Unilever Hong Kong Limited
		Unilever Iran (Private Joint Stock Company)
		Unilever Israel Marketing Ltd.
		Unilever Japan K.K.
		Unilever Kenya Limited
		Unilever Korea Chusik Hoesa
		Unilever Lipton Ceylon Limited
		Unilever Maghreb Export Sa
		Unilever Market Development (Pty) Limited
		Unilever Mashreq - Personal Care
		Unilever Mashreq International Company
		Unilever Nepal Limited
		Unilever Nigeria Plc
		Unilever Pakistan Limited
		Unilever Philippines , Inc.
		Unilever Sanayi Ve Ticaret Türk A.S.
		Pt Unilever Indonesia Tbk
		Unilever Gulf Free Zone Establishment
		Unilever San Mersin FTZ.
		Binzagr Unilever ltd
		Unilever Algerie
		Unilever Brasil Industrial Ltda
		Unilever De Argentina SA
		Unilever De Mexico s De R.l De CV
		Unilever Sri Lanka Ltd.-m
		Unilever Thai Trading Ltd.
		Unilever Bahrain W.L.L.
		Unilever U.K. Central Resources Ltd.
		Unilever Asia Private Limited
		Unilever Mozambique Limitada
		Unilever Ghana Ltd
		Unilever South Africa (Pty) Limited
		Unilever Supply Chain Company Ag
		Unilever Taiwan Ltd
		Unilever Trading Llc
		Unilever Vietnam Company Limited
		Unilever-Cote D'Ivoire

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

48) RELATED PARTY DISCLOSURES (CONTD.)

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
3	**Disclosure of transactions between the Company and Related parties and the status of outstanding balances as at 31st March, 2016**		
(i)	**Ultimate Holding Company**		
	Royalty expense	1,572.70	1,370.84
	Payables as at the year end	343.78	165.95
(ii)	**Holding Company**		
	Purchase of finished goods/raw materials	29,898.61	29,619.30
	Purchase of fixed assets	24.50	-
	Sale of fixed assets	2.80	4.65
	Rent received	12.00	12.00
	Sale of finished goods/raw materials	1,688.24	1,326.48
	Sale of DEPB and other licences	653.23	1,672.79
	Common cost allocation expenses	1,386.58	1,290.77
	Reimbursement of expenses by holding company	269.48	80.67
	Reimbursement of expenses for holding company	36.24	-
	Receivables as at the year end	182.80	510.59
	Payables as at the year end	4,761.19	2,636.98
	Royalty expense	132.70	
	Rent Paid	15.18	-
	Dividend paid/ declared	8,999.95	5,999.89
(iii)	**Fellow Subsidiaries**		
	Purchase of raw materials	4,792.06	5,353.94
	Sale of finished goods	73,219.96	66,145.55
	Receivables as at the year end	16,101.91	13,885.73
	Payables as at the year end	459.47	562.05
	Donations paid	-	334.51
4	**Disclosure in respect of significant transactions**		
	Purchase of raw materials		
	Unilever Asia Private Limited	4,584.03	5,152.74
	Sale of finished goods		
	Unilever Asia Private Limited	19,117.75	14,684.83
	Unilever Gulf Free Zone Establishment	17,703.75	16,442.74
	Receivables as at the year end		
	Unilever Asia Private Limited	3,761.15	3,120.41
	Unilever Gulf Free Zone Establishment	3,797.61	4,016.57
	Lipton Soft Drinks (Ireland)	1,621.13	994.12
	Unilever ASCC AG	-	1,998.58
	Payables as at the year end		
	Hindustan Unilever Limited	4,761.19	2,636.98
	Unilever Asia Private Limited	-	556.71
	Donations paid		
	Hindustan Unilever Foundation	-	334.51

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

49) MOVEMENT OF OTHER PROVISIONS

	Indirect taxes	Legal & Others	Total
Balance as on 1-Apr-2014	**1,126.44**	**3,809.35**	**4,935.79**
Add: Additions/Reclassification	-	-	-
Less: Utilisation/Reversals/Reclassification	-	(1,973.36)	(1,973.36)
Balance as on 31-Mar-2015	**1,126.44**	**1,835.99**	**2,962.43**
Add: Additions/Reclassification	-	-	-
Less: Utilisation/Reversals/Reclassification	-	(567.82)	(567.82)
Balance as on 31-Mar-2016	**1,126.44**	**1,268.17**	**2,394.61**

50) TRANSFER PRICING

The Company is in the process of carrying out a study for the period from 1st April, 2015 to 31st March, 2016 on applicable transfer pricing rules, issued by the Central Board of Direct Taxes, and obtaining an accountant's report. Adjustments towards liability for taxation, if any, on completion of transfer pricing study is currently not ascertainable.

51) Previous year figures have been re-grouped/re-stated wherever necessary to conform with this year's classification

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May 2016

For and on behalf of Board of Directors

Girish Anantharaman
Director
DIN No-06968479

Mumbai: 6th May 2016

Pradeep Banerjee
Director
DIN No-02985965

Unilever Nepal Limited

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Unilever Nepal Limited have pleasure in presenting this Annual report together with the audited Balance sheet and Profit & Loss account for the year ended 31st Ashad 2072 (16th July 2015).

REVIEW OF FISCAL YEAR 2071/72

It was a unique year for Nepal because of the catastrophic mega earthquakes which hit the country on 25th / 26th April and 12th May 2015. It was estimated that around 10000 lives were lost and millions impacted due to this event. The infrastructure of the country was severely affected causing a long term impact on the economy and the country continues to experience hundreds of aftershock.

This coupled with already strong economic challenges due to low levels (4-5%) of GDP growth continued to make the environment tough for business growth. The mega earthquakes impacted the consumer psyche and have severely constrained the consumer behavior and consumption across all categories in which we participate.

There were also considerable internal challenges in the industrial relations front leading to stoppage of operation during May 2015 which impacted the crucial recovery phase of our operations post the earthquakes.

The UNL team acted in a remarkable and mature manner as they crafted a strong start to recover and rebuild our operations successfully.

The emigration of skilled and unskilled labour in large number (estimated at around half million per year) continue to impact the consumption and growth of FMCG categories.

Despite strong internal and external challenges, our profit after tax increased by 13% and Sales grew by 12% to reach NRs. 4888 million for the fiscal year 2071/72. Despite the natural calamity & slowdown of market growth, our market presence continued to be strong reflecting the competitive growth of our brands. Unilever Nepal with its resilient operation delivered a strong performance in the last year and the team along with the local leadership needs to take the credit for the same. Unilever Nepal brands continue to be market leaders in all the categories it operates in. The strength of our brands and focus on investment behind these brands has enabled us to maintain leadership across categories despite the competitive pressures in the market and the difficult market situation.

Horrifying Natural Disaster: Earthquake

The last quarter of the financial year saw major earthquakes on 25th / 26th April and 12th May 2015 which caused widespread devastation and loss of life in the north central part of Nepal. At a time when the entire area had come to a standstill Unilever Nepal team demonstrated visible leadership ensuring a very strong recovery and quick start to the entire operations despite living outside homes and enduring severe hardships during that time.

The twin mega earthquakes not only caused structural and financial destruction but also impacted the working morale of the people. The Board of Directors have acknowledged the actions and effort of the Leadership Team led by the Managing Director which helped the UNL team to bounce back quickly in the market. The pillars of actions demonstrated through visible leadership action were as below

- Driving Safe Behavior & Safety
- Building Team Confidence
- Committing relief to the country
- Driving Positivity

Through the combined efforts of our people Unilever has made a real difference to the lives of individuals who were affected by the disaster. The employees worked tirelessly to stage a quick comeback. Various measures were taken to help our customers to ensure that market presence was strengthened during this crucial and critical time.

At its 131st meeting the Board observed one minute silence for the victims of the devastating earthquake who lost their lives.

WINNING WITH BRANDS AND INNOVATION

Unilever Nepal has continued to be a part of everyday life of the people of Nepal through its trusted brands. Unilever is committed to fulfill the needs of consumer and customer through regular innovations and continuous improvement in the quality of its products. Throughout the year it has focused on building "brand love" through various innovations and new launches, seeking to unlock the magic of its brands in the consumer minds.

Building Brand Love

Unilever Nepal with its commitment to provide better product experience to its consumers has been involved in continuous innovations and product development. During the year Unilever crafted brands for the people with various activities ranging from new product launch, improved product experience and activities to build brand love.

Dove

A global premium shampoo brand Dove, with its ever promising formulation for hair therapy, has been a winner in the premium hair care category. This year Unilever Nepal Limited launched shampoo range through local production after successful completion of required quality checks and controls to ensure the international quality.

Hamam

The heritage brand Hamam had been loved by many as the first choice for bathing that is full of nature. Carrying the legacy, Hamam was launched in Nepal through local production. Hamam with Neem, Tulsi & Aloe Vera gives complete bathing experience and takes cares of health as well. Hamam has been traditionally recommended by doctors as suitable for all.

Shakti Wheel

Shakti Wheel being one of the prefered brand for detergent in Nepal was relaunched this year to provide consumers with " **Chamakdar Seto Safai**". Shakti Wheel understands the need of consumer and strives to deliver best in class whiteness through continuous innovation and product improvements.
Shakti Wheel supported by its superior quality and 360º communication, today is trusted by many households across the country, and continues to grow and gain the love and confidence of the consumer.

MAGIC THROUGH LOCAL ACTIVATIONS

Clinic Plus Healthy Hair Contest 6

Clinic Plus always had that emotional connection with its consumers. It bridges the gap between the two diverging worlds of a mother and a growing daughter. In today's fast changing world, a growing daughter exhibit so many of her own dreams and is in search of creating a niche for herself. Taking this into consideration and also identifying the fact that most of the growing daughters in Nepal are inclined towards the popular culture of singing & dancing, Clinic Plus devised a national level contest providing a platform where the daughters of Nepal could showcase their talent and craft a niche for themselves Amidst hundreds of talented participants, a deserving winner was identified by a panel of eminent judges. The winner was rewarded with a cash scholarship and opportunity of getting featured in a music video.

Saundarya Chautari

With the objective of imparting beauty tips to rural consumers, Saundarya Chautari with its tagline 'Jahan huncha saundarya ko sujhav' was launched to reach out to rural consumers across Nepal. The activity was lead by Sunsilk and Fair & Lovely. An entertaining approach was taken in the form of street drama to educate the consumer about better hair and skin care. Saundrya Chautari was able to reach out to lakhs of consumers throughout the country.

Pepsodent celebrates World Oral Health Care Day

Pepsodent has always been actively involved in promoting better oral hygiene in Nepal. As in past this year also Pepsodent joined hands with the local dental professional body Nepal Dental Association (NDA) to celebrate World Oral Health Day on 20th March, 2015 with various activities. In order to spread awareness of oral hygiene various activities like press conference, media communication, rally and sampling was conducted which saw huge involvement from the dental care professionals, students and general public.

Close Up Love Fest - "Get Closer & Spread the Love"

Close up is continuing its trend of being the leading toothpaste brand in the country in its segment. Taking one of the most sought out event during the month of love (February) to the next level, Close up love fest came with many additional activities like events in many colleges from where good talents were given opportunity to perform in the main stage at the main event. The main day fest was held at two landmark venues, Civil mall and Sherpa mall which saw an active presence of thousands of young couples and students enjoying the activities ranging from live music, DJ session, tarot card, couple game, live messaging etc.

Lifebuoy celebrates "Global Handwashing Day"

Lifebuoy soap has always been on the forefront for washing hands with soap and water. This year too it was on board to celebrate Global Handwashing Day through various public awareness programs.
Lifebuoy along with the main partner on Global Hand Wash Day UNICEF conducted various activities to raise awareness of hand washing with soap as a key approach to disease prevention. The focus remains on "Soap, water and hand should go hand in hand every time" (Saabun, Paani Haath, sandhai Saath Saath). Besides the public awareness programs, all the employees and workmen of the Unilever Nepal family participated in hand wash program as well.

Liril Fresh Face

The freshness legacy carrier brand, Liril has been able to establish 'Liril Fresh Face as one of the most popular activity among its consumers.
As the event entered its second consecutive year, the audience response was more promising and the zeal shown by the number of applications received for the event was also commendable. The month long event was conceptualized into four episodes and aired on National television. With Liril Fresh Face, Season 2, the event took to greater heights with use of the digital media.

Lifebuoy launches "Help a Child Reach 5"

With the increasing child mortality rate of children below 5, Lifebuoy undertook its global mission 'Help a Child Reach 5' which works among the children to prevent the diseases which could be prevented by the simple habit of washing hands with soap and water. School of 5, a month long activity, reached out to primary school children with various activities for kids to bring awareness and encouraging building habit of washing hand with soap and water on 5 key occasions everyday.
Launch of the activity saw the positive response from the government body, social organization, media and general public. The activity was done in hundreds of schools throughout

the country reaching out to lakhs of students. To support this social campaign Lifebuoy brand joined hands with Nepal's super star, Rajesh Hamal to spread the message through the mass media like TV, Radio & Press.

Lifebuoy responds to Earthquake relief

The multiple earthquakes shattered the lives and shelters of many Nepalese. The biggest threat in times of such crises is the threat of epidemic. Lifebuoy stepped in by reinforcing awareness of hand wash by soap to ensure proper hygiene is maintained at affected areas and minimizing the possibilities of outbreak of epidemics.
Lifebuoy joined hands with its partner UNICEF in spreading the word through various platforms like television, radio, print ads, reinforcing communication materials- stickers.
Extensive product donation was done to ensure the disaster struck people wash their hands with Lifebuoy and maintain proper hygiene at the time of crisis.

WINNING IN THE MARKET PLACE

Unilever Nepal enjoys the most important competitive edge which is the reach of its sales and distribution network. Nepal's topography continues to offer strong challenges due to its challenging infrastructure. However this has not limited Unilever Nepal Limited in ensuring that it has the best distribution reach for any FMCG company in Nepal.

Unilever Nepal Limited, has over the last few years nearly increased its reach of products by around 30%, there by helping in market development, penetration and consumption of key categories. The sales and distribution structure is very focused to deliver Unilever products in the best way possible for both consumers and customers. The nearly hundred strong distribution networks strive to ensure that availability, visibility and presence is best in all categories in Nepal.

During the natural calamity period, the team undertook several initiatives to bring back normalcy in operation. Several engagements within the team and with the Customer (Redistribution stockist) team were carried to ensure our market presence was well maintained. Overall the team managed the impact of the earthquakes very well.

Consolidating reach in Urban Markets

A key driver to growth is the increased reach and availability across urban markets. This penetration has been achieved during this year with better quality of coverage. We have increased our reach in all large cities be it Kathmandu, Lalitpur, Pokhara, Biratnagar, Birgunj and emerging cities like Narayanghat and Hetauda. We have significantly improved our depth of coverage through training of our distributors and their sales team.

Rural Markets

Remittance into rural areas of Nepal continues to be a significant contributor to the Nepal economy making rural markets a key enabler for growth. Over the last few years we have improved and consolidated our reach in rural markets and reaped rich dividends.

Better Systems with IT: Driving business with technology

The RS back office automation system with common accounting system is a key IT tool with most of our distributors. We have to built such a platform that not only gives easy and instant access to data but also better control and decision making for the distributors and the company. This system has helped our distributors improve their business efficiency in handling the complex business which has multiple products and lines.

Perfect Stores – Winning every day

We are into the fifth year of Perfect Stores programme and have significantly enhanced our presence in the market through this programme. This is a programme for driving excellence in execution at point of purchase. The key objective of Perfect Stores is to execute the sales fundamentals brilliantly with clear accountability through measurement and progress reporting to help take necessary corrective actions to improve the customer and shopper delight.

Partnering with Customers Building Win Win relationships

We have been able to drive stronger customer performance through our Joint Business Planning (JBP) process. In order to differentiate and recognize their performance, we run customer award programmes to give a boost to our customers. Our distributors are very valuable and strong partners and help us deliver the best experience to customers and shoppers at point of sale.
We have been continuously putting our efforts to improve the field capability of our distributors through continuous on the job training.
We also have a reward and recognition system in place which promotes performance culture in the distributor sales team.

Dealing with uncertainties- The Unilever way

Mastering the art of successfully serving the customers and consumers under difficult conditions has become a key competitive edge to Unilever. The management of the overall customer interface during the natural calamity is a strong testimony to the team's ability to manage even very strong uncertainties.
With consistent focus on basics of customer management and driving excellence at point of purchase we have been able to continuously delight our customers despite any situation.

Our extensive distribution set up with high levels of market penetration and enhanced levels of market servicing gives us a

distinct edge to ensure that our innovations reach the consumers quicker and faster and thereby helps us establish our brands faster in the market place. We have been able to consolidate the retail coverage further and build this extensively to improve both in quality and quantity to ensure that our customers get their need fulfilled at any time in any part of the country.
Our teams ability manage and lead during natural calamities was well demonstrated during the mega earthquake period.

Enhancing livelihoods

We have strengthened our distribution and coverage in rural Nepal via Project Hamri Didi. Project Hamri Didi is a rural direct-to-consumer retail distribution initiative aimed to empower rural women by providing them with income generating opportunities.

It has been a year since the company is empowering women through "Hamri Didi". It started in 8 districts with 385 numbers of women where today it has reached to 515 in 10 districts. Identifying the entrepreneurs was a critical job where exclusive set of women were identified and trained in the field. The women entrepreneurs were trained by the supervisors. They walked from door to door along with the entrepreneurs and from market to market teaching about Unilever products in daily basis. The supervisors ensure same quality of training is imparted to entrepreneurs as what is learnt by them during classroom sessions once in six months. The women entrepreneurs are also guided through on job training. They are also trained to deal with different approach in different scenario. Unilever is enhancing the livelihoods of the women entrepreneurs and considerably building their confidence in their villages by proudly distributing Unilever products.

WINNING THROUGH CONTINUOUS IMPROVEMENT

Despite the devastating earthquakes in the month of April and May and industrial unrest in the month of May, the Supply Chain Function continues to follow its vision of delivering "Outstanding Service with Consumer perceived Quality at lowest Cost. The performance of Supply Chain Function was marked by improved CRQS (Consumer Relevant Quality Standards), improvement in productivity, product portfolio with up-gradation and renewed emphasis on cost control through value improvement projects.

Safety and Sustainability - Way of life

Safety

At Unilever, Safety is a non-negotiable condition of working. Focus to build awareness and capability through refresher training sessions, 2-Wheeler & 4-wheeler checkup, Defensive driving, First Aid and Cardio Pulmonary Resuscitation continues. The medical checkup for the entire team was done through the Lamp-lighter program.

The 360^0 machine guarding initiative taken in 2014 continues by achieving the next level in standards of Safety. A HIM (Hand in Machine) Safety campaign was repeated in first half of 2015 to re-emphasize on importance of Safety & Standard operating procedures

Sustainability

Sustainability is an important area and we are continuously focused on making this a key priority for our business. In a concerted effort to utilize the energy from the waste generated in the manufacturing operations the company has installed a incinerator at Hetauda Factor. Energy is recovered during the incineration by exchanging the heat of flue gases to water. The packaging material scrap incineration as fuel in Cement manufacturing operations was continued. In last twelve months about 1224 GJ of energy has been recovered & utilized as fuel which is a saving of 6 full grown up trees. Ten of Solar street lights have been installed inside the factory premises optimizing the energy consumption. In line with the Unilever sustainable living plan the environmental KPI's such as reduction in environmental footprint- decreasing CO_2 and SOx emission, reducing energy and water consumption is followed up and monitored on an ongoing basis.

Total Productive Maintenance (TPM)

The TPM journey which started in earlier years continued during the fiscal year that ended recently. The goal is to continuously improve the productivity, maintain machine basic conditions and efficiencies. This involved working in small work groups called Circles, which brainstorm, derive and implement solutions for improvements, in areas of Safety, Sustainability, Quality, Productivity and Costs that result into "small actions but with big difference".

Journey towards Excellence - Service

Availability of quality product in market at right time; right place in right quantity and right quality is the motto of Supply Chain team. The team has created a Long term localization plan and developed capability to manufacture new products such as Hamam soap, Dove Shampoo, etc., locally which has helped in widening the product range and improve service. The team reviewed the batch cycle time (BCT), change over time working along with development and engineering teams so as to take the flexibility and change over capability to deliver right product at right quality and right place.

The seamless coordination & working with the transporters in the difficult terrain continued to improve transit efficiency. This is reflected in improvement of product availability in Customer Service.

Growth Mindset Amidst Changing Market dynamics

With constantly changing consumer expectation of new look and feel towards the FMCG products manufactured by the company the Supply Chain team developed capability to emboss flowery design in the Lux range of products and reduced Cycle Time in

Oral care and Shampoo to manufacture multiple products and increased capacity from the same set-up.

Cost optimization

Cost optimization through value improvement is another focus area for the entire team. The team has worked on various projects such as localization of materials, case configuration optimization, development of alternate sources, alternate tertiary packing materials to improve the finished goods delivery and many more initiatives for cost optimization. The savings programme has contributed to areas like productivity improvement, localization, alternate resources, reduction in wastage and engineering excellence. This is an important aspect of our business which helps in sustaining business growth.

Quality

Availability of Quality Product in market place has always been fundamental to Unilever Nepal Limited business. The already implemented CRQS standard has resulted in raising the standards of the delivered product quality to the customers. New QIPs (Quality Improvement Projects), and understanding the issues in the product transit project was activated along with improvement. This has helped in improving the overall delivered product quality.

Engineering Excellence

To improve the productivity and raise the localized shampoo bottle aesthetic appearance the team has installed on-line Shrink Bundling machine. The team has developed Electrical Water heating system which has helped the scheduling of the boiler resulting energy optimization and stepping further towards Carbon foot print reduction. In order to bench mark the consumption of utilities with respect to the new industry standards, an internal core team was formed. The team did a brain-storming and drew an energy road-map for the factory and achieved optimization in energy through de-rating of motors, putting solar lights, energy efficient motors, and few other energy improvement programmes.

Utilizing the concepts of TPM/ WCM (Total Product Maintenance/ World Class Manufacturing), the team has revamped the old maintenance system with newer techniques.

WINNING WITH PEOPLE

The period following the multiple earthquakes was a real test for Unilever Nepal. Unilever Nepal employees showed true grit, determination and resilience during this difficult period. The local leadership immediately installed an emergency control centre which ensured immediate safety and well being of the employees and their families.

During the immediate period, the team extended support on many areas and ensured that the operations were restarted very quickly. The same empathy was also shown to stakeholders such as customers, suppliers and other agencies.
The company also extended an advance and granted ex gratia to the employees to take care of their immediate necessities and emergencies.

Our endevour to develop people continued in this year also. Attracting, developing and retaining talent is a key goal of UNL. It is vital that we have right talent in the organization to match our growth, ambition and also to keep pace with changing business environment.

We are committed to attract and develop talented people, provide skills and resources necessary to succeed across our diverse markets and reward them with competitive incentives and opportunities to maximize their potential within the company. Our HR strategy involves building strength based organization, providing the skills to develop individuals and team, providing an environment and culture where employees are engaged that ultimately supports in achieving the business goals.

Building Talent Supply

Our company has a robust recruitment process and believes in high standards for recruiting on an equal opportunity basis on merit. Successful candidates are trained through on-the-job learning and on-going performance coaching and mentoring.

Learning and Development

We focus on raising the performance bars, by continuous focusing on the development of our people by investing in various learning and developmental programs. The talent development program at the company includes structured learning, online learning tool like e-learning personal development plans, by giving them international exposures such as operational visits to the parent company, and other SA Unilever companies.

Organizational Development

Investing in employee engagement is a key element of building the high performance culture to drive our business forward. Employee engagement is a business imperative and highly engaged employees deliver remarkably well.

An engagement tool, "The Small Talk" Program was successfully rolled out to all where the presentations, videos, strategic objectives and intent of the company, company's monthly performance updates is shared and reiterated to the employees. We conducted a series of communication meetings during the year to communicate and interact with different functions and departments of the company to help them strategize and plan in line with the company's strategy to achieve the growth vision of Unilever Nepal.

Employer Branding

We have also been growing our presence through corporate presentations and guest lectures by Leadership Team members in Nepal's top management and engineering institutions. This has helped us to understand the fresh and young talent which forms an important pool for recruitment.

Industrial Relations

We are putting best effort to build the industrial relations with community and all the sectors in Nepal. We have been able to build very good harmonious relation with all our stakeholders. However we continue to have challenges which have manifested through short term closures and reduced productivity. On 5th May 2015 the workmen of the Hetauda factory went on a flash strike on an illegal demand in violation of the agreed terms of the prevailing Collective Bargaining Agreement. The team handled the matter in a patient and principled manner consistently explaining to the workmen and urging them to see reason. Finally the strike was withdrawn after 21 days without compromising any of the Company values.

CORPORATE SOCIAL RESPONSIBILITY

Unilever's response to Nepal earthquake

Thanks to our joined-up efforts across the business, Unilever has provided a total of cash and products in-kind toward relief efforts in Nepal valued at NPR 3.6 million including a donation to the Prime Minister Disaster Relief to the tune of NPR 2.5 million.

NPR 0.2 million was generated by the Unilever Nepal employees. The local team engaged with several of Unilever brands, such as Lifebuoy and Pureit and coordinated the donation of NPR 4 million worth of products.

Commitment to Local Community

Unilever Nepal is adding vitality to life not only through its brands but more importantly through its direct community involvements. It has continued to reach out to thousands of families and children through their contributions towards the community. In the year, 2071-2072 the company has contributed around Rs 6 million towards social causes.

Health: The Ultimate Need

The Health Clinic initiated by our Company has benefited people in Makwanpur. Outdoor clinic is conducted twice a month in and around Makwanpur. The indoor clinic opens 5 times a month for the community people where they continue to receive health consultancy. Free medicines are also provided for the needy and elderly people. We have spent a total amount of Rs 1.75 million for the health clinic this year.

Education: A Step for Future

Like previous years, Company has contributed in educational sector under which the students of Makwanpur district have been provided scholarships by the Company to study technical SLC course for 2.5 years at Engineering and Technical Institute, Balaju. This will help the young generation to get technical skills and employment within and outside Nepal.
The company also contributed towards the maintenance of Mahendra Kiran Higher Seconday School, Basamadi – 5 by whitewashing and painting the school.

The Company in the past had contributed around NPR 0.25 million for the different projects conducted by the Basamadi VDC. The company also contributed 1.5 million toward the community as special project.

CODE OF BUSINESS PRINCIPLES (COBP)

Code of Business Principles is the company's statement of values and represents the standard of conduct which all the employees are expected to meet in their business endeavors. It supports our approach to governance and corporate responsibility. CoBP has always encouraged the company to work with honesty and integrity. It is also applicable to everyone with whom the company is associated. This year was another sound year of corporate governance of the company.

DIVIDEND

The Board of Directors always believe in returning the value created from company's strong operations to its shareholders and remained committed to high dividend payout policy for the upcoming future. The Board at their meeting held on 10th August 2015 recommended final dividend of NRs. 990/- per share on equity share for the financial year ended on 16th July, 2015. We are proud to announce that this will be the highest ever dividend declared in the Company's history.

BUSINESS RISK & FUTURE OUTLOOK

As we march into the future, we remain committed to exceed expectations by delivering sustained, competitive and profitable growth. While the country has been impacted by the horrifying earthquake and is in the process of a slow recovery, we believe it is imperative for us to stay true to what lies at the heart of our success through key building blocks of our success such as strong innovations, greater consumer value, increased market development and world class execution. We have tremendous opportunity to expand the business in Nepal and to capitalize on the economic growth agenda that awaits Nepal as a country. This growth opportunity is expected to attract intense competition and our Company is well poised to defend and expand its market leadership positions in a determined manner.
We not only leverage upon our access to world class resources and research and development as being a part of Unilever

but also continuously focus upon the key building blocks of our success. We are therefore, optimistic about our growth prospects.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank the Leadership Team for their continued leadership excellence and thank employees and workmen across Nepal for their achievement in delivering such strong results. The Board wishes to thank the Managing Director and his leadership team for leading the team during the difficult period of earthquakes.

My thanks also go to my Board colleagues for their continued support and guidance. The Board wishes to thank the shareholders and the various Government agencies for their continued support. The Board would also like to thank our Retailers, Wholesalers, Distributors, Suppliers of Goods & Services, Clearing and Forwarding Agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in the Company's business.

Mr. Hemant Bakshi has resigned from the Board during the year and Ms. Priya Nair has been appointed as Director in his place. The Board would like to thank Hemant for the significant contributions made during his tenure on the Board.

By Order of the Board

Pradeep Banerjee

Chairman

10th August 2015, Monday

DIRECTORS	Mr. Pradeep Banerjee, Chairman
	Mr. Ravi Bhakta Shrestha
	Mr. Bharat Bahadur Thapa – Independent Director
	Mr. Dev Bajpai
	Ms. Priya Nair
	Mr. Srikanth Srinivasamadhavan – Managing Director
COMPANY SECRETARY	Ms. Deepika Sharma
AUDITORS	J.B.Rajbhandari and DiBins, Chartered Accountants Kathmandu, Nepal
BANKERS	Standard Chartered Bank Limited
	Bank of Kathmandu
	Nepal State Bank of India
	Rastriya Banijya Bank
	Himalayan Bank Limited

REGISTERED OFFICE & FACTORY	Basamadi V.D.C-5
	P.O.Box-11, Hetauda
	Dist. Makwanpur, Nepal
	Tel: 977-57-411047
CORPORATE OFFICE	Heritage Plaza II
	Block C &D, 4th Floor
	Kamaladi, Kathmandu
	Tel:977-1-4169151
	Fax: 977-1-4169153
	GPO Box: 7765, Kathmandu, Nepal
SHARE REGISTERED	N.C.M Merchant Banking Limited
	Kamalpokhari
	P. Box No. 7423
	Tel: 977-1-4423219
	Kathmandu, Nepal

Additional Disclosure as per Section 109(4) of the Companies Act, 2063

1. Details of Share Forfeiture : -
   No shares have been forfeited till date.

2. Transactions with subsidiaries : -
   The company has no subsidiaries.

3. Information provided to the company by its substantial share holders in the previous financial year : -
   Hindustan Unilever Limited, which is the majority share holder, provided the company all information related to new product innovations, marketing mix, information on price movements of commodities, system related information and technology etc. No information was provided to the company by any other substantial share holder.

4. Share Purchase by Directors and Officials of the company during the year : -
   Nil

5. Information received on the personal interest of Directors and their close relatives in any agreement / contract entered into by the company :-
   Mr. Ravi Bhakta Shrestha, Director and representative of JV partner Sibkrim Land and Industrial Company Pvt. Ltd. has business relation with the company through 3rd party operations.

6. Detail of share buy back during the year:-
   The company did not buy back its own shares during the year.

7. Details of internal control systems :-
   The internal control system of the company conforms to global standards and follows Unilever international guidelines. This includes:
   a. Operation Manuals, procedures and guidelines for systematic conduct of operations.
   b. Financial policy and accounting guidelines.
   c. Independent internal audit carried out by Deloitte Haskins & Sells LLP, India
   d. Periodic review of internal control systems by Management and Audit Committee.

8. Total Management expenses during the year :-

	Rs/Lacs
Employee expenses during the full year	1,645.02
Administrative expenses during the fiscal year	578.17

9. List of audit committee members, their remuneration and facilities:

Name	Remuneration	
Mr. Bharat Bahadur Thapa	**	Chairman
Mr. Ravi Bhakta Shrestha	**	Member
Mr. Hemant Bakshi	**	Member
Mr. Dev Bajpai	**	Member

During the year, the Audit Committee reviewed the internal audit report and the actions initiated for resolving the issues. Audit committee also reviewed the Business Risks status and reviewed the actions initiated by Management to mitigate & address such Business Risks. The audit committee reviewed annual accounts, significant accounting policies & notes to accounts, additional disclosure as per section 109(4) of the Companies Act, 2063 and preliminary statutory audit report issued by Statutory Auditors (J.B.Rajbhandary & DiBins) and recommended their adoption by the Board of Directors.

(**) During the year, a total amount of NPR 1,48,500 was paid as meeting fees to Mr. Bharat Bahadur Thapa & Mr. Ravi Bhakta Shrestha. Moreover, travel expenses of all Audit Committee members for attending the Audit Committee meetings were borne by the company whenever required.

10. Amount receivable by the company from Directors, Managing Director, substantial shareholders and their close relatives and associated firms, companies etc :-
    Nil.

11. Remuneration, allowances and facilities given to Directors, Managing Director, Chief Executive Officer and Officials during the year:

Rs/ Lacs

S.N.	Particulars	Directors	MD	Managers/Officers/Staff
1.	Meeting Fee	3.78	-	-
2.	Salary & Allowances	-	168.67	735.95
3.	Car Facility	No	Yes	Yes
4.	Accommodation	No	Yes	Note (b)
5.	Insurance Coverage	No	No	Yes
6.	Number of Persons	6	1	205

Notes:-

a) Office car with driver, fuel and maintenance are provided to the Managing Director, Supply Chain Manger, Finance Manager, Sales Manager and Legal Manager.
b) Unfurnished /Furnished rented accommodation or HRA provided to Expatriate Managers as per terms and conditions of employment of the individuals.
c) Travel expenses of the Directors, whenever required for attending the Board meetings, are borne by the company.

12. Unclaimed Dividends :-
    Total unclaimed dividend is Rs 198.59 lacs as on Ashad 31, 2072.

13. Other matters required to be disclosed in the director's report by the Companies Act, 2063 or other laws in force :-
    Nil.

14. Other relevant issues :-
    Nil.

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Unilever Nepal Limited {the "Company"} which comprise the Statement of Financial Position at 16th July 2015,Profit or Loss Statement, Statement of changes in equity and Statement of cash flows for the period then ended, and a summary of significant accounting policies and notes to Account.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE REQUIREMENTS OF THE COMPANIES ACT 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the balance sheet, the statements of income and the cash flows have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Unilever Nepal Limited as of 16th July 2015, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (to the extent applicable) and Companies Act 2063.

For J.B. Rajbhandary & DiBins

Chartered Accountants

CA Jitendra B. Rajbhandary

10th August 2015, Monday

Senior Partner

Additional Disclosure as per section 109(4) of the Companies Act, 2063

1. Details of Share Forfeiture : -
   No shares have been forfeited till date.
2. Transactions with subsidiaries : -
   The company has no subsidiaries.
3. Information provided to the company by its substantial share holders in the previous financial year : -

   Hindustan Unilever Limited, which is the majority share holder, provided the company all information related to new product innovations, marketing mix, information on price movements of commodities, system related information and technology etc. No information was provided to the company by any other substantial share holder.
4. Share Purchase by Directors and Officials of the company during the year : -

   Nil
5. Information received on the personal interest of Directors and their close relatives in any agreement / contract entered into by the company :-

   Mr. Ravi Bhakta Shrestha, Director and representative of JV partner Sibkrim Land and Industrial Company Pvt. Ltd. has business relation with the company through 3rd party operations.
6. Detail of share buy back during the year:-

   The company did not buy back its own shares during the year.
7. Details of internal control systems :-

   The internal control system of the company conforms to global standards and follows Unilever international guidelines. This includes:

   a. Operation Manuals, procedures and guidelines for systematic conduct of operations.

   b. Financial policy and accounting guidelines.

   c. Independent internal audit carried out by Deloitte Haskins & Sells LLP, India

   d. Periodic review of internal control systems by Management and Audit Committee.
8. Total Management expenses during the year :-

	Rs/Lacs
Employee expenses during the full year	1,645.02
Administrative expenses during the fiscal year	578.17

9. List of audit committee members, their remuneration and facilities:

Name	Remuneration	
Mr. Bharat Bahadur Thapa	**	Chairman
Mr. Ravi Bhakta Shrestha	**	Member
Mr. Hemant Bakshi	**	Member
Mr. Dev Bajpai Bakshi	**	Member

   During the year, the Audit Committee reviewed the internal audit report and the actions initiated for resolving the issues. Audit committee also reviewed the Business Risks status and reviewed the actions initiated by Management to mitigate & address such Business Risks. The audit committee reviewed annual accounts, significant accounting policies & notes to accounts, additional disclosure as per section 109(4) of the Companies Act, 2063 and preliminary statutory audit report issued by Statutory Auditors (J.B.Rajbhandary & DiBins) and recommended their adoption by the Board of Directors.

   (**) During the year, a total amount of Rs.1,48,500 was paid as meeting fees to Mr. Bharat Bahadur Thapa & Mr. Ravi Bhakta Shrestha. Moreover, travel expenses of all Audit Committee members for attending the Audit Committee meetings are borne by the company whenever required.
10. Amount receivable by the company from Directors, Managing Director, substantial shareholders and their close relatives and associated firms, companies etc :-

    Nil.
11. Remuneration, allowances and facilities given to Directors, Managing Director, Chief Executive Officer and Officials during the year:

(Rs/ Lacs)

S.N.	Particulars	Directors	MD	Managers/ Officers/Staff
1.	Meeting Fee	3.78	-	-
2	Salary & Allowances	-	168.67	735.95
3	Car Facility	No	Yes	Yes
4	Accommodation	No	Yes	Note (b)
5	Insurance Coverage	No	No	Yes
6	Number of Persons	6	1	205

Notes:-

a) Office car with driver, fuel and maintenance are provided to the Managing Director, Supply chain Manger, Finance Manager, Sales Manager and Legal Manager.

b) Unfurnished /Furnished rented accommodation or HRA provided to Expatriate Managers as per terms and conditions of employment of the individuals.

c) Travel expenses of the Directors, whenever required for attending the Board meetings, are borne by the company.

12 Unclaimed Dividends :-

Total unclaimed dividend is Rs 198.59 lacs as on Ashad 31, 2072.

13 Other matters required to be disclosed in the director's report by the Companies Act, 2063 or other laws in force :-

Nil.

14 Other relevant issues :-
Nil.

STATEMENT OF FINANCIAL POSITION

as at 31 Ashad , 2072 (16th July, 2015)

(NPR)

	Schedules	As at 31 Ashad, 2072	As at 32 Ashad, 2071
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	9,20,70,000	9,20,70,000
Reserves and surplus	2	1,65,35,73,026	1,41,42,39,216
Grand total		**1,74,56,43,026**	**1,50,63,09,216**
NON-CURRENT ASSETS			
Property, plant and equipment	3		
Gross block		59,68,97,262	54,97,15,752
Less: Accumulated depreciation		(29,02,28,145)	(28,15,70,807)
Net block - A		**30,66,69,117**	**26,81,44,945**
Capital work in progress - B		1,37,35,310	1,36,06,020
INVESTMENTS			
Fixed deposits - C		97,70,50,000	65,70,50,000
Deferred-tax assets - D		1,30,95,283	1,25,58,065
Current asset, loans and advances			
Inventories	4	55,60,99,744	50,21,48,349
Trade receivables	5	22,71,03,368	23,98,82,435
Other receivables	6	7,33,49,089	27,24,70,412
Cash and cash equivalents	7	64,63,09,454	39,18,79,144
Total current assets - E		**1,50,28,61,655**	**1,40,63,80,340**
Less: Current liabilities and provision			
Trade and other payables	8	75,69,81,542	53,05,41,141
Provisions	9	31,07,86,797	32,08,89,013
Total current liabilities - F		**1,06,77,68,339**	**85,14,30,154**
Net current assets (G = E - F)		43,50,93,316	55,49,50,186
Grand total (A + B + C + D + G)		**1,74,56,43,026**	**1,50,63,09,216**
Contingent liabilities	10		
Significant accounting policies and notes to accounts	17		

This is the Statement of Financial Position referred to in our report of even date attached

Pradeep Banerjee	Chairman	**Srikanth Srinivasamadhavan**	Managing Director
Ravi Bhakta Shrestha	Director	**Pramod Nair**	Finance Manager
Sashi Raj Pandey	Director	**Deepika Sharma**	Company Secretary
Bharat Bahadur Thapa	Independent Director		
Priya Nair	Director	**For J.B. Rajbhandary & DiBins**	
Dev Bajpai	Director	Chartered Accountants	
		CA Jitendra B. Rajbhandary	
		Senior Partner	

Date: 10th August, 2015
Place: Kathmandu, Nepal

PROFIT OR LOSS STATEMENT

for the year ended 31 Ashad 2072 (16th July 2015)

(NPR)

	Schedules	Current Year	Previous Year
INCOME			
Revenue from operations	11	4,88,87,55,050	4,36,18,13,992
Other income	12	59,35,84,075	50,79,19,034
Total income		**5,48,23,39,125**	**4,86,97,33,026**
EXPENDITURE			
Cost of materials consumed	13	2,55,89,23,492	2,39,58,94,964
Manufacturing expenses	14	42,52,26,190	36,39,81,768
Administrative expenses	15	17,18,91,537	14,17,61,271
Selling and distribution expenses	16	85,20,84,831	65,76,54,922
Finance costs		2,85,660	2,52,005
Exchange (gain)/loss		15,03,795	(5,49,415)
Depreciation expense	3	2,29,71,084	1,76,78,909
Total expenditure		**4,03,28,86,589**	**3,57,66,74,424**
Profit from operations		1,44,94,52,536	1,29,30,58,600
Provision for inventory obsolescence		1,04,83,933	2,34,59,773
Assets written off		43,42,662	77,59,634
Profit before provision for bonus		1,43,46,25,941	1,26,18,39,193
Provision for bonus		13,04,20,540	11,47,12,654
Profit before tax		**1,30,42,05,401**	**1,14,71,26,539**
Income tax expense		27,30,69,591	23,76,08,299
Current tax		**27,36,06,809**	**23,75,49,819**
Deferred tax (credit)/charge		(5,37,218)	58,480
Net profit for the year		1,03,11,35,810	90,95,18,240
Profit brought forward from previous year		1,41,42,39,216	1,20,44,52,976
Profit available for appropriation		2,44,53,75,026	2,11,39,71,216
Less: final dividend		79,18,02,000	69,97,32,000
Balance carried over to statement of financial position		**1,65,35,73,026**	**1,41,42,39,216**
Earning per equity share			
Basic (face value NPR 100 each)		1,120	988
Diluted (face value NPR 100 each)		1,120	988
Significant accounting policies and notes to accounts	17		

This is the Statement of Financial Position referred to in our report of even date attached

Pradeep Banerjee	Chairman	**Srikanth Srinivasamadhavan**	Managing Director
Ravi Bhakta Shrestha	Director	**Pramod Nair**	Finance Manager
Sashi Raj Pandey	Director	**Deepika Sharma**	Company Secretary
Bharat Bahadur Thapa	Independent Director		
Priya Nair	Director	**For J.B. Rajbhandary & DiBins**	
Dev Bajpai	Director	Chartered Accountants	
		CA Jitendra B. Rajbhandary	
		Senior Partner	

Date: 10th August, 2015
Place: Kathmandu, Nepal

CASH FLOWS STATEMENT

for the year ended 31 Ashad 2072 (16th July 2015)

(NPR)

	Current Year	Previous Year
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit after tax	1,03,11,35,810	90,95,18,240
Adjustment for:		
Depreciation	2,29,71,084	1,76,78,909
Provision for income taxes	27,30,69,591	23,76,08,299
Provision for bonus	13,04,20,540	11,47,12,654
Provision for inventory obsolescence	1,04,83,933	2,34,59,773
Provision for assets write off	43,42,662	77,59,634
Interest received	(4,25,68,079)	(2,89,72,074)
Operating profit prior to change in working capital	**1,42,98,55,541**	**1,28,17,65,435**
Changes in working capital		
Decrease (increase) in current assets	14,74,65,062	4,96,32,580
Increase (decrease) in current liabilities	23,26,32,279	(1,73,23,795)
Cash generated from operating activities	**1,80,99,52,882**	**1,31,40,74,220**
Advance income tax paid	(30,00,68,953)	(23,95,69,356)
Bonus paid	(11,47,12,654)	-
Net cash flows from operating activities	**1,39,51,71,275**	**1,07,45,04,864**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(purchase) of fixed assets	(7,46,88,808)	(7,26,97,713)
Sale of fixed assets		4,30,070
Interest received	4,25,68,079	2,89,72,074
Decrease/(increase) in investment on FD	(32,00,00,000)	(20,17,00,000)
Net cash flows from investing activities	**(35,21,20,729)**	**(24,49,95,569)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(78,86,20,238)	(69,97,32,000)
Net cash flows from financing activities	**(78,86,20,238)**	**(69,97,32,000)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	25,44,30,308	12,97,77,295
Opening cash and cash equivalents	39,18,79,144	26,21,01,849
Closing cash and cash equivalents	**64,63,09,452**	**39,18,79,144**

Break-up of cash and cash equivalents	As at 31 Ashad 2072	As at 32 Ashad 2071
Cash in hand	85,568	90,759
Balance with banks - current account	64,62,23,886	39,17,88,385

This is the Statement of Financial Position referred to in our report of even date attached

Pradeep Banerjee	Chairman	**Srikanth Srinivasamadhavan**	Managing Director
Ravi Bhakta Shrestha	Director	**Pramod Nair**	Finance Manager
Sashi Raj Pandey	Director	**Deepika Sharma**	Company Secretary
Bharat Bahadur Thapa	Independent Director		
Priya Nair	Director	**For J.B. Rajbhandary & DiBins**	
Dev Bajpai	Director	Chartered Accountants	
		CA Jitendra B. Rajbhandary	
		Senior Partner	

Date: 10th August, 2015
Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 Ashad 2072 (16th July 2015)

(NPR)

	Share Capital	Accumulated Profit	Total
Balance as at 31 Ashad 2069 (15th July 2012)	**9,20,70,000**	**1,02,51,91,196**	**1,11,72,61,196**
Net profit for the period	-	80,53,37,780	80,53,37,780
Dividend	-	(62,60,76,000)	(62,60,76,000)
Issue of share capital	-	-	-
Adjustment as a result of change in accounting policies	-	-	-
Adjustment related to prior period	-	-	-
Balance as at 31 Ashad 2070 (15th July 2013)	**9,20,70,000**	**1,20,44,52,976**	**1,29,65,22,976**
Net profit for the period	-	90,95,18,240	90,95,18,240
Dividend	-	(69,97,32,000)	(69,97,32,000)
Issue of share capital	-	-	-
Adjustment as a result of change in accounting policies	-	-	-
Adjustment related to prior period	-	-	-
Balance as at 31 Ashad 2071 (16th July 2014)	**9,20,70,000**	**1,41,42,39,216**	**1,50,63,09,216**
Net profit for the period		1,03,11,35,810	1,03,11,35,810
Dividend	-	(79,18,02,000)	(79,18,02,000)
Issue of share capital	-	-	-
Adjustment as a result of change in accounting policies	-	-	-
Adjustment related to prior period	-	-	-
Balance as at 31 Ashad 2072 (16th July 2015)	**9,20,70,000**	**1,65,35,73,026**	**1,74,56,43,026**

This is the Statement of Financial Position referred to in our report of even date attached

Pradeep Banerjee	Chairman	**Srikanth Srinivasamadhavan**	Managing Director
Ravi Bhakta Shrestha	Director	**Pramod Nair**	Finance Manager
Sashi Raj Pandey	Director	**Deepika Sharma**	Company Secretary
Bharat Bahadur Thapa	Independent Director		
Priya Nair	Director	**For J.B. Rajbhandary & DiBins**	
		Chartered Accountants	
Dev Bajpai	Director	**CA Jitendra B. Rajbhandary**	
		Senior Partner	

Date: 10th August, 2015
Place: Kathmandu, Nepal

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15)

1) SHARE CAPITAL

(NPR)

	As at 31 Ashad, 2072	As at 32 Ashad, 2071
Authorized capital		
30,00,000 Ordinary shares of NPR 100 each	30,00,00,000	30,00,00,000
(Previous year 30,00,000 equity shares of NPR 100 each)		
Issued capital		
9,20,700 equity shares of NPR 100 each	9,20,70,000	9,20,70,000
(Previous year 9,20,700 equity shares of NPR 100 each)		
Subscribed and paid-up capital		
9,20,700 Equity shares of NPR 100 each	9,20,70,000	9,20,70,000
(Previous year 9,20,700 equity shares of NPR 100 each)		
Of Which		
7,36,560 shares held by Hindustan Unilever Limited, Mumbai, India		
46,035 shares held by Sibkrim Land and Industrial Pvt. Ltd.		
1,38,105 held by the general public		

2) RESERVES

(NPR)

	As at 31 Ashad, 2072	As at 32 Ashad, 2071
Accumulated profit		
Transferred from profit or loss statement	1,65,35,73,026	1,41,42,39,216
Total	**1,65,35,73,026**	**1,41,42,39,216**

3) PROPERTY, PLANT AND EQUIPMENT

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Depreciation Rates %	Cost as at 17/07/2014	Additions Capitalized	Deductions Write-Off	Cost as at 16/07/2015	As at 17/07/2014	For the year	Deductions	As at 16/07/2015	As at 16/07/2015	As at 16/07/2014
Land	-	56,15,140	-	-	56,15,140	-	-	-	-	56,15,140	56,15,140
Building	2.5	13,16,98,107	-	-	13,16,98,107	6,98,22,054	24,74,488	-	7,22,96,542	5,94,01,565	6,18,76,053
Plant & Machinery	7.0	38,02,38,065	6,87,09,101	(2,16,08,803)	42,73,38,362	18,93,76,484	1,88,99,126	(1,18,90,898)	19,63,84,712	23,09,53,650	19,08,61,581
Furniture & fixtures	7.0	2,00,65,522	4,31,296	(48,97,309)	1,55,99,509	1,29,96,304	4,29,412	(15,95,690)	1,18,30,026	37,69,483	70,69,217
Motor vehicle	15.0	-	-	-	-	-	-	-	-	-	-
Computers	20.0	1,20,98,920	54,19,121	(8,71,896)	1,66,46,144	93,75,965	11,68,058	(8,27,158)	97,16,865	69,29,279	27,22,955
Total	**-**	**54,97,15,754**	**7,45,59,518**	**(2,73,78,008)**	**59,68,97,262**	**28,15,70,807**	**2,29,71,084**	**(1,43,13,746)**	**29,02,28,145**	**30,66,69,117**	**26,81,44,946**
Capital Work in Progress										**1,37,35,310**	**1,36,06,020**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

4) INVENTORIES

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Raw materials	18,94,54,013	20,02,35,177
Material in transit	10,58,54,161	11,20,12,695
Packing materials	13,47,45,132	12,88,12,179
Stock in process	88,48,655	37,14,563
Finished goods	15,91,21,531	8,69,12,849
Promotional materials	25,52,999	39,26,689
Stores and spares	2,36,32,662	2,41,59,673
Sub total	**62,42,09,153**	**55,97,73,825**
Less: Provision for obsolescence stock	(6,81,09,409)	(5,76,25,476)
Total	**55,60,99,744**	**50,21,48,349**

5) TRADE RECEIVABLES

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Sundry debtors (considered good)	22,71,03,368	23,98,82,435
Debts outstanding for a period exceeding six months	-	-
Considered doubtful	-	-
Sub total	**22,71,03,368**	**23,98,82,435**
Less: Provision for doubtful debts	-	-
Total	**22,71,03,368**	**23,98,82,435**

6) OTHER RECEIVABLES

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Loans and advances to employee	58,48,213	17,28,978
Other advances recoverable in cash or kind of value to be received	59,53,940	23,42,779
Advance to suppliers	63,20,480	16,91,013
Other receivables (Elida Nepal Pvt. Ltd)	5,14,61,965	26,34,61,374
Deposit	6,24,079	6,91,275
Prepaid expenses	27,51,952	25,54,993
Interest receivables	3,88,460	-
Total	**7,33,49,089**	**27,24,70,412**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

7) CASH AND CASH EQUIVALENTS

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Cash in hand	85,568	90,759
Balance with banks	64,62,23,886	39,17,88,385
Total	**64,63,09,454**	**39,18,79,144**

8) TRADE AND OTHER PAYABLES

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Sundry creditors and other payables		
Creditors for goods and services	23,01,01,790	16,12,34,652
Creditors for expenses and other liabilities	33,14,28,081	25,16,87,521
Amount payable to EW fund	2,46,03,471	-
Advance from customers	14,17,333	8,36,588
Deposit - others	5,00,000	5,00,000
Royalty payable	11,14,89,057	7,19,66,996
Audit fee payable	5,68,750	5,68,750
Others payable	37,58,996	15,17,750
TDS payable	72,27,114	34,95,579
VAT payable	2,60,27,912	2,20,56,030
Unclaimed dividend	1,98,59,038	1,66,77,276
Total	**75,69,81,542**	**53,05,41,142**

9) PROVISIONS

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Provision for housing	9,33,95,420	9,33,95,420
Provision for bonus	13,04,20,540	11,47,12,653
Provision for leave encashment	45,07,794	38,55,753
Provision for taxation	1,84,45,88,219	1,57,09,81,410
Less: Advance income tax	(1,79,29,03,525)	(1,49,28,34,572)
Other provisions	3,07,78,349	3,07,78,349
Total	**31,07,86,797**	**32,08,89,013**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

10) CONTINGENT LIABILITIES

(NPR)

	As at 31 Ashad 2072	As at 32 Ashad 2071
Income tax claims for the financial year 2003-04 to 2009-10 not acknowledged	8,81,82,404	2,34,09,075
VAT claim for the financial year 2009-10 not acknowledged	61,69,182	
Unexpired letter of credit and acceptances	5,83,00,755	11,23,31,396
Total	**15,26,52,341**	**13,57,40,471**

11) REVENUE FROM OPERATIONS

(NPR)

	Current Year	Previous Year
Gross sales	4,88,87,55,050	4,36,18,13,992
Less: Returns	-	-
Total	**4,88,87,55,050**	**4,36,18,13,992**

12) OTHER INCOME

(NPR)

	Current Year	Previous Year
Service charges on Elida Sales	52,10,02,363	45,45,94,539
Sale of scrap, containers, drums etc	1,78,51,535	1,50,52,282
Interest received	4,25,68,079	2,89,72,074
Other income from lease, others and overdue	1,21,62,098	93,00,139
Total	**59,35,84,075**	**50,79,19,034**

13) COST OF MATERIALS CONSUMED

(NPR)

	Current Year	Previous Year
Material consumed		
Opening stock		
Raw material	20,02,35,177	17,46,32,846
Packing material	12,88,12,179	12,05,69,434
	32,90,47,356	**29,52,02,280**
Add : Purchase	2,63,14,18,055	2,34,58,68,760
	2,96,04,65,411	**2,64,10,71,040**
Less : Closing stock		
Raw material	18,94,54,013	20,02,35,177
Packing material	13,47,45,132	12,88,12,179
Cost of material consumed (A)	**2,63,62,66,266**	**2,31,20,23,684**
Changes in inventories of FG and WIP		
Opening stock		
Work in progress	37,14,563	1,02,65,932
Finished goods	8,69,12,849	16,42,32,761

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

13) COST OF MATERIALS CONSUMED (CONTD.)

(NPR)

	Current Year	Previous Year
	9,06,27,412	17,44,98,693
Less : Closing stock		
Work in progress	88,48,655	37,14,563
Finished goods	15,91,21,531	8,69,12,849
Increase(-)/decrease in work in progress and finished goods (B)	**(7,73,42,774)**	**8,38,71,281**
Total cost of materials consumed (A+B)	**2,55,89,23,492**	**2,39,58,94,965**

14) MANUFACTURING EXPENSES

(NPR)

	Current Year	Previous Year
Salaries, wages and allowances	5,89,25,175	5,85,16,461
Contribution to provident fund	33,76,294	29,01,515
Other employee related expenses	74,23,050	93,81,000
Processing charges	13,68,02,682	13,29,06,008
Electricity, fuel & water	5,26,73,864	4,29,36,076
Repairs and maintenance	2,67,80,313	2,47,25,373
Production consumables	18,85,097	28,19,767
Godown rent	15,58,217	7,94,448
Insurance charges	38,74,958	36,57,440
Quality control charges	7,62,942	6,76,628
Royalty	13,11,63,598	8,46,67,054
Total	**42,52,26,190**	**36,39,81,770**

SCHEDULE
to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

15) ADMINISTRATIVE EXPENSES

(NPR)

	Current Year	Previous Year
Salaries and allowances	7,85,85,852	6,72,80,176
Contribution to PF & pension fund	61,05,127	55,20,154
Other employee related expenses	26,31,551	21,94,784
Rent	81,69,906	66,71,213
Electricity, fuel & water	9,47,721	12,44,163
Travelling, conveyance and accommodation expenses	1,81,09,373	1,94,64,248
Audit fees & expenses:		
Audit fees	5,25,000	5,25,000
Other audit fees	1,50,000	1,50,000
Audit expenses	3,90,684	3,07,059
Community service expenses	50,81,155	44,93,502
Legal expenses	95,35,201	6,49,550
AGM expenses	11,12,001	11,52,889
Board meeting expenses	12,22,374	8,54,604
Telephone expenses	37,78,200	32,43,648
Printing & stationery/EDP expenses	56,64,133	35,12,843
Security expenses	56,27,632	60,65,035
Professional services	1,05,13,266	62,81,933
Motor vehicle expenses	1,00,86,528	79,41,110
Miscellaneous expenses	36,55,833	42,09,360
Total	**17,18,91,537**	**14,17,61,271**

16) SELLING AND DISTRIBUTION EXPENSES

(NPR)

	Current Year	Previous Year
Advertisement expenses	65,36,61,918	48,09,48,722
Sales promotion expenses	29,07,588	10,70,558
Handling and distribution expenses	19,55,15,325	17,56,35,642
Total	**85,20,84,831**	**65,76,54,922**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

17) SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. THE COMPANY

Unilever Nepal Limited ("Company") is a public limited company, listed in the Nepal Stock Exchange Ltd, incorporated under the Companies Act, 2063 of Nepal. The registered office of the Company and the principal place of business are located at Basamadi VDC-5, Makwanpur, Nepal.

The main objectives of the Company are to manufacture, sell and distribute Detergents, Scourers, Laundry Soaps, Soap Noodles, Toilet Soaps and Personal Products.

B. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS). The Financial Statements were approved by the Board of Directors on August 2015

The financial statements are presented on a historical cost basis and the presentation requirements of the Companies Act 2063.

2 Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

3 Going Concern

The financial statements are prepared on the assumption that the Company is a going concern.

4 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. All figures are rounded off to the nearest rupee. Previous period's figures have been regrouped/ rearranged wherever necessary.

The financial statements have been prepared for 12 months commencing from 17th July 2014 to 16th July 2015.

5 Revenue Recognition

Revenue from operations is recognized net of returns and value added taxes when the significant risks and rewards of ownership of the goods have transferred to the buyer in accordance with terms of sales. Breakage and leakage claims from customers are charged as promotional expenses upon approval.

Income earned from rendering Management & Marketing services to a private limited company in Nepal for marketing and selling Unilever products is recognized on rendering of the services and grouped under the Other Income as 'Service Charges on ELIDA Sales'.

Lease rentals from plant and machinery leased to other third party manufacturers are recognized on accrual basis over the period of the lease. Other income is recognized on accrual basis.

Interest income is recognized on the time proportion basis.

6 Property, plant and equipment and Depreciation

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and inclusive of all expenses up to the commissioning/ putting the assets to use. Cost includes inward freight, duties and taxes other than recoverable from the government, and expenses incidental to acquisition.

Depreciation is provided on the straight-line method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to Items of property, plant and equipment is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:

Particulars	Useful Life (Years)	Depreciation Rate (%)
Building	40	2.5
Plant and Machinery	14.29	7
Furniture and Fixtures	14.29	7
Motor Vehicles	6.67	15
Computer Accessories	5	20

7 Impairment

At balance sheet date, an assessment is done to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of asset exceeds its recoverable amount.

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

An assessment is also done at each balance sheet date whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss is recognized in the income statement.

After recognition of an impairment loss or reversal of an impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), over its remaining useful life.

8 Investments

Investments are valued at lower of cost or current market value.

9 Inventories

Inventories are valued at lower of cost or net realizable value after providing for cost of obsolescence and other anticipated losses, where considered necessary.

In determining cost of raw materials, packing materials, stores and spares, weighted average cost method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-process includes the cost of raw materials, packing materials, a proportionate share of production overheads and other cost incurred in bringing the inventories to their present location and condition.

Full provision is made for an obsolete stock that cannot be used or is damaged or defective or cannot be sold in the market. Provision is adjusted in the income statement to the extent of usage of obsolete inventory in the period of its usage.

10 Trade and Other Receivables

Trade debtors and other receivables are stated at book value after making due allowances for bad and doubtful debts.

11 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and balance in banks.

12 Foreign Currency Transactions

Foreign currency transactions, other than those covered by forward contracts, are accounted at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the income statement. Differences between the forward exchange rates and the exchange rates at the date of transactions are recognized as income or expense at the end of the reporting date. Profit/loss arising on cancellation or renewal of forward exchange contracts is recognized as income/expense for the period.

Monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end are translated at the closing exchange rate and the resultant exchange differences are recognized in the income statement.

13 Retirement Benefits

The Company operates a defined benefit gratuity plan for employees. The contribution is paid to a separate entity (Citizen Investment Trust), towards meeting the gratuity obligation. The cost of providing gratuity liability is determined using the Projected Accrued Benefit Method with actuarial valuations being carried out at each balance sheet date.

Contributions to defined contribution schemes for local employees are deposited with Employees Provident Fund (Karmachari Sanchaya Kosh).

Contributions to provident and pension funds of managers seconded from Hindustan Unilever Limited and Unilever Bangladesh Limited, are paid into the provident/pension funds maintained by Hindustan Unilever Limited/Unilever Bangladesh Limited. Contributions to defined contribution schemes such as provident fund are charged to the income statement as incurred.

Provision for accumulated leave is accounted for on accrual basis.

14 Software Costs

Acquired computer software licenses are charged off to the income statement in the year of purchase irrespective of their estimated useful life.

15 Employees Bonus

Employees Bonus has been provided at 10% of the net profit after such bonus.

SCHEDULE
to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

16 Housing Fund

Provisions for employees housing from the profits of the Company were made up to the financial year 2004-05 as per section 41 of the Labour Act 2048. Provisions for employees housing has not been made since 2005-06 as the Company has made arrangement for interest free housing loan facilities to its employees and it considers that accumulated provisions of NPR 9.34 crore is sufficient to provide housing loan facilities to all the employees.

17 Income Tax

Provision for taxation has been made on the basis of the Income Tax Act 2058 and amendments related thereto.

Deferred income tax is provided on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the Balance Sheet date and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled. The principal temporary difference arise from depreciation of fixed assets, provision for VPA, provision for Green Field Allowance and Inter Regional Bonus, provision for leave encashment and provision for inventory obsolescence.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax related to temporary differences is recognized in the income statement.

18 Production at Third Party Manufacturing Locations

The Company has made arrangements for manufacturing of its licensed products with other third party manufacturers against payment of fixed conversion cost only. The purchase value of materials, conversion cost paid to such manufacturers and stock of inventories (material as well as finished goods) related to such activities has been accounted for in the books of the Company.

19 Lease

The Company leases office premises and godowns under operating leases. These leases typically run for a period of 1 to 5 year with an option to renew the lease after that date. Payments made under operating leases are recognized as an expense in the income statement on an accrual basis over the lease term.

20 Provisions and Contingencies

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made. All the contingent liabilities and the guarantees given by the Company to the third parties are disclosed in the notes to the financial statements.

21 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

C. Notes to Accounts

1 Contingent Liabilities

(With reference to Schedule 10)

1.1 Unexpired Letters of Credits and acceptance

Unexpired irrevocable letter of credit and acceptance NPR 5,83,00,755 (PY NPR 11,23,31,396).

1.2 Income Tax Matters

The Large Taxpayers Office ("LTO") has opened self-assessment returns filed by the Company for the financial years 2060-61, 2061-62, 2062-63, 2063-64, 2064-65, 2065-66 and 2066-67 and demanded additional tax of NPR 20,19,34,608. (PY NPR 12,80,43,936). The Company has contested the demands as not payable and filed appeals. The appeals for demand for the financial years 2060-61, 2061-62, 2062-63 and 2063-64 are pending at the Supreme Court, for 2064-65 at the Revenue Tribunal and for 2065-66 & 2066-67 at the Inland Revenue Department. The Company has made a provision of NPR 16,00,11,443 (PY NPR 14,97,84,099) on a conservative basis and created contingent liability of NPR 8,81,82,404 (PY NPR 2,34,09,075) against the additional tax amount demanded. LTO has carried out a preliminary assessment of the self-assessment returns for the financial year 2067-68 and is yet to submit a final assessment order. Self-assessment returns for the financial years 2068-69 to 2070-71 has been filed by the Company with the LTO.

1.3 Value Added Tax (VAT) Matters

The Company has filed appeals with the Revenue Tribunal for additional demand raised by the LTO on account of VAT for the financial years 2064-65, 2065-66 and 2067-68 amounting

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

to NPR 20,39,411, NPR 36,90,349 and NPR 61,69,182, respectively. The Revenue Tribunal has issued a decision in favour of the Company for the appeal filed in 2064-65 whereas the decision for 2065-66 and 2066-67 is yet to be issued. The Company on a conservative basis has made provisions for FY 2064-65 and 2065-66 against the above demands.

1.4 Employee Housing

The management had filed a writ petition with the Hon Supreme Court against the verdict of Appellate Court on a case filed by workmen union demanding that provisions for employee housing be made from the profits as required by section 41 of the Labour Act 2048. Pending decision of the Hon Supreme Court, no provisions have been made for employee housing since the financial year 2005-06.

However, the Company has been informed by its lawyers that Hon Supreme Court has decided on the writ petition. However, company has not received the copy of the written order passed by the court, in absence of which company is unable to take appropriate actions as at the date of financial statement. The Company will take appropriate steps after receiving the written order.

1.5 Employees Bonus

The management has filed a writ petition with the Hon Supreme Court against the verdict of Labour Court on a case filed by the workmen union opinion that the provisions for employees bonus is not made in accordance with the law resulting in lower distribution of bonus to employees. The Company has contested that it has been making the provisions for Employees bonus as per NAS and the relevant law. Decision from the Hon Supreme Court is pending.

2 Lien on Company's Fixed Assets

Company's assets viz land and factory buildings have been mortgaged in the name of its bankers for the purpose of credit facility.

Of the total investment in fixed deposits, NPR 57,050,000 has been pledged with a bank for the purpose of extending housing loans to the employees.

3 Gratuity Fund

Additional provision of NPR 22,86,446 (PY NPR 3,576,260) has been made for employee gratuity liability during the year to match the liability for employee gratuity computed according to actuarial valuation. The liability of employee gratuity as per actuarial valuation method as at 16 July 2015 was NPR 19,416,374(PY 16,693,717). The employee gratuity liability is fully funded.

4 Royalty

Royalty payable to Hindustan Unilever Limited, India and Unilever PLC, London for use of trademark of certain products has been accrued based on approval received from Department of Industry/ Nepal Government.

5 Deferred Taxation

Carrying amount of assets and liabilities where temporary differences arising on 16th July 2015 are as follows:

Particulars	Carrying Amount (NPR)	Tax Base Amount (NPR)	Diff Asset/ (Liability) (NPR)	Tax Rate (%)	Def. Tax Asset/ (Liability) (NPR)
Temporary Difference for:					
Provision for Leave Encashment	45,07,794	-	45,07,794	18	8,11,403
Provision for Inventory Obsolescence	6,81,09,409	-	6,81,09,409	18	1,22,59,694
Provision for VPA	91,47,210	-	91,47,210	18	16,46,498
Property, Plant and Equipment	30,66,69,115	29,76,56,276	90,12,839	18	(16,22,311)
Net Deferred Tax Assets / (Liabilities) as on 16th July 2015					**1,30,95,283**
Net Deferred Tax Assets as on 16th July 2014					**1,25,58,065**
Adjustment in income statement					**5,37,218**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

6 Operating Lease

Lease rental expenses

The Company has entered into a lease arrangement for office premises, residential apartment and godown space for a period of 1 to 5 years. The future minimum lease rental income under non-cancellable operating lease is as follows:

Amount in NPR

Particulars	Current Year
Amount due within one year from the balance sheet	14,618,620
Amount due in the period between one year & five years	12,141,926
Amount later than five years	-

Lease rental income

The Company has entered into agreements with Ganga Soap & Chemicals Industries Pvt Ltd, and Unique Soap Industries for production of goods at their location. For such purpose, the Company has provided plant and machineries to these parties on lease, which are operating leases as per NAS 15 and income from such rentals as follows:

Amount in NPR

Particulars	Ganga Soap & Chemical Ind. Pvt Ltd	Unique Soap Industries	Total
Not later than one year	16,50,000	4,30,000	20,80,000
Later than one year and not later than five years	7,56,250	2,32,917	9,89,167
Later than five years	-	-	-
Total	**24,06,250**	**6,62,917**	**30,69,167**

7 Free extra quantity offer and other trade terms structure (TTS):

Free extra quantity offers and other trade scheme expenses have been charged to the income statement under selling and distribution expenses.

8 Related Party Transactions

Unilever Nepal Limited- Related parties		
1	Parent Company	Hindustan Unilever Ltd.
2	Parent of the Holding Company	Unilever PLC
3	Subsidiary of Enterprises that control the company	Unilever India Export Limited
4	Subsidiary of Holding Company	Unilever Asia Pvt. Ltd.
5	Significant Influence	Sibkrim Land Ind. Co. (Pvt.) Ltd.
6	Key Management Personnel	Mr. Srikanth Srinivasamadhavan

a) Summary of transactions with the above related parties and outstanding balances are as follows:

Particulars	Transactions		Outstanding Balance	
	Current Year (NPR)	Previous Year (NPR)	Current Year (NPR)	Previous Year (NPR)
Purchase of Raw Materials from enterprises that controls the company (HUL)	-	24,18,63,233	46,11,835	8,32,31,097
Purchase of Raw Materials from Subsidiary of Enterprises that control the company (UIEL)	14,67,75,268	15,96,44,348	-	1,70,61,464
Processing Charges from Associate (Third party)	13,68,02,682	13,29,06,008	3,22,62,087	2,70,34,803
Royalty to Unilever PLC	2,39,69,637	2,00,72,311	2,03,74,191	1,70,61,464
Royalty to Hindustan Unilever	10,71,93,960	6,45,94,743	9,11,14,866	5,49,05,531

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

b) Key Management Personnel compensation

	Current year (NPR)	Previous Year (NPR)
Short-term employee benefits	2,29,90,386	2,26,70,077
Post employment benefits	28,65,129	26,46,543
Other long-term benefits	Nil	Nil
Termination benefits	Nil	Nil
Share based payment	Nil	Nil

9 Additional Information:

9.1 Licensed/Installed Annual capacities

	Licensed Capacity		Installed Capacity	
	Current Year(Mt)	Previous Year(Mt)	Current Year(Mt)	Previous Year(Mt)
Detergents/Scourers/Laundry	52,950	52,950	35,500	35,500
Toilet Soaps	10,000	10,000	10,000	10,000
Personal Products	18,231	18,231	10,035	10,035
Soap Noodles	11,660	11,660	11,660	11,660
Tea	5,000	5,000	-	-
Vanaspati	10,000	10,000	-	-

9.2 Production/Purchases of Finished Goods

	Current Year(Mt)	Previous Year(Mt)
Detergents/Scourers/Laundry*	21,749	20,186
Toilet Soaps	6,300	5,587
Personal Products	6,410	5,321
Total	**34,459**	**31,094**

*Produced at third Party locations

9.3 Sales

	Current Year		Previous Year	
	M.T.	NPR	M.T.	NPR
Detergents/Scourers/Laundry	21,799	1,36,75,54,512	20,476	1,26,98,29,901
Toilet Soaps	6,058	1,24,43,18,340	6,026	1,14,77,74,815
Personal Products	6,075	2,27,68,82,198	5,376	1,94,42,09,274
Total	**33,932**	**4,88,87,55,050**	**31,878**	**4,36,18,13,990**

SCHEDULE

to Statement of Financial Position (F.Y. 2071-72/2014-15) (Contd.)

9.4 Closing Stock

	Current Year		Previous Year	
	M.T.	NPR	M.T.	NPR
*Detergents/Scourers/Laundry	604	2,66,46,308	654	3,43,25,928
Toilet Soaps	368	4,99,49,911	126	1,69,36,818
Personal Products	488	8,25,25,312	153	3,56,50,103
Total	**1,460**	**159,121,531**	**933**	**8,69,12,849**

*Produced at third party manufacturing locations

9.5 Material Consumed

	Current Year		Previous Year	
	M.T.	NPR	M.T.	NPR
Raw, Chemicals, Perfumes etc.	29,908	1,92,79,54,593	27,391	1,89,51,79,363
Packing Materials	-	70,83,11,673	-	58,02,71,578
Net Change in WIP	4	(51,34,092)	6	65,51,369
Finished Goods Variance	527	(7,22,08,682)	837	7,73,19,912
Total	**30,420**	**2,55,89,23,492**	**28,234**	**2,55,93,22,222**

10 Capital Commitments

The capital commitment (net of advances) on account of capital works in expansion of the factory as on 31 Ashad 2072 (16th July 2015) is NPR 4,28,67,810 (PY NPR 2,48,67,388).

Lakme Lever Private Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Pushkaraj Shenai – Whole Time Director Alok Joshi – Director Dinesh Thapar – Additional Director V. Kannan – Independent Director Nikhilesh Panchal – Independent Director	M/s. B S R & Co. LLP	Shree Niwas House, 1st Floor H. Somani Marg, Fort Mumbai - 400 001.

To the Members,

Your Company's Directors are pleased to present the 8th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. in lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from Operations	22,941.84	22,728.13
Loss before taxation	(3,078.03)	(3,430.41)
Loss after taxation	(3,078.03)	(3,430.41)
Loss for the year	(3,078.03)	(3,430.41)
Profit & Loss Account balance brought forward from previous year	(10,771.68)	(7,541.39)
Profit & Loss Account balance carried forward	(13,849.72)	(10,771.68)

OPERATIONAL REVIEW

Your Company has 280 salons, of which 52 are Company owned / managed and 228 are franchisee salons. Your Company delivered double digit growth for the sixth consecutive year, although the market continued to be sluggish with lower discretionary spends by consumers. Business had a robust inorganic growth with net expansion of 50 salons and the plan is to step up the pace of expansion to open 2 new salons every week.

The Lakme Bridal Stylist collection of looks in collaboration with a leading designer, which was showcased in Lakme Fashion Week Winter Festive 2015, enabled premiumisation of Bridal portfolio. The portfolio of services was strengthened with clutter breaking innovations which helped delight the consumers and drive growth. Your Company will continue to receive support from Hindustan Unilever Limited (HUL), the holding Company to drive growth in this attractive market opportunity.

Gandhidham unit of your Company carries out job work operations for HUL. This unit converts raw materials and packing materials into semi finished and finished goods as per HUL's specification and deals in wide range of SKU's in Toilet Soap, Bathing Bar, Detergent Bars and Detergent powders.

Gandhidham unit processed around 1.13 lakh tonnes of volumes during the financial year 2015-16 for HUL. It is one of the largest Dove Bar Manufacturing sites for HUL. During the financial year, your Company has outsourced production of Detergent Powder to one of the 2P's. Detergent Bar portfolio reported strong double digit volume growth while Toilet Soap volumes were almost flat as compared to previous financial year in the competitive scenario. Your Company has delivered key financial parameters such as competitive conversion cost, reduction in inventory days on hand etc. in line with HUL's expectation. Your Company continues to focus on consistent improvement in productivity and quality. Your Company has pioneered End of Line operations for the first time in HUL on high speed Toilet Soap line with the lowest manning.

Your Company continues to drive the Unilever Sustainable Living Plan parameters with 97% Operating Reliability. It is the first HUL Subsidiary to source 40% of its power requirement from sustainable wind power energy. Your Company is driving CSR initiatives in nearby six units through Project Prabhat focussing on water conservation, health and hygiene through NGO.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Dinesh Thapar was appointed as Additional Director and Chief Financial Officer of your Company with effect from 21st March, 2016. In accordance with the provisions of the Section 161 of the Companies Act, 2013, Mr. Dinesh Thapar shall hold office upto the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Director. The Company has received notice along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Dinesh Thapar as Director of the Company at the forthcoming Annual General Meeting.

The Company has received declaration from the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

During the year, Ms. Anita Sandeep Zutshi resigned from the Board of Directors as Director and Chief Financial Officer of your Company with effect from 21st March, 2016. The Board placed on record its appreciation for the services rendered by her during her tenure as a Director and Chief Financial Officer.

In accordance with the Companies Act, 2013, one - third of the Directors, except Independent Directors and Whole - Time Director of the Company, are liable to retire by rotation at every Annual General Meeting and accordingly, Mr. Alok Joshi retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed at the next Board meeting.

The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the meeting. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 29th April, 2015, 25th August, 2015, 15th December, 2015 and 21st March, 2016. The interval between any two meetings was well within the maximum allowed gap of 120 days.

COMMITTEES OF THE BOARD

In line with the requirements of Companies Act, 2013 and Rules made thereunder, your Company has two Board Committees viz. Audit Committee and Nomination and Remuneration Committee. Your Company has in place all the Statutory Committees required under law.

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

The Board has currently the following Committees:

Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013, the Audit Committee of your Company was reconstituted during the year with Mr. Nikhilesh Panchal, Mr. V. Kannan and Mr. Dinesh Thapar as its Members.

During the year, Mr. Dinesh Thapar was appointed as the Member of the Committee in place of Ms. Anita Sandeep Zutshi with effect from 21st March, 2016.

The Audit Committee performs the following functions:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;
- Examination of Financial Statements and the Auditors' Report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter – corporate loans and investments;
- Valuation of undertakings and assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The minutes of each Audit Committee meeting are placed at the subsequent meeting of the Board.

The Audit Committee met four times during the financial year ended 31st March, 2016 on 29th April, 2015, 25th August, 2015, 15th December, 2015 and 21st March, 2016.

Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee was reconstituted during the year with Mr. Pushkaraj Shenai, Mr. Nikhilesh Panchal, Mr. V. Kannan and Mr. Dinesh Thapar as its Members.

During the year, Mr. Dinesh Thapar was appointed as the Member of the Committee in place of Ms. Anita Sandeep Zutshi with effect from 21st March, 2016.

The Nomination and Remuneration Committee performs the following functions:

- Determine / Recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine the criteria for appointment including qualifications, positive attributes and independence of a Director;
- Identify candidates who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management
- Recommend to the Board a policy in relation to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Carry out evaluation of performance of each Director and performance of the Board as a whole.

The minutes of each Nomination and Remuneration Committee meeting are placed at the subsequent meeting of the Board.

The Nomination and Remuneration Committee met once during the financial year ended 31st March, 2016 on 21st March, 2016.

COMMITTEE FOR PREVENTION OF SEXUAL HARASSMENT

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has an Internal Complaints Committee (ICC) to investigate and inquire into sexual harassment complaints. During the year, the Committee was re-constituted with Dr. Nirmala Menon (Chairperson), Mr. Pushkaraj Shenai, Ms. Suman Kabra, Mr. Samir Desai and Ms. Ritu Bhargava as its Members.

During the period 1st April, 2015 to 31st March, 2016, 5 complaints with allegations of sexual harassment were received and the same have been investigated as per the provisions of the Act.

BOARD MEMBERSHIP CRITERIA

The Board of Directors are collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identification, 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 and geographical spread;
- 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 requirements of the law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arm's Length basis. In terms of Section 134(3)(h) of the Companies Act, 2013, the details of contracts / arrangements entered into with Related Parties are provided in Form AOC-2 as an Annexure to this Report.

RESPONSIBILITY STATEMENT

The Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

Disclosure with respect to remuneration of employees as per Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 is appended hereto as an Annexure to this Report.

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, the intent being 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 the world and achieve superior operational results.

The guiding principles for Company's reward policies / practices, which are applicable for Directors and all employees of the Company, are as follows:

1. Open, Fair, Consistent and Explainable: 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 helps 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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details relating to Loans, Guarantees and Investments are provided in the Notes to Financial Statements.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial control system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 6th Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

Conservation of energy

Your Company strives cautiously to conserve energy by adopting innovative measures to change to eco friendly and cheaper fuels, reducing wastage and optimizing consumption. Some of the specific measures undertaken are listed below :

- Replacement of fuels from FO/Coal on Steam Boilers and Thermic Fluid Heater with Bio Mass, eco-friendly fuel.
- Putting upgraded technology in Utilities Area – Chillers, Vacuum Pumps.
- Installation of Variable Frequency Drives for power optimisation where loads are varying.
- Installation of Energy efficient lighting on the Shop floors and Warehouses.
- Use of Skylight in day time on the shop floors.
- Installation of energy efficient pumps and heat recovery systems.
- Around 40% of the Company's power requirement is sourced from Sustainable Wind Power Energy.
- Recovery of Condensate and recovering heat and water in the process plant.

Above key measures have delivered significant savings in power and fuel to your Company and the journey of your Company on the effective utilization of energy conservation continues.

During the year, your Company made capital investments amounting to Rs. 2 crores in energy conservation equipments.

Technology Absorption

Your Company receives support and guidance from Hindustan Unilever Limited to drive functional excellence in supply management, IT, among others which help your Company in product improvement, cost reduction, product development / import substitution as also to remain competitive and further step-up its overall business performance. Your Company continues to focus on consistent improvement in productivity and quality. The Company has pioneered End of Line operations for the first time in Hindustan Unilever Limited on a high speed Toilet Soap line with the lowest manning. 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.

There was no expenditure incurred on Research and Development during the year under review.

The details of Foreign Exchange Earnings and Outgo are as follows:

(Rs. in lakhs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Earnings	-	-
Outgo	476.88	1,494.58

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Company is committed to excellence in safety, health, environment and quality management. It accords the highest priority to the health and safety of its employees, customers and other stakeholders as well as to the protection of the environment. The management of your Company is focused on continuous improvement in these areas which are fundamental to the sustainable growth of the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 06.05.2016	**Pushkaraj Shenai**	**Dinesh Thapar**
Place: Mumbai	Whole-Time Director	Director
	DIN: 03518297	DIN: 05288401

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U24247MH2008PTC188539
Registration Date	:	1st December, 2008
Name of the Company	:	Lakme Lever Private Limited
Category / Sub-Category of the Company	:	Private Limited Company / Company having Share Capital
Address of the Registered office and contact details	:	Shree Niwas House, 1st Floor, H. Somani Marg Fort, Mumbai – 400 001 Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1	Cosmetics	20237	12.98
2	Salon Income	96020	37.54
3	Income from job work contracts	20231	48.61

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
– Bodies Corporate	-	3,59,07,547	3,59,07,547	100	-	3,59,07,547	3,59,07,547	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**3,59,07,547**	**3,59,07,547**	**100**	**-**	**3,59,07,547**	**3,59,07,547**	**100**	**0.00**
B. Public Shareholding	-	-	-	-		-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**3,59,07,547**	**3,59,07,547**	**100**	**-**	**3,59,07,547**	**3,59,07,547**	**100**	**0.00**

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	
1.	Hindustan Unilever Limited	3,58,81,490	99.93	NIL	3,58,81,490	99.93	NIL	0.00
2.	Hindustan Unilever Limited j/w Pradeep Banerjee	5,970	0.02	NIL	5,970	0.02	NIL	0.00
3.	Hindustan Unilever Limited j/w P. B. Balaji	5,485	0.02	NIL	5,485	0.02	NIL	0.00
4.	Hindustan Unilever Limited j/w Dev Bajpai	5,483	0.02	NIL	5,483	0.02	NIL	0.00
5.	Hindustan Unilever Limited j/w BP Biddappa	3,123	0.01	NIL	3,123	0.01	NIL	0.00
6.	Hindustan Unilever Limited j/w Nilendu Sarkar	2,998	0.00	NIL	2,998	0.00	NIL	0.00
7.	Hindustan Unilever Limited j/w Suman Hegde	2,998	0.00	NIL	2,998	0.00	NIL	0.00
	Total	**3,59,07,547**	**100.00**	**NIL**	**3,59,07,547**	**100.00**	**NIL**	**0.00**

iii. Change in Promoters' Shareholding

There was no change in Promoters' Shareholding during the financial year 2015-16.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not applicable

v. Shareholding of Directors and Key Managerial Personnel

The Directors and Key Managerial Personnel of the Company did not hold any shares in the Company during the financial year ended 31st March, 2016.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	167,76,76,145	0	167,76,76,145
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	4,45,74,600	0	4,45,74,600
Total (i+ii+iii)	**0**	**172,22,50,745**	**0**	**172,22,50,745**
Change in Indebtedness during the financial year				
• Addition	0	31,00,00,000	0	31,00,00,000
• Reduction	0	41,00,00,000	0	41,00,00,000
Net Change	**0**	**(10,00,00,000)**	**0**	**(10,00,00,000)**
Indebtedness at the end of the financial year				
i) Principal Amount	0	157,76,76,145	0	157,76,76,145
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	3,24,95,221	0	3,24,95,221
Total (i+ii+iii)	**0**	**161,01,71,366**	**0**	**161,01,71,366**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

i. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Mr. Pushkaraj Shenai, Whole-time Director
1.	Gross salary	
	a. Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961.	159.60
	b. Value of perquisites under Section 17(2) Income-tax Act, 1961.	0.15
	c. Profits in lieu of salary under Section 17(3) Income-tax Act, 1961.	0.00
2.	Stock Option	0.00
3.	Sweat Equity	0.00
4.	Commission	0.00
	TOTAL (A)	**159.75**
	Ceiling as per the Act	Not Applicable*

* The remuneration paid to Mr Pushkaraj Shenai is within the limts approved by the Central Government vide order dated 29th April, 2015 under the Companies Act, 1956 ('erstwhile Act') for a period of two years till 26th April, 2016. As per General Circular No. 07/2015 dated 10th April, 2015 issued by the Ministry of Corporate Affairs, the terms and conditions approved under the erstwhile Act shall continue to apply until the balance tenure of the Director.

ii. Remuneration to other Directors

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Mr. Nikhilesh Panchal	Mr. V. Kannan	
1	Independent Directors			
	• Sitting Fees for attending Board / Committee Meetings	1.35	1.35	2.70
	Total	**1.35**	**1.35**	**2.70**
	Overall ceiling Limit as per Act	NA*	NA*	NA*

* The Independent Directors of the Company receive Sitting Fee for attending the Board / Committee Meetings of the Company which is excluded under Section 197 of the Companies Act, 2013.

- Non-Executive Directors do not receive any remuneration from the Company.

iii. Remuneration To Key Managerial Personnel Other Than MD / Manager / WTD

The Key Managerial Personnel of the Company do not receive any remuneration from the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pushkaraj Shenai
Whole-Time Director
DIN: 03518297

Dinesh Thapar
Director
DIN: 05288401

Annexure to the Directors' Report

Form AOC 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis – N.A
2. Details of material contracts or arrangements or transactions at arm's length basis

(In crores)

Name of Related Party	Nature of relationship	Nature of contract*	Amount
Hindustan Unilever Limited	Holding Company	Income from job work contracts	111.51
		Commission income	1.02
		Management fees	0.24
		Purchases of goods	0.88
		Expenses	10.29
		Royalty and technical know-how	2.43
		Reimbursement of salary expenses for seconded employees	3.94
		Sale of Fixed asset	0.14

* All transactions are in the Ordinary Course of Business, at Arm's Length basis and are of on-going nature. All transactions are placed before the Audit Committee of the Company. The terms of these transactions are governed by the respective agreements/ terms of purchase.

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pushkaraj Shenai
Whole-Time Director
DIN: 03518297

Dinesh Thapar
Director
DIN: 05288401

Annexure to the Directors' Report

Disclosure of remuneration of employees under Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Qualification	Date of employment	Designation / Nature of duties	Remuneration Received		Experience	Last employment
					Gross (Rs.)	Net (Rs.)		
Pushkaraj Shenai	42	B. Arch., PGDBM	16.10.2012	Chief Executive Officer	1,59,75,000	1,03,96,220	18	Mckinsey & Co

- Remuneration Received Gross includes salary, allowances, commission, performance linked variable pay disbursed, taxable value of perquisites and Company's contribution to provident fund. Remuneration Received Net includes Gross Remuneration less income tax, professional tax and employee's contribution to provident fund.
- Remuneration excludes provision for / contributions to pension, gratuity and leave encashment, special awards, payments made in respect of earlier years including those pursuant to settlements during the year, payments made under voluntary retirement schemes and stock options granted. However contributions to pension in respect of employees who have opted for contribution defined scheme has been included
- Nature of employment is contractual for employees
- Other terms and conditions as per Company's Rules
- Employee is not related to any Director of the Company.
- None of the employees is covered under Rule 5(3)(viii) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Pushkaraj Shenai
Whole-Time Director
DIN: 03518297

Dinesh Thapar
Director
DIN: 05288401

INDEPENDENT AUDITOR'S REPORT

To the Members of Lakme Lever Private Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Lakme Lever Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

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

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

      I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 19 to the financial statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Lakme Lever Private Limited

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer note 42 to the financial statements.

III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

(i) (a) The Company is maintaining 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. No material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) There are no companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, duty of customs, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax and duty of excise as at 31 March 2016 which have not been deposited on account of a dispute, are as mentioned in Annexure I to this report.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) Based on the information and explanations given to us by the management, term loan was applied for the purpose for which the loan was obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

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

(xi) The managerial remuneration has been paid or provided in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure to the Independent Auditor's Report - 31 March 2016

Annexure I

Name of Statute	Name of the Dues	Amount (in Lacs)	Period to which the amount relates to	Forum Where the dispute is pending
Income Tax Act, 1961	Income Tax	27.8	2007-2015	Appellate Authority -Income Tax officer's
		14.8	2010-2012	Appellate Authority -Commissioner's
Central Excise Act,1944	Excise duty	72.5	2008-2013	Appellate Authority -Commissioner's

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Lakme Lever Private Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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 ICAI.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

BALANCE SHEET
as at 31st March, 2016

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

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,590.76	3,590.76
Reserves and surplus	4	8,431.67	11,509.70
Non-current liabilities			
Long-term borrowings	5	11,776.76	13,776.76
Other long term liabilities	6	143.52	156.55
Long-term provisions	7	38.13	89.87
Current liabilities			
Trade payables		3,314.94	2,753.51
Due to Micro and Small Enterprises		-	-
Due to others	8	3,314.94	2,753.51
Other current liabilities	9	5,733.46	4,752.56
Short-term provisions	10	21.08	21.45
TOTAL		**33,050.32**	**36,651.16**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	16,662.38	14,453.34
Intangible assets	12	8,667.49	13,001.24
Capital work-in-progress		1,314.64	2,697.54
Deferred tax asset	39	-	-
Long-term loans and advances	13	2,735.45	2,597.25
Other non-current assets	14	6.99	6.99
Current assets			
Inventories	15	1,267.01	1,197.85
Trade receivables	16	1,389.07	1,212.61
Cash and bank balances	17	452.59	447.86
Short-term loans and advances	18	554.70	1,036.48
TOTAL		**33,050.32**	**36,651.16**
Significant accounting policies	2		
Contingent liabilities, capital and other commitments	19		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768
Mumbai : 6th May, 2016

For and on behalf of Board of Directors

Pushkaraj Shenai
Director
DIN No-03518297

Dinesh Thapar
Director
DIN No-05288401

Amit Bhasin
Company Secretary
Membership No: A16804
Mumbai : 6th May, 2016

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

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

	Note	Year Ended 31st March, 2016	Year Ended 31st March, 2015
REVENUE FROM OPERATIONS (GROSS)	20	22,941.84	22,729.65
Less: Excise duty		-	(1.52)
Revenue from operations (Net)		**22,941.84**	**22,728.13**
Other income	21	25.76	260.45
Total Revenue		**22,967.60**	**22,988.58**
EXPENSES			
Cost of materials consumed	22	1,513.50	1,589.35
Purchase of stock-in-trade	23	1,913.20	1,612.63
Changes in inventories of stock-in-trade	24	(17.67)	(130.01)
Employee benefits expense	25	5,409.33	5,196.89
Finance costs	26	1,526.14	1,828.71
Depreciation and amortization expense	27	6,359.66	6,262.22
Other expenses	28	9,341.47	10,033.41
Total expenses		**26,045.63**	**26,393.20**
Profit before exceptional items and tax		(3,078.03)	(3,404.62)
Exceptional items	29	-	(25.79)
Profit / (Loss) before Tax		**(3,078.03)**	**(3,430.41)**
Tax Expense:			
Current tax		-	-
Deferred tax		-	-
Profit / (Loss) for the year		**(3,078.03)**	**(3,430.41)**
Earnings Per Equity Share			
Basic and Diluted (Face value of Rs. 10 per share)	30	(8.57)	(10.31)
Significant accounting policies	2		
Other notes	31-44		

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai : 6th May, 2016

For and on behalf of Board of Directors

Pushkaraj Shenai
Director
DIN No-03518297

Dinesh Thapar
Director
DIN No-05288401

Amit Bhasin
Company Secretary
Membership No: A16804

Mumbai : 6th May, 2016

CASH FLOW STATEMENT

for the year ended 31st March, 2016

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

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit/(Loss) before taxation and exceptional items	(3,078.03)	(3,430.41)
	Adjustments for :		
	Depreciation	6,359.66	6,262.22
	Deficit on scrapping of fixed assets	78.36	118.61
	Interest income	(23.32)	(15.88)
	Interest expenditure	1,526.14	1,828.71
	Provision for doubtful debts and doubtful advances	71.72	43.07
	Bad debts written off	1.07	41.68
		8,013.63	**8,278.41**
	Operating Profit before working capital changes	**4,935.60**	**4,848.00**
	Adjustments for :		
	(Increase)/decrease in trade receivables	(249.25)	317.02
	(Increase)/decrease in short term loans & advances	481.78	(845.45)
	(Increase)/decrease in other current assets	-	1.85
	(Increase)/decrease in long term loans & advances	3.00	(49.44)
	(Increase)/decrease in other non- current assets	-	(0.00)
	(Increase)/decrease in inventories	(69.16)	(193.81)
	Increase/(decrease) in trade payables	561.43	627.96
	Increase/(decrease) in long term provisions	(45.62)	(186.56)
	Increase/(decrease) in short term provisions	(0.37)	(115.22)
	Increase/(decrease) in other current liabilities	224.42	(369.93)
	Increase/(decrease) in other long term liabilities	(13.03)	(5.88)
		893.20	**(819.46)**
	Cash generated/(used in) from operating activities	**5,828.80**	**4,028.54**
	Taxes paid (net of refunds)	**(124.02)**	**(418.28)**
	Cash flow before exceptional items	5,704.78	3,610.26
	Exceptional items:		
	Increase/(Decrease) in liability for retirement benefits arising from actuarial assumption changes	-	25.79
	Net cash generated/(used in) from operating activities - [A]	**5,704.78**	**3,636.05**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets	(3,053.12)	(4,242.06)
	Net cash generated/(used in) from investing activities - [B]	**(3,053.12)**	**(4,242.06)**

CASH FLOW STATEMENT

for the year ended 31st March, 2016

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

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issue of equity share capital	-	4,000.00
	Interest paid	(1,646.93)	(1,784.29)
	Inter corporate deposit taken	3,100.00	6,300.00
	Inter corporate deposit repaid	(4,100.00)	(8,000.00)
	Net cash generated/(used in) from Financing Activities - [C]	**(2,646.93)**	**515.71**
	Net Increase/(decrease) in Cash and Cash equivalents - [A+B+C]	4.73	(90.30)
	Cash and cash equivalents at the beginning of the year	447.86	254.53
	Add: Transferred pursuant to amalgamation (Refer Note 3(e))	-	283.63
	Revised Cash and cash equivalents at the beginning of the year	447.86	538.16
	Cash and cash equivalents at the end of the year	**452.59**	**447.86**
	Cash and cash equivalents comprise of:		
	Cash on hand	13.01	11.54
	Cheques on hand	-	-
	Balances with banks		
	- Balance with scheduled banks - current account	439.58	436.32
	- Bank deposits (having original maturity of less than three months)	-	-
		452.59	**447.86**

Notes to the Cash Flow Statement

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements" prescribed in Companies (Accounts) Rule, 2014.
2. Figures in brackets indicate Cash Outgo.
3. The previous year's figures have been regrouped/restated wherever necessary to conform to this year's classification.
4. During previous year the Company acquired Aquagel Chemicals Private Limited as described in note 3 (e). This being a share swap arrangement, is a non cash transaction.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai : 6th May, 2016

For and on behalf of Board of Directors

Pushkaraj Shenai
Director
DIN No-03518297

Dinesh Thapar
Director
DIN No-05288401

Amit Bhasin
Company Secretary
Membership No: A16804

Mumbai : 6th May, 2016

NOTES

to the financial statements for the year ended 31st March, 2016

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

1) CORPORATE INFORMATION

Lakme Lever Private Limited (the 'Company') is a wholly owned subsidiary of Hindustan Unilever Limited (HUL). The Company (bearing CIN number U24247MH2008PTC188539) was incorporated on 1st December, 2008 with its main objective to provide beauty services in the area of skin and hair through own beauty salons and franchisees, to deal in and promote health, beauty and personal care products and to operate and manage institutes and training centers in the field of beauty and wellness services. During previous year the Company acquired Aquagel Chemicals Private Limited (CIN number U24110MH1990PTC254953), a fellow subsidiary of the Company, wholly owned by Hindustan Unilever Limited. It is engaged in job work business and accordingly converts raw material and packing material into semi-finished and finished goods as per the specifications provided by Hindustan Unilever Limited.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of accounts

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the 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/non-current classification of assets and liabilities.

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

2.2 Use of estimates

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

2.3 Revenue recognition

Sale of products:

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

Sale of services:

- Income from own salons is recognised when services are rendered.
- Management fees and display income are recorded as per the terms of the contract entered with the respective franchisee/ parties.
- Revenue from services are recognised net of discount and service tax.
- During previous year the Company acquired the job work business of Aquagel Chemicals Private Limited. Revenue in respect of jobwork activities are recognized as revenue upon transfer of significant risks and rewards of ownership of the goods to the principal, which coincides with delivery and acceptance of the goods dispatched.

Others:

- Income from training imparted is recognised over the training period.
- Revenue from commission is recognised on delivery of the products by agent to franchisees.
- Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

2.4 Expenditure

Expenses are accounted for on accrual basis.

2.5 Tangible assets

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

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

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

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

Depreciation is provided on a pro-rata basis as per the useful life esimates prescribed under Schedule II to the Companies Act, 2013, except for certain class of assets. Summary of the useful life estimates for all class of assets is given below -

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

Asset Class	Details
Freehold Land	Not depreciable
Building	Depreciated as per useful life estimate not exceeding 10 years
Lease hold improvements	Depreciated as per tenure of the lease
Plant & Equipment	Depreciated over 2 to 21 years based on the technical evaluation of useful life done by the Company
Office Equipment	Depreciated as per useful life estimate not exceeding 5 years, aligned to Schedule II
Furniture & Fixtures	Depreciated as per useful life estimate ranging from 5 to 10 years, aligned to Schedule II
Computers	Depreciated as per useful life estimate not exceeding 3 years, aligned to Schedule II

2.6 Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment losses, if any. These are amortized over the useful life of the asset not exceeding 10 years.

Goodwill arising on amalgamation has been amortized on a straight line basis at 25%.

2.7 Impairment of assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the statement of profit and loss. Recoverable amount is the higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.8 Inventory

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

2.9 Trade receivables and loans and advances

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

2.10 Taxes on income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the differences between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent years.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient taxable profits will be available against which such deferred tax assets can be realised.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is recognised by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

2.11 Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocated corporate expenses net of un-allocated income".

2.12 Employee benefits

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as 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

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

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 compensated absences (in respect of certain employees) and long term service awards. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date, made by independent actuaries.

As per AS 15 Employee Benefits, in respect of group plans that share risks between various enterprises under common control, the net defined benefit cost is recognised in the separate financial statements of the group enterprise that is legally the sponsoring employer for the plan. Hence, liabilities towards leave encashment and long term service awards are recognised in the books of the holding company for the group. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss of the parent company in the year in which they arise.

Termination benefits

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

2.13 Provisions and contingent liabilities

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

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

2.14 Foreign currency translations

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

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

2.15 Cash and cash equivalents

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

2.16 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease Payments under operating leases have been recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. The Company recognises the scheduled rent increases over the lease term on a straight line basis in respect of lease rent agreements wherein the Company is reasonably certain at the inception of the lease that it will exercise the option to continue the lease for extended periods.

2.17 Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.18 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
7,21,00,000 (March 31, 2015: 7,21,00,000) Equity Shares of Rs. 10 each	7,210.00	7,210.00
Issued, subscribed and fully paid up		
3,59,07,547 (March 31, 2015: 3,59,07,547) Equity Shares of Rs. 10 each	3,590.76	3,590.76
	3,590.76	**3,590.76**

Notes:

i) During the previous year, the Board of Directors of the Company, on April 23, 2014 approved a scheme of arrangement to acquire the business of Aquagel Chemicals Private Limited with effect from April 1, 2014. This scheme was sanctioned by the Honorable Bombay High Court on February 06, 2015 and adopted by the Board on March 20, 2015. As per the scheme of amalgamation, the authorized share capital of erstwhile Aquagel Chemicals Private Limited of 21,00,000 equity shares of Rs. 100/- each is added to the authorized share capital of the Company as 2,10,00,000 (Two crore and ten lakhs) equity shares of Rs. 10/- each amounting to Rs. 21,00,00,000/-.

ii) During the preceeding year (F.Y. 2013-14) pursuant to the resolution of the shareholders in their general meeting held on July 25, 2013, the authorized share capital was increased to 7,00,00,000 equity shares of Rs. 10 each.

a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding as at the beginning of the year	3,59,07,547	3,590.76	2,00,00,000	2,000.00
Shares issued during the year	-	-	27,21,088	272.11
Addition on amalgamation of erstwhile Aquagel Chemicals Private Limited (Refer note 3(e))	-	-	1,31,86,459	1,318.65
Balance as at the end of the year	3,59,07,547	3,590.76	3,59,07,547	3,590.76

Notes:

During the previous year, the Board of Directors of the Company, on March 20, 2015 approved a rights issue of 27,21,088 equity shares (in the ratio of 20 equity shares for every 147 equity shares held), at the share price of Rs. 147 per equity share based on an independent share valuation.

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares		
3,59,07,547 (March 31, 2015 - 3,59,07,547) Equity Shares of Rs. 10 each are held by Hindustan Unilever Limited, the Holding Company and its nominees	3,590.76	3,590.76

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

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
Hindustan Unilever Limited, the Holding Company	3,59,07,547	100%	3,59,07,547	100%

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

e) Merger of Aquagel Chemicals Private Limited with the Company (Previous Year 31st March 2015)

During the previous year, pursuant to the scheme of amalgamation ('the Scheme') of Aquagel Chemicals Private Limited with the Company under Sections 391 to 394 of the Companies Act, 1956 (or re-enactment thereof upon effectiveness of the Companies Act, 2013) as sanctioned by Honourable High Court of Judicature of Bombay vide its Order dated February 06, 2015, which has been adopted by the Board of Directors of the Company on March 20, 2015 and filed with the Registrar of Companies on March 25, 2015, to make the scheme effective, the entire business and all assets and liabilities of Aquagel Chemicals Private Limited were transferred and vested in the Company effective from the appointed date, i.e. April 01, 2014. Accordingly the Scheme was given effect to in the financial statements of the previous year.

Salient features of the scheme of amalgamation (Previous Year 31st March 2015)

Aquagel Chemicals Private Limited ('Transferor company') was a fellow subsidiary of the Company, wholly owned by Hindustan Unilever Limited. It was engaged in job work business and accordingly converts raw material and packing material into semi-finished and finished goods as per the specifications provided by Hindustan Unilever Limited.

The amalgamation was intended to drive simplification by bringing both Companies on to a common platform in various processes such as legal, secretarial, accounting and controls and there by enable conduct of the Company's business more efficiently and advantageously.

The appointed date for the purpose of this amalgamation was April 01, 2014 and effective date was March 25, 2015.

In accordance with the scheme approved, the accounting for this amalgamation was done in accordance with the "Pooling of Interest" method as prescribed by the Accounting Standard 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Accordingly, the Company accounted for the Scheme in its books of accounts with effect from the appointed date i.e. April 01,2014 as under –

(i) With effect from the appointed date, all the assets and liabilities appearing in the books of accounts of the Transferor Company were transferred to and vested in the Company and were recorded in the financial statement of the Company at their respective book values.

(ii) In consideration of the transfer of the business as a going concern, the Company issued 657 fully paid up equity shares of Rs.10 each for every 100 fully paid up equity shares of Rs.100 each of the Transferor Company to the equity shareholders of the Transferor Company.

(iii) Accordingly, 1,31,86,459 equity shares of the Company of Rs. 10/- each fully paid up were issued to the shareholders of the Transferor Company at a premium of Rs. 136.67 per share based on an independent share valuation exercise. Thus the consideration for the amalgamation was Rs. 19,340.80 Lakhs. The record date fixed for this purpose was March 20, 2015.

(iv) The value of assets and liabilities of the Transferor Company amalgamated with the Company were as under:

	In Rs. Lakhs
Non-current assets	
Tangible fixed assets (including Capital work in progress)	14,447.93
Long-term loans and advances	1,101.02
Current Assets	
Inventories	307.66
Trade receivables	1,148.91
Cash and bank balances	283.63
Short-term loans and advances	125.17
Sub total	**17,414.32**
Non-current liabilities	
Long-term borrowings	8,776.76
Long-term provisions	226.40
Current Liabilities	
Short-term borrowings	8.05
Trade payables	692.03
Other current liabilities	4,837.23
Short-term provisions	136.56
Sub total	**14,677.03**
Total Net Assets as at April 01, 2014	**2,737.29**
Less: Reserves	
(Identity of reserves preserved following Pooling of Interest method)	
General reserve	531.56
Surplus in statement of Profit and loss	200.13
Sub total	**731.69**
Balance in share capital	**2,005.60**

(v) The transactions of the business of Aquagel Chemicals Private Limited with effect from April 01, 2014 were incorporated in the Company's accounts on the basis of the audited Financial Statements of the business as at March 31, 2014, as audited by M/s. Lovelock & Lewis, Chartered Accountants, the statutory auditors of the erstwhile Aquagel Chemicals Private Limited.

(vi) The amount of share capital of the Transferor company was Rs. 2,005.60 Lakhs as stated in note 3.e.iv above. The consideration for the amalgamation being the value of the new equity shares issued and allotted by the Company is Rs. 19,340.80/- Lakhs as stated in note 3.e.iii above. The difference between the two, amounting to Rs. 17,335.98 Lakhs was recognized as Goodwill arising on amalgamation and is disclosed under 'Intangible Assets'. This is being amortized on a straight line basis at 25%.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Securities Premium Account		
Balance as at the beginning of the year	21,749.82	-
Addition on amalgamation of erstwhile Aquagel Chemicals Private Limited (Refer note 3(e))	-	18,021.93
Addition during the year on account of fresh issuance of shares (Refer note 3(a))	-	3,727.89
Balance as at the end of the year	21,749.82	21,749.82
General Reserve		
Balance as at the beginning of the year	531.56	-
Addition on amalgamation of erstwhile Aquagel Chemicals Private Limited (Refer note 3(e))	-	531.56
Balance as at the end of the year	531.56	531.56
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	(10,771.68)	(7,541.39)
Addition on amalgamation of erstwhile Aquagel Chemicals Private Limited (Refer note 3(e))	-	200.13
Profit/(Loss) for the year	(3,078.03)	(3,430.41)
Balance as at the end of the year	(13,849.72)	(10,771.68)
	8,431.67	11,509.70

5) LONG - TERM BORROWINGS

(Unsecured)

	As at 31st March, 2016	As at 31st March, 2015
Inter corporate deposit	15,776.76	16,776.76
Less: Current maturities of long term debt (Refer Note - 9)	(4,000.00)	(3,000.00)
	11,776.76	13,776.76

Notes:

1. Included above is intercorporate deposits of Rs. 8,776.76 Lakhs transferred from erstwhile Aquagel Chemicals Private Limited (Note 3(e)) during the Previous year 2015.
2. Both the above are long term borrowings from Hindustan Unilever Limited, the Holding Company.
3. This loan was used for working capital requirement of salon business and job work business. It is repayable over a period of 7 years and carries an average rate of interest at 8.43% p.a.

6) OTHER LONG TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Security Deposits	143.52	156.55
	143.52	156.55

Note:

Security deposits accepted from franchisees for salon operations, repayable on termination of contract.

7) LONG-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (Refer Note- 35 (ii))		
Gratuity	-	29.34
Compensated absences	6.75	19.27
Long term service awards	-	3.75
Provision for income tax (Net of advance tax)	15.67	21.80
Other provisions for unpaid wages (Refer Note 43)	15.71	15.71
	38.13	89.87

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

8) TRADE PAYABLES

	As at 31st March, 2016	As at 31st March, 2015
Trade Payables		
Due to Micro and Small Enterprises	-	-
Due to Others	3,314.94	2,753.51
	3,314.94	**2,753.51**

Note:

Under the Micro, Small and Medium Enterprises Development Act, 2016, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, there are no outstanding dues to Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in the following disclosure:

	31st March 2016	31st March 2015
Principal amount remaining unpaid to any supplier as at the year end.	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyind the appointed date during the year) but without adding the interest specified under the MSMED.	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year.	Nil	Nil
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deduction expenditure under section 23 of the MSMED.	Nil	Nil

9) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long term debt (Refer Note - 5)	4,000.00	3,000.00
Interest accrued but not due on borrowings	324.95	445.75
Interest accrued and due on borrowings	-	-
Other payables		
Creditors for capital goods	462.44	585.17
Statutory Dues (including provident fund and tax deducted at source)	103.58	109.42
Salary, wages & bonus payable	554.92	487.89
Advance from Franchisee	287.57	124.33
	5,733.46	**4,752.56**

10) SHORT TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (Refer Note - 35(ii))		
Compensated absences	0.73	2.46
Long term service awards	-	0.31
Provision for scheduled increases on operating leases	20.35	18.68
Total	**21.08**	**21.45**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

11) TANGIBLE ASSETS

	Freehold Land	Buildings	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Others - Computers	Total
Gross Block									
Balance as at 1st April 2014	-	-	1,343.21	82.20	184.91	-	253.31	-	1,863.63
Addition pursuant to merger	112.15	5,157.35	-	19,640.87	66.83	9.96	111.39	53.18	25,151.73
Additions	21.38	312.32	433.03	4,399.24	164.88	-	46.03	22.63	5,399.51
Deletions	-	-	(113.02)	(7.49)	(13.73)	-	0.56	-	(133.68)
Balance as at 31st March 2015	**133.53**	**5,469.67**	**1,663.22**	**24,114.82**	**402.89**	**9.96**	**411.29**	**75.81**	**32,281.19**
Additions	-	310.72	147.74	3,816.37	56.23	-	76.84	1.19	4,409.09
Deletions	-	(10.89)	(61.96)	(448.74)	(16.28)	-	(52.48)	(62.48)	(652.83)
Balance as at 31st March 2016	**133.53**	**5,769.50**	**1,749.00**	**27,482.45**	**442.84**	**9.96**	**435.65**	**14.52**	**36,037.45**
Accumulated Depreciation									
Balance as at 1st April 2014	**-**	**-**	**330.85**	**41.96**	**73.48**	**-**	**143.21**	**-**	**589.50**
Addition pursuant to merger	-	2,209.02	-	13,057.31	45.07	9.96	45.80	49.67	15,416.83
Additions	-	382.15	177.67	1,236.00	64.55	-	60.67	7.41	1,928.45
Deletions	-	-	(75.10)	(4.60)	(17.15)	-	(10.07)	-	(106.92)
Balance as at 31st March 2015	**-**	**2,591.17**	**433.42**	**4,330.67**	**165.95**	**9.96**	**239.61**	**57.08**	**17,827.86**
Additions	-	129.36	191.30	1,586.89	66.34	-	44.77	7.26	2,025.92
Deletions	-	(8.82)	(17.49)	(334.40)	(10.71)	-	(44.93)	(62.36)	(478.71)
Balance as at 31st March 2016	**-**	**2,711.71**	**607.23**	**15,583.16**	**221.58**	**9.96**	**239.45**	**1.98**	**19,375.07**
Net Block									
Balance as at 31st March 2015	133.53	2,878.50	1,229.80	9,784.15	236.94	0.00	171.67	18.74	14,453.34
Balance as at 31st March 2016	**133.53**	**3,057.79**	**1,141.77**	**11,899.29**	**221.26**	**0.00**	**196.20**	**12.54**	**16,662.38**

Note:

The title deeds of Freehold Land aggregating Rs. 112.14 lakhs, acquired on transfer of business/undertakings are in the process of being transferred in the name of the Company.

The above assets includes assets given on lease, details are given below:

	Plant and equipment
Gross Block as at 31st March 2015	420.10
Accumulated Depreciation as at 31st March 2015	(199.74)
Net Block as at 31st March 2015	**220.36**
Gross Block as at 31st March 2016	436.79
Accumulated Depreciation as at 31st March 2016	(227.14)

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

Net Block as at 31st March 2016	209.65

12) INTANGIBLE ASSETS

	Goodwill	Total
Gross Block		
Balance as at 1st April 2014	109.93	**109.93**
Addition pursuant to merger (Refer note 3e(vi))	17,334.98	17,334.98
Additions	-	-
Deletions	-	-
Balance as at 31st March 2015	**17,444.91**	**17,444.91**
Additions	-	-
Deletions	-	-
Balance as at 31st March 2016	**17,444.91**	**17,444.91**
Amortization		
Balance as at 1st April 2014	109.93	**109.93**
Additions	4,333.74	4,333.74
Deletions	-	-
Balance as at 31st March 2015	**4,443.67**	**4,443.67**
Additions	4,333.75	4,333.75
Deletions	-	-
Balance as at 31st March 2016	**8,777.42**	**8,777.42**
Net Block		
Balance as at 31st March 2015	13,001.23	13,001.23
Balance as at 31st March 2016	**8,667.49**	**8,667.49**

13) LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Capital advances		
Considered good	45.00	49.85
Considered doubtful	10.70	10.70
Less : Provision for doubtful loans and advances	(10.70)	(10.70)
Security deposits	687.52	748.09
Advance income tax (Net of provision for tax)	1,924.64	1,783.43
Other loans & advances		
Tax deducted at source	15.88	15.88
Balance with Government authorities	62.41	-
	2,735.45	2,597.25

14) OTHER NON-CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Fixed deposit (Against bank guarantee issued to Sales Tax Department)	6.99	6.99

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

	6.99	6.99

15) INVENTORIES (Refer Note 34 (E))

(At lower of cost and net realisable value)

	As at 31st March, 2016	As at 31st March, 2015
Stock-in-trade (includes in transit Rs. 6.23 Lakhs (Previous year Rs. 4.37 Lakhs))	844.06	826.39
Stores and spares (used in job work business)	422.95	371.46
	1,267.01	1,197.85

16) TRADE RECEIVABLES

(Unsecured, unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Considered good		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	1,389.07	1,212.61
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	204.99	133.27
Less: Provision for doubtful debts	(204.99)	(133.27)
	1,389.07	1,212.61

17) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Cash and bank balance		
Cash on hand	13.01	11.54
Balances with banks		
In current accounts	439.58	436.32
	452.59	447.86

18) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Advances recoverable in cash or kind for value to be received		
Considered good	209.71	563.90
Other receivables		

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

Cenvat credit receivable	344.99	472.58
	554.70	**1,036.48**

19) CONTINGENT LIABILITIES, CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2016	As at 31st March, 2015
Contingent liabilities		
Income tax matters - Rs.36.05 Lakhs net of tax	55.13	58.55
Excise demand - matters - Rs.47.07 Lakhs net of Tax	71.98	72.49
Labour dues - Rs. 57.92 Lakhs net of Tax	88.58	88.58
Water charges payable to Gujarat Water Infrastructure Limited, Anjar - Rs.49.44 Lakhs net of Tax	75.60	75.60
Performance linked incentives	-	40.00
Outstanding guarantees / bonds	-	177.27
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account, not provided for - Rs.13.54 Lakhs net of Tax	20.70	176.92

The Company's pending litigations comprise of proceedings pending with Income Tax, Excise, and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

20) REVENUE FROM OPERATIONS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Sale of products (Refer Note 34 (B))	2,977.45	2,277.43
Sale of services (Refer Note 34 (D))		
Income from own salons	5,502.23	4,924.74
Management fees	3,109.97	2,522.23
Income from job work contracts	11,151.29	12,871.24
Other operating revenue (Refer Note 34 (D))		
Display Income	1.47	-
Training income	1.74	1.17
Commission Income	102.12	81.28
Other Income	51.88	-
Scrap sales	43.69	51.56
Less: Excise duty	-	(1.52)
	22,941.84	**22,728.13**

21) OTHER INCOME

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest income		
From others	-	15.88
From Income tax refund	23.32	-

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

Net gain on foreign exchange transactions (realized)	2.44	-
Liabilities written back to the extent no longer required	-	244.57
	25.76	**260.45**

22) COST OF MATERIAL CONSUMED

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Material consumed (Refer Note 34 (C)) (Cost of materials consumed is based on derived values)	1,513.50	1,589.35
	1,513.50	**1,589.35**

23) PURCHASE OF STOCK - IN - TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Purchase of traded goods (Refer Note 34 (A))	1,913.20	1,612.63
	1,913.20	**1,612.63**

24) CHANGES IN INVENTORIES OF STOCK-IN-TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Opening stocks	826.39	696.38
Less: Closing stocks (Refer Note 34 (E))	(844.06)	(826.39)
	(17.67)	**(130.01)**

25) EMPLOYEE BENEFITS EXPENSE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Salaries, wages and bonus	4,944.63	4,705.90
Contribution to provident fund and other funds (Refer Note - 35(i))	146.71	164.99
Staff welfare expenses	317.99	326.00
	5,409.33	**5,196.89**

26) FINANCE COST

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest on long term borrowings	1,526.14	1,828.71
	1,526.14	**1,828.71**

27) DEPRECIATION AND AMORTIZATION EXPENSES

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Depreciation on tangible assets	2,025.92	1,928.48
Amortization on intangible assets	4,333.74	4,333.74
	6,359.66	**6,262.22**

28) OTHER EXPENSES

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Consumption of Stores & Spares	599.86	1,012.87
Power, Fuel, Light and Water charges	2,554.16	2,946.67
Rent (Refer Note 33)	1,511.00	1,576.38
Repairs and maintenance		
-Buildings	116.74	214.31
-Plant and Machinery	501.20	535.89
-Others	121.11	203.44
Insurance	66.26	88.48
Rates and taxes	99.26	47.66
Packing freight and forwarding expenses	554.04	114.63
Advertising and sales promotion	733.44	1,161.30
Provision for doubtful debts and advances	71.72	43.07
Bad debts written off	1.07	41.68
Auditors remuneration		
-Audit fees	8.76	9.67
-Tax audit fees	1.55	1.71
Travelling and motor car expenses	176.90	149.61
Royalty and technical know-how	243.22	188.76
Training expenses	2.42	9.86
Expenses shared by subsidiary companies for use of common facilities	322.84	311.42
Purchased services	651.73	628.78
Consultancy fees	158.75	95.35
EDP expenses	186.69	96.06
Net loss on foreign exchange transactions (realized)	-	3.23
Deficit on scrapping of fixed assets	78.36	118.61
Miscellaneous expenditure *	580.39	433.97
	9,341.47	**10,033.41**

* Included above is NIL (Previous year: Rs.22.94 Lakhs), paid 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: Rs. Nil (Previous year: Rs. 22.94 Lakhs)

II. Amount spent during the year on:

	In cash/payable
i) Consutruction/Acquisition of any asset	–
	(–)
ii) For purposes other than (i) above	–
	(22.94)

(figures in brackets pertain to previous year)

III. Above includes a contribution of NIL (2014-15: Rs. 22.94 lakhs) 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 women empowerment, water harvesting, health and hygiene awareness 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.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

29) EXCEPTIONAL ITEMS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Increase in liability for retirement benefits arising from actuarial assumption changes	–	(25.79)
	–	**(25.79)**

30) EARNINGS PER SHARE

	As at 31st March, 2016	As at 31st March, 2015
Net Loss	(3,078.03)	(3,430.41)
Weighted average number of equity shares outstanding	3,59,07,547.00	3,32,75,919.00
Earnings per share (Rs.) basic and diluted (Face value of Rs. 10 per share)	(8.57)	(10.31)

31) EXPENDITURE IN FOREIGN CURRENCY

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Travel expenditure	–	–
Consultancy fees	–	1.79
	–	**1.79**

32) VALUE OF IMPORTS (ON C.I.F. BASIS)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Capital goods	350.10	1,248.29
Others	126.78	244.50
	476.88	**1,492.79**

33) OPERATING LEASE

The Company has significant operating leases for premises. These lease arrangements range for a period between 11 months and 9 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
With respect to all operating leases		
Lease payments recognised in the Statement of Profit and Loss during the year	1,511.00	1,576.38
With respect to non-cancellable operating leases, the future minimum lease payments are as follows:		
Not later than one year	17.31	16.50
Later than one year and not later than five years	-	17.31

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

34)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
A) Purchase of traded goods		
Beauty products	1,787.01	1,534.04
Others	126.19	78.59
	1,913.20	**1,612.63**
B) Sale of traded goods		
Beauty products	2,597.42	2,063.53
Others	380.03	213.90
	2,977.45	**2,277.43**
C) Materials consumed for services		
Beauty products	1,495.44	1,185.20
Job work business	18.06	404.15
	1,513.50	**1,589.35**
D) Sale of services		
Beauty services	8,612.20	7,446.97
Income from job work contracts	11,151.29	12,871.24
Others	200.90	134.01
	19,964.39	**20,452.22**
E) Closing stock		
Beauty products	735.26	683.25
Others	108.80	143.14
	844.06	**826.39**

35)

(I) Defined contribution plans

(a) Provident fund

(b) Employers' contribution to employee's state insurance

(c) Family pension fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss under Employee benefits expense.

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
- Employers' contribution to provident fund	89.44	91.99
- Employers' contribution to employee's state insurance	19.11	22.01
- Employers' contribution to family pension fund	38.15	50.99
	146.70	**164.99**

(II) Defined benefit plans

Gratuity assets are being controlled by separate independent Trusts for entire Hindustan Unilever Limited and its subsidiaries including Lakme Lever Private Limited. These trusts maintain their assets at the group level and do not have assets identifiable specifically for Lakme Lever Private limited. Thus all the disclosures required by Accounting Standard 15 "Employee Benefits" have been made in Hindustan Unilever Limited's Financial Statements.

In addition, the Company has liabilities towards compensated absences of Rs 10.51 lakhs (2014-15 : Rs 9.25 lakhs) and long term service awards of Rs 3.77 lakhs (2014-15: Rs. 4.06 lakhs) respectively, determined on the basis of actuarial valuation. These liabilities are administered for entire group by Hindustan Unilever Limited and have been recognised in the books of the parent company.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

36) SEGMENT INFORMATION

The Company is mainly engaged in providing beauty care services through own salons and franchisees. It is also engaged in sale of beauty products. Post merger with Aquagel Chemicals Private Limited, the Company operates an additional service segment of job work activities. The operations of 'sale of beauty products' and service business of 'providing beauty services' and 'jobwork contracts' have been considered to be governed by different set of risks and returns and hence different business segments. The entire operation of the Company being domestic, the Company is considered to be operating in one geographical segment.

The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS-17).

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Revenue		
Service business (Refer Note 20)		
Beauty salon	8,717.53	7,529.02
Job work contracts	11,246.86	13,165.85
Beauty product business (Refer Note 20)	2,977.45	2,277.43
Total Revenue	**22,941.84**	**22,972.30**
Result		
Service business		
Beauty salon	(688.03)	(1,686.91)
Job work contracts	2,845.58	3,185.51
Beauty product business	984.35	583.33
Total Result	**3,141.90**	**2,081.93**
Un-allocated expenditure net of un-allocated income	(360.05)	(371.43)
Finance costs	(1,526.14)	(807.17)
Amortization of goodwill	(4,333.74)	(4,333.74)
Taxation for the year	-	-
Profit/(loss) after taxation	**(3,078.03)**	**(3,430.41)**

	Assets		Liabilities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Service business				
Beauty salon	3,167.42	3,306.11	2,183.52	1,727.51
Job work contracts	19,828.76	17,569.60	17,091.14	13,071.62
Product business	914.09	919.73	157.38	60.04
Total	**23,910.27**	**21,795.44**	**19,432.04**	**14,859.16**
Unallocated corporate assets / liabilities	9,140.06	14,855.72	1,595.85	6,691.53
Total assets / liabilities	**33,050.32**	**36,651.16**	**21,027.89**	**21,550.69**

	Capital Expenditure		Depreciation	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Service business				
Beauty salon	163.83	710.03	306.82	303.89
Job work contracts	2,876.70	2,644.84	1,719.10	1,624.59
Total	**3,040.53**	**3,354.87**	**2,025.92**	**1,928.48**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

37) DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March 2016 are as under :

	Currency exchange	EUR/INR
a.	Number of 'buy' contracts	6.00 (1.00)
b.	Aggregate currency amount	31.90 (1.50)

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

	Currency exchange	EUR
a.	Net unhedged exposure in currency	2.64 (4.78)

(figures in brackets pertain to 2014-15)

38) RELATED PARTY DISCLOSURES

(i) Enterprises where control exists:

Ultimate Holding Company	Unilever PLC
Holding Company	Hindustan Unilever Limited

(ii) Other related parties with whom the Company had transactions during the year

Fellow Subsidiary of Ultimate Holding Company	TIGI Linea, LP
Fellow Subsidiary of Holding Company	Hindustan Unilever Foundation
(iii) Key Management Personnel	Pushkaraj Shenai

(iv) Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2016

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
i) Holding Company		
(Hindustan Unilever Limited)		
Income from job work contracts	11,151.29	12,871.24
Commission income	102.12	81.28
Management fees	24.40	222.25
Purchases of goods	87.57	132.32
Sale of services	0.00	11.63
Reimbursement of expenses by holding company	627.88	0.00
Reimbursement of expenses for holding company	8.42	14.92
Royalty and technical know-how	243.22	188.76
Rent expense	69.81	66.07
Reimbursement of salary expenses for seconded employees	393.98	553.93
Common cost allocation expenses	322.84	311.42
Interest on long term borrowings	1,421.73	1,828.71
Sale of Fixed asset	13.77	-
Purchases of fixed assets	0.28	-
Inter corporate deposit taken	3,100.00	6,300.00
Inter corporate deposit repaid	4,100.00	8,000.00
Rights issued during the year (Refer note 3(a))		
Face value (recorded under share capital)	-	272.11
Premium (recorded under Securities premium in Reserves and surplus)	-	3,727.89
Shares issued pursuant to merger (Refer note 3(e))		
Face value (recorded under share capital)	-	1,318.65
Premium (recorded under Securities premium in Reserves and surplus)	-	18,021.93

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
	Outstanding as at year end-		
	Long term borrowing		
	Inter corporate deposit payable	11,776.76	13,776.76
	Other current liabilities		
	Current maturities of long term debt	4,000.00	3,000.00
	Interest accrued on inter corporate deposit	324.95	445.75
	Trade Receivables		
	Receivables at year end	1,028.49	641.35
	Trade Payables		
	Payables at year end	780.77	373.06
ii)	**Fellow Subsidiary of the Ultimate Holding Company**		
	(TIGI Linea, LP)		
	Purchases of goods	-	-
	Payables at year end	-	-
	(Hindustan Unilever Foundation)		
	Donations paid	-	22.94
iii)	**Key Management Personnel**		
	(Pushkaraj Shenai)		
	Remuneration	155.03	149.63

39) DEFERRED TAX

The Company has unabsorbed depreciation and carried forward business losses amounting to Rs.('Lakhs) 13,860.30 (Previous year Rs.('Lakhs) 11,009.19). No deferred tax asset has been recognised as there is no virtual certainity that sufficient future taxable income would be available against which such deferred tax assets can be adjusted.

40) TRANSFER PRICING

The Company is in the process of carrying out a study for the period from 1st April, 2015 to 31st March, 2016 on applicable transfer pricing rules, issued by the Central Board of Direct Taxes, and obtaining an accountant's report. Adjustments towards liability for taxation, if any, on completion of transfer pricing study is currently not ascertainable.

41) WHOLE TIME DIRECTOR APPOINTMENT AND REMUNERATION

The share holders of the Company in their extra ordinary general meeting held on 3rd September, 2014, by passing a special resolution, approved the appointment of Mr. Pushkaraj Shenai as a whole time director of the Company and payment of remuneration in excess of limits prescribed under section 197 of the Companies Act, 2013 (the Act) read with Part II of Schedule V of the Act.

In view of the Companies Act, 2013 being notified, a fresh application was made to the Central Government to seek approval with regard to remuneration to be paid to Mr. Pushkaraj Shenai as a Whole-time Director of the Company for the period commencing from 1 April 2014 to 25 April 2016. The said approval was received on 29 April 2015. The Company has paid remuneration of Rs. 155.03 lacs in the current year to Mr. Pushkaraj Shenai.

Based on the recommendation made by Nomination and Remuneration committee and approval of the Board of Directors of the Company, Mr. Pushkaraj Shenai was reappointed as whole time director of the Company for a period of 3 years starting April 26, 2016. This approval is subject to approval of Members and Central Government and the Company is in the process of obtaining approval of Members and filing an application with the Central Government.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

42) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

43) MOVEMENT OF OTHER PROVISION

	Legal & Others	Total
Balance as on 1st April 2014	-	-
Additions/Reclassification	219.82	219.82
Utilisation/Reversals/Reclassification	(204.11)	(204.11)
Balance as on 31st March 2015	**15.71**	**15.71**
Additions/Reclassification	-	-
Utilisation/Reversals/Reclassification	-	-
Balance as on 31st March 2016	**15.71**	**15.71**

44) Previous year figures have been re-grouped/re-stated wherever necessary to conform with this year's classification.

As per our report of even date attached

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

Akeel Master
Partner
Membership No: 046768

Mumbai : 6th May, 2016

For and on behalf of Board of Directors

Pushkaraj Shenai
Director
DIN No-03518297

Dinesh Thapar
Director
DIN No-05288401

Amit Bhasin
Company Secretary
Membership No: A16804

Mumbai : 6th May, 2016

Pond's Exports Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Geetu Verma – Director Girish Anantharaman – Director Dinesh Thapar – Additional Director V. Kannan – Independent Director Nikhilesh Panchal – Independent Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai – 400 099

To the Members,

Your Directors are pleased to present the 35th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from operations, net of excise	11,145.33	13,827.39
Profit before exceptional items and tax	(606.06)	423.47
Profit for the year	(493.19)	473.04
Profit & Loss Account balance carried forward	492.72	985.91

OPERATIONAL REVIEW

Your Company had a challenging year in 2015 on account of poor Euro and weak economic situation in Eurozone. The year also saw the footwear businesses across the globe facing severe pressure in sales and most of the big brands reported a double digit negative growth. China weakened its currency to strengthen their exports performance while the other shoe producing countries like Brazil and Argentina faced economic crisis leading to rapid weakening of their currencies. As a result India as a country faced a big challenge from the competitive pricing of these countries.

Since Europe is your Company's largest importer, with Europe facing volatile economic conditions and erratic nature / seasons not helping the footwear sales, your Company had to weather the worst ever impact. Your Company was affected from three fronts – lesser orders due to poor sales performances of brands, weaker Euro not really helping the prices of goods sold and competition from unexpected countries like Brazil and Argentina.

As the customers were not in a position to increase prices to offset the falling Euro due to their failing sales, your Company had to endure the year with great difficulty and the priority was to contain the losses by appropriate new sources of materials and robust new developments to attract customers from Dollar Market.

Your Company continued to consolidate its position with its key upper customers and inspite of a very volatile situation in Eurozone, these customers continued to source from India and kept continuity to their Indian sourcing. However, new customers, which your Company forayed into in the previous year, had to exit their businesses in India which resulted in a loss of business to your Company. Some of the big brands, with whom your Company made entry in 2014, had gone into a consolidation mode due to their poor sales performance and being the latest entrant into their sourcing profile, your Company had to face the brunt of their exit.

The raw material prices started falling globally due to falling global sales and this has to some extent helped maintain pricing balance inspite of the fact that the Euro had not recovered to 2014 levels.

Your Company used this year to further focus on complexity reduction by consolidating its production facilities which resulted in fewer number of them thereby helping to consolidate the control on costs, quality and operations management.

Customer sales are not recovering and hence, there continues to be pressure on pricing and therefore 2016 will also be a crucial year to endure the pressure from weak Euro and falling Global Footwear sales. Your Company has plans to mitigate this adverse condition by focusing on expanding its customer base, across geography with special focus to Dollar market through aggressive product development, participation in fairs across the globe and through efficient sourcing.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Anita Sandeep Zutshi and Mr. Dinesh Thapar were appointed as Additional Directors of the Company with effect from 25th August, 2015 and 21st March, 2016 respectively. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Dinesh Thapar shall hold office upto the date of the forthcoming Annual General Meeting and is eligible to be appointed as Director. The Company has received notice, along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Dinesh Thapar as Director of the Company at the forthcoming Annual General Meeting.

During the year, Mr. Vijit Anand and Ms. Anita Sandeep Zutshi resigned from the Board of Directors of your Company with effect from 14th August, 2015 and 21st March, 2016 respectively. Mr. Santosh Somani resigned as Company Secretary of the Company with effect from 14th August, 2015. The Board placed on record its appreciation for the services rendered by them during their tenure as Directors / Company Secretary of the Company.

The Company has received declaration from the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

In accordance with Article 127 of the Articles of Association of the Company and the Companies Act, 2013, one - third of the Directors, except Independent Directors, of the Company are liable to retire by rotation at every Annual General Meeting and accordingly, Ms. Geetu Verma retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed at the next Board meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 29th April, 2015, 25th August, 2015, 15th December, 2015 and 21st March, 2016. The interval between any two meetings was well within the maximum allowed gap of 120 days.

COMMITTEES OF THE BOARD

In line with the requirements of Companies Act, 2013 and Rules made thereunder, your Company has two Board Committees viz. Audit Committee and Nomination and Remuneration Committee.

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

The Board has currently the following Committees:

Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013, the Audit Committee of your Company has Mr. Nikhilesh Panchal, Mr. V. Kannan and Mr. Girish Anantharaman as its Members.

The Audit Committee performs the following functions:

- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;
- Examination of financial statements and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter – corporate loans and investments;
- Valuation of undertakings and assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

The minutes of each Audit Committee meeting are placed in the subsequent meeting of the Committee and the Board.

The Audit Committee met thrice during the financial year ended 31st March, 2016 on 29th April, 2015,15th December, 2015 and 21st March, 2016.

Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee has Ms. Geetu Verma, Mr. Girish Anantharaman, Mr. V. Kannan and Mr. Nikhilesh Panchal as its Members.

The Nomination and Remuneration Committee performs the following functions:

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine the criteria for appointment including qualifications, positive attributes and independence of a Director;
- Identify candidates who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Recommend to the Board a policy in relation to the remuneration for the Directors, Key Managerial Personnel and other employees.

The minutes of each Nomination and Remuneration Committee meeting are placed in the subsequent meeting of the Committee and the Board.

The Nomination and Remuneration Committee met twice during the financial year ended 31st March, 2016 on 25th August, 2015 and 21st March, 2016.

BOARD MEMBERSHIP CRITERIA

The Board of Directors are collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identification, 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 Public 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 requirements of the law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during the year were in the 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. 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.

RESPONSIBILITY STATEMENT

The Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

Disclosure with respect to remuneration of employees as per Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 is appended as an Annexure to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details relating to Loans, Guarantees and Investments are provided in the Notes to Financial Statements.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial control system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 33rd Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

Conservation of Energy

Your Company strives cautiously to conserve energy by adopting measures to change to eco friendly and cheaper fuels, reducing wastage and optimizing consumption. Some of the specific measures undertaken are listed below:

- Installation of energy efficient lighting on the shop floors;
- Installation of energy efficient fans on the shop floor;
- Optimization of power usage by balancing the requirement to optimal needs.

Above key measures have delivered significant savings in power and fuel to your Company and the journey of your Company on the effective utilization of energy conservation continues.

There was no capital investment made on energy conservation equipments during the year under review.

Technology Absorption

The Company maintains interaction with Unilever internationally on sustainable practices and the product technology is mostly guided by global brands. This is facilitated through well co-ordinated customer visit programs. The program includes visiting markets to understand concepts and technologies and through a well organized in-house Design & Development team executed to perfection within stipulated timelines to customers satisfaction.

Your Company is receiving support and guidance from Hindustan Unilever Limited and Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company in product improvement, cost reduction, product development / import substitution as also to remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

There was no expenditure incurred on Research and Development during the year under review.

Details of foreign exchange earnings and outgo as per the Companies Act 2013 are given below.

(Rs. lakhs)

		For the year ended 31st March, 2016	For the year ended 31st March, 2015
I	Earnings	8,725.71	11,157.75
II	Outgo	1,846.91	3,140.38

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Company is committed to excellence in safety, health, environment and quality management. It accords the highest priority to the health and safety of its employees, customers and other stakeholders as well as to the protection of the environment. The management of your Company is focused on continuous improvement in these areas which are fundamental to the sustainable growth of the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Geetu Verma
Director
DIN: 00696047

Girish Anantharaman
Director
DIN: 06968479

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U24246MH1981PLC261125
Registration Date	:	26th May, 1981
Name of the Company	:	Pond's Exports Limited
Category / Sub-Category of the Company	:	Public Company / Company having share capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099 Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the company.

Sr. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1.	Leather Footwear, shoe uppers	15201	92.82

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	90	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporates	-	1,99,00,147	1,99,00,147	100	-	1,99,00,147	1,99,00,147	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**1,99,00,147**	**1,99,00,147**	**100**	**-**	**1,99,00,147**	**1,99,00,147**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**1,99,00,147**	**1,99,00,147**	**100**	**-**	**1,99,00,147**	**1,99,00,147**	**100**	**0.00**

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1	Hindustan Unilever Limited	1,79,10,126	90.00	NIL	1,79,10,126	90.00	NIL	0.00
2	Unilever India Exports Limited	19,90,015	10.00	NIL	19,90,015	10.00	NIL	0.00
3.	V. Balaraman	1	0.00	NIL	0	0.00	NIL	0.00
4.	Dev Bajpai j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
5.	Ritesh Tiwari j/w Hindustan Unilever Limited	1	0.00	NIL	0	0.00	NIL	0.00
6.	BP Biddappa j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
7.	Unilever India Exports Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
8.	Hindustan Unilever Limited j/w Priya Nair	1	0.00	NIL	1	0.00	NIL	0.00
9.	Geetu Verma j/w Hindustan Unilever Limited	0	0.00	NIL	1	0.00	NIL	0.00
10	Hindustan Unilever Limited j/w Aasif Malbari	0	0.00	NIL	1	0.00	NIL	0.00
	Total	**1,99,00,147**	**100.00**	**NIL**	**1,99,00,147**	**100.00**	**NIL**	**0.00**

iii. Change in Promoters' Shareholding

Sl No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	V. Balaraman				
	At the beginning of the year	1	0.00	1	0.00
	Sold on 29.04.2015	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
2.	Geetu Verma j/w Hindustan Unilever Limited				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 29.04.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
3.	Ritesh Tiwari j/w Hindustan Unilever Limited				
	At the beginning of the year	1	0.00	1	0.00
	Sold on 15.12.2015	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
4.	Hindustan Unilever Limited j/w Aasif Malbari				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 15.12.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not Applicable

v. Shareholding of Directors and Key Managerial Personnel

Sl No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Ms. Geetu Verma (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (29.04.2015)	1	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

Note: Mr. Girish Anantharaman, Mr. Dinesh Thapar, Mr. V. Kannan and Mr. Nikhilesh Panchal did not hold any shares shares of the Company during the financial year 2015-16.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	12,00,00,000	0	12,00,00,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	9,16,143	0	9,16,143
Total (i+ii+iii)	**0**	**12,09,16,143**	**0**	**12,09,16,143**
Change in Indebtedness during the financial year				
• Addition	0	4,00,00,000	0	4,00,00,000
• Reduction	0	11,80,00,000	0	11,80,00,000
Net Change	**0**	**(7,80,00,000)**	**0**	**(7,80,00,000)**
Indebtedness at the end of the financial year				
i) Principal Amount	0	4,20,00,000	0	4,20,00,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	3,05,358	0	3,05,358
Total (i+ii+iii)	**0**	**4,23,05,358**	**0**	**4,23,05,358**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Not Applicable

B. Remuneration to other Directors

(Rs. lakhs)

Sl. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Mr. Nikhilesh Panchal	Mr. V. Kannan	
1	Independent Directors			
	• Sitting Fees for attending Board / Committee Meetings	1.35	1.35	2.70
	Total	**1.35**	**1.35**	**2.70**
	Overall ceiling Limit as per Act	NA*	NA *	NA*

* The Independent Directors of the Company receive Sitting Fee for attending the Board / Committee Meetings of the Company which is excluded under Section 197 of the Companies Act, 2013

- Non-Executive Directors do not receive any remuneration from the Company.

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Geetu Verma
Director
DIN: 00696047

Girish Anantharaman
Director
DIN: 06968479

Annexure to the Directors' Report

Disclosure of remuneration of employees under Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Qualification	Date of employment	Designation / Nature of duties	Designation / Nature of duties		Experience	Last employment
					Gross (Rs.)	Net (Rs.)		
Rajangam David V	50	B.E	01.07.1988	Customer Service Manager	75,18,096	55,25,241	28	-

- Remuneration Received Gross includes salary, allowances, commission, performance linked variable pay disbursed, taxable value of perquisites and Company's contribution to provident fund. Remuneration Received Net includes Gross Remuneration less income tax, professional tax and employees contribution to provident fund.
- Remuneration excludes provision for / contributions to pension, gratuity and leave encashment, special awards, payments made in respect of earlier years including those pursuant to settlements during the year, payments made under voluntary retirement schemes and stock options granted. However contributions to pension in respect of employees who have opted for contribution defined scheme has been included
- Nature of employment is contractual for employees
- Other terms and conditions as per Company's Rules
- Employee is not related to any Director of the Company.
- None of the employees is covered under Rule 5(3)(viii) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Geetu Verma
Director
DIN: 00696047

Girish Anantharaman
Director
DIN: 06968479

INDEPENDENT AUDITOR'S REPORT

To the Members of Pond's Exports Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Pond's Exports Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('the Rules'). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 and taken on record by the Board of Directors, none of the Director is disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Pond's Exports Limited

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 17d to the financial statements.

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer note 6 to the financial statements.

III. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

(i) (a) The Company is maintaining 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 during the year. In accordance with this programme, fixed assets has been physically verified by the management and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.

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

(iii) According to information and explanation given to us, the Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under. Thus the provisions of clause 3 (v) are not applicable to the Company.

(vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of 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, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, there are no dues of Income tax, Value added

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

tax, Service 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) The Company does not have any loans or borrowings from any financial institution, banks, Government or debenture holders during the year. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).

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

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company has not made preferential allotment of shares to companies/firms/parties covered in the register maintained under section 42 of the Companies Act, 2013.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non -cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

Annexure I

All amounts in Rs. Lakhs

Name of the Statute	Nature of dues	Amount Demanded	Amount Paid	Period to which the amount relates	Forum where dispute is pending
Excise duty	Excise duty including interest and penalty, as applicable	5.0	Nil	1999-2004	Customs, Excise and penalty, Tax Appellate Tribunal, Chennai

Annexure B to the Independent Auditor's Report- 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Pond's Exports Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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 ICAI.

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

Akeel Master
Partner
Membership No: 046768

Mumbai 6 May 2016

BALANCE SHEET

As at 31st March, 2016

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

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	199.00	199.00
Reserves and surplus	4	583.99	1,077.18
Non-current liabilities			
Long-term borrowings	5	270.00	1,000.00
Long-term provisions	6	477.63	450.15
Current liabilities			
Trade payables			
Due to Micro and Small Enterprises	45	-	-
Dues to others	7	1,299.32	2,264.52
Other current liabilities	8	236.26	295.69
TOTAL		**3,066.20**	**5,286.54**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	216.21	304.47
Deferred tax assets (net)	10	-	179.55
Long-term loans and advances	11	144.69	90.41
Current assets			
Inventories	12	1,216.29	2,297.72
Trade receivables	13	540.43	1,087.48
Cash and bank balances	14	375.58	478.47
Short-term loans and advances	15	126.60	190.22
Other current assets	16	446.40	658.22
TOTAL		**3,066.20**	**5,286.54**
Significant accounting policies	2		
Contingent liabilities	17		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Pond's Exports Limited

Dinesh Thapar
Director
DIN No-05288401

Geetu Verma
Director
DIN No-00696047

Mumbai: 6th May, 2016

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2016

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

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
REVENUE FROM OPERATIONS (GROSS)	18	11,360.53	14,136.60
Less: Excise duty		(215.20)	(309.21)
Revenue from operations (net)		**11,145.33**	**13,827.39**
Other income	19	310.56	375.40
TOTAL REVENUE		**11,455.89**	**14,202.79**
EXPENSES			
Cost of materials consumed	20	7,503.67	9,319.49
Purchase of stock-in-trade	21	56.03	65.79
Changes in inventories of finished goods and work-in-progress	22	208.93	(76.47)
Employee benefits expense	23	426.59	429.01
Finance cost	24	74.70	86.48
Depreciation expense	25	26.55	28.80
Other expenses	26	3,765.48	3,926.22
TOTAL EXPENSES		**12,061.95**	**13,779.32**
Profit/(Loss) before exceptional items and tax		(606.06)	423.47
Exceptional items	27	290.49	(34.99)
Profit/(Loss) before tax		**(315.57)**	**388.48**
Tax expenses			
Current tax		-	(95.00)
Tax adjustments of previous years (net)		1.93	-
Deferred tax credit/(charge)		(179.55)	179.55
PROFIT/(LOSS) FOR THE YEAR		**(493.19)**	**473.04**
Earnings per equity share			
Basic and Diluted (Face value of Re. 1 each)	29	(2.48)	2.38
Significant accounting policies	2		
Other notes	30-48		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Pond's Exports Limited

Dinesh Thapar
Director
DIN No-05288401

Geetu Verma
Director
DIN No-00696047

Mumbai: 6th May, 2016

CASH FLOW STATEMENT

For the year ended 31st March, 2016

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

	Year ended 31st March, 2016	Year ended 31st March, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before exceptional items and tax	(315.57)	388.48
Adjustments for:		
Depreciation expense	26.55	28.80
Loss / (Gain) on sale of fixed assets held for disposal	(331.46)	-
Interest income	(0.07)	(0.78)
Provision for service cost of gratuity benefits	-	5.36
Interest expense	74.70	86.48
Provision for doubtful debts and doubtful advances	(14.81)	78.76
Liabilities written back to the extent no longer required	(26.16)	(48.92)
Unrealised foreign exchange loss	20.88	6.10
	(250.37)	155.81
Operating profit/(loss) before working capital changes	(565.94)	544.29
Changes in working capital:		
(Increase) / Decrease in trade receivables	540.97	301.34
(Increase) / Decrease in short term loans and advances	91.72	(33.25)
(Increase) / Decrease in other current assets	211.82	227.07
(Increase) / Decrease in long term loans and advances	(12.23)	15.18
(Increase) / Decrease in inventory	1,081.43	(482.63)
Increase / (Decrease) in trade payables	(965.20)	(84.40)
Increase / (Decrease) in long term provisions	(13.48)	10.09
Increase / (Decrease) in other current liabilities	(9.45)	37.47
Increase / (Decrease) in other long term liabilities	-	(780.35)
	925.59	(789.48)
Cash (used in) / generated from operations	359.64	(245.19)
Income taxes (paid)	(42.05)	(160.00)
Exceptional items:		
Increase in liability for retirement benefits arising from actuarial assumption changes	-	(0.59)
Provision for employee related disputes	40.97	25.58
Net cash (used in) / generated from operating activities - [A]	358.57	(380.20)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of tangible assets	(19.58)	(38.04)
Sale proceeds of fixed assets	412.74	-
Sale proceeds of current investments	-	0.50
Interest received	0.07	0.78
Net cash (used in) / generated from investing activities - [B]	393.23	(36.76)

CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2016

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

	Year ended 31st March, 2016	Year ended 31st March, 2015
C CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(74.70)	(86.48)
Inter corporate deposits taken	400.00	1,050.00
Inter corporate deposits repaid	(1,180.00)	(300.00)
Net cash (used in) / generated from financing activities - [C]	**(854.70)**	**663.52**
Net increase / (decrease) in cash and bank balances - [A+B+C]	(102.90)	246.56
Cash and cash equivalent at the beginning of the year	478.47	231.91
Cash and cash equivalent at the end of the year	**375.56**	**478.47**
Cash and cash equivalents comprise of:		
Cash on hand	0.71	0.65
Balances with banks		
- Balance with scheduled banks - current account	374.87	477.82
	375.58	**478.47**

Notes to the Cash Flow Statement:

1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), "Cash Flow Statements" prescribed in Companies (Accounts) Rule, 2014.

2 Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3 The previous year's figures have been regrouped/ restated wherever necessary to conform to this year's classification.

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Pond's Exports Limited

Dinesh Thapar
Director
DIN No-05288401

Geetu Verma
Director
DIN No-00696047

Mumbai: 6th May, 2016

NOTES

to the financial statements for the year ended 31st March, 2016

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

1) CORPORATE INFORMATION

Pond's Exports Limited (the 'Company') is a wholly owned subsidiary of Hindustan Unilever Limited (HUL). The Company (bearing CIN number U24246TN1981PLC008785) was incorporated on May 26, 1981 and the Leather business was transferred from Hindustan Unilever Limited to this company with effect from April 1, 2002. The main objective of the Company is to manufacture and sell leather-upper and leather shoes to various customers, mainly in Europe, Middle East, Africa etc.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. These financials statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the 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/non-current classification of assets and liabilities. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0.00" in the relevant notes in these financial statements.

2.2 Use of estimates

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

2.3 Revenue recognition

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

Other operating revenue are inclusive of export Incentives such as duty drawbacks and premium on sale of import licenses and is recognised on an accrual basis.

2.4 Expenditure

Expenses are accounted for on accrual basis.

2.5 Tangible assets and depreciation

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

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the Statement of Profit and Loss. Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

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

Depreciation is provided on a pro-rata basis as per the useful life estimates prescribed under Schedule II to the Companies Act, 2013, except for certain class of assets. Summary of the useful life estimates for all class of assets is given below -

Asset Class	Details
Freehold Land	Not depreciable
Building	Depreciated as per useful life estimate ranging from 30 to 60 years, aligned to Schedule II
Plant & Equipment	Depreciated over 2 to 21 years based on the technical evaluation of useful life done by the Company
Office Equipment	Depreciated as per useful life estimate not exceeding 5 years, aligned to Schedule II
Furniture & Fixtures	Depreciated as per useful life estimate ranging from 5 to 10 years, aligned to Schedule II
Computers	Depreciated as per useful life estimate not exceeding 3 years, aligned to Schedule II

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

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

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

2.6 Inventories

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

2.7 Trade receivables and loans and advances

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

2.8 Provisions and contingent liabilities

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

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

2.9 Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

2.10 Cash and cash equivalents

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

2.11 Foreign currency transactions

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

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

2.12 Employee benefits

Defined Contribution Plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as 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, compensated absences (in respect of certain employees) and long term service awards. The Company's Gratuity fund scheme is considered as defined benefit plans and the gratuity fund assets are being controlled by separate independent trust for entire Hindustan Unilever Limited and its subsidiaries including Pond's Exports Limited.

NOTES

to the financial statements for the year ended 31st March, 2016

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

The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date, made by independent actuaries.

As per AS 15 Employee Benefits, in respect of group plans that share risks between various enterprises under common control, the net defined benefit cost is recognised in the separate financial statements of the group enterprise that is legally the sponsoring employer for the plan. Hence, the gratuity plan assets, liabilities towards gratuity, leave encashment and long term service awards are recognised in the books of the holding company for the group. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss of the parent company in the year in which they arise.

Termination benefits

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

2.13 Taxes on income

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

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

2.14 Earning per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.15 Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

2.16 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under such leases are charged to the statement of profit and loss on a straight line basis over the period of the lease.

2.17 Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorized		
2,10,00,000 (March 31, 2015: 2,10,00,000) equity shares of Re. 1 each	210.00	210.00
Issued, subscribed and fully paid up		
1,99,00,147 (March 31, 2015: 1,99,00,147) equity shares of Re. 1 each	199.00	199.00
	199.00	**199.00**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Equity Shares:				
Balance as at the beginning of the year	1,99,00,147	199.00	1,99,00,147	199.00
Balance as at the end of the year (Refer Note 47)	1,99,00,147	199.00	1,99,00,147	199.00

b) Rights, preferences and restrictions attached to shares

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

c) Equity Shares in the company held by holding company and subsidiary of holding company in aggregate

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares of Re.1 held by :		
1,79,10,132 (March 31, 2015: 1,79,10,132) shares are held by Hindustan Unilever Limited, the holding company	179.10	179.10
19,90,015 (March 31, 2015: 19,90,015) shares are held by Unilever India Exports Limited, subsidiary of Hindustan Unilever Limited	19.90	19.90

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

	As at 31st March, 2016	As at 31st March, 2015
Number of shares of Re. 1 each held by:		
Hindustan Unilever Limited, the holding company	1,79,10,132	1,79,10,132
% of Holding	90	90
Unilever India Exports Limited, subsidiary of Hindustan Unilever Limited	19,90,015	19,90,015
% of Holding	10	10

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Capital reserve		
Balance as at the beginning and at the end of the year(Refer note 47)	87.56	87.56
General reserve		
Balance as at the beginning and at the end of the year	3.71	3.71
Surplus in statement of Profit and Loss		
Balance as at the beginning of the year	985.91	526.83
Add: Profit/(Loss) for the year	(493.19)	473.04
Less: Adjusted for Depreciation (Refer note 9)	-	(13.96)
Balance as at the end of the year	492.72	985.91
Total	**583.99**	**1,077.18**

NOTES

to the financial statements for the year ended 31st March, 2016

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

5) LONG - TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
Unsecured:		
Inter corporate deposit	420.00	1,200.00
Less: Current maturities of long term debt (Refer Note 8)	(150.00)	(200.00)
	270.00	**1,000.00**

Notes:

1. Inter corporate deposits is long term borrowings from Hindustan Unilever Limited, the Holding Company.
2. This loan was used for working capital requirement of leather business. It is repayable over a period of 7 years and carries an average rate of interest at 8.43% p.a.

6) LONG-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (Refer note 34)		
Gratuity	-	5.46
Compensated absences	-	4.17
Long term service awards	-	6.12
Other provision		
Provision for litigations, restructuring and others (Refer note 33)	440.23	397.00
Provision for income tax (net)	37.40	37.40
	477.63	**450.15**

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7) TRADE PAYABLES

	As at 31st March, 2016	As at 31st March, 2015
Sundry creditors		
Payables due to Micro and Small Enterprises (Refer note 45)	-	-
Payables due to others	1,299.32	2,264.52
	1,299.32	**2,264.52**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

8) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long term debt (Refer Note 5)	150.00	200.00
Interest accrued but not due on borrowings	3.05	9.16
Other payables		
Statutory dues (including provident fund,tax deducted at source and others)	26.85	42.28
Salary, wages and bonus payable	3.04	5.75
Advance from customers	53.32	38.50
	236.26	**295.69**

9) TANGIBLE ASSETS

	Land Freehold	Buildings	Plant and Machinery	Furniture and fixtures	Office equipment	Total
Gross block						
Balance as at 1st April, 2014	**11.16**	**119.21**	**407.28**	**19.13**	**55.62**	**612.40**
Additions	-	-	41.80	0.90	2.52	45.22
Deletions	-	-	-	-	-	-
Balance as at 31st March, 2015	**11.16**	**119.21**	**449.08**	**20.03**	**58.14**	**657.62**
Additions	-	-	10.18	6.06	3.34	19.58
Deletions	(0.34)	(20.56)	(180.29)	-	(1.56)	(202.75)
Balance as at 31st March, 2016	**10.82**	**98.65**	**278.97**	**26.09**	**59.92**	**474.45**
Accumulated depreciation						
Balance as at 1st April 2014	**-**	**42.11**	**214.98**	**7.95**	**45.36**	**310.40**
Additions	-	3.77	22.32	0.80	1.90	28.79
Deletions	-	-	-	-	-	-
Reserves Impact	-	2.37	-	1.83	9.77	13.97
Balance as at 31st March 2015	**-**	**48.25**	**237.30**	**10.58**	**57.03**	**353.16**
Additions	-	3.22	22.04	0.90	0.39	26.55
Deletions	-	(6.69)	(113.77)	-	(1.01)	(121.47)
Balance as at 31st March 2016	**-**	**44.78**	**145.57**	**11.48**	**56.41**	**258.24**
Net Block						
Balance as at 31st March 2015	**11.16**	**70.96**	**211.78**	**9.45**	**1.11**	**304.47**
Balance as at 31st March 2016	**10.82**	**53.87**	**133.40**	**14.61**	**3.51**	**216.21**

Note

During the previous year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013, applicable for accounting periods commencing from 1st April 2014 or re-assessed useful life based on technical evaluation. Accordingly, depreciation of Rs. 13.96 Lakhs on account of assets whose useful life is already exhausted as on 1st April 2014 has been adjusted against Retained earnings.

NOTES

to the financial statements for the year ended 31st March, 2016

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

10) DEFERRRED TAX ASSETS (NET)

	As at 31st March, 2016	As at 31st March, 2015
Deferred tax assets		
Provision for doubtful debts and advances	203.44	231.39
Expenses allowable for tax purposes when paid	13.10	13.20
	216.54	**244.59**
Deferred tax liabilities		
Depreciation	(30.90)	(65.04)
	185.64	**179.55**
Deferred tax assets (net)	-	179.55

The Company has unabsorbed depreciation and carried forward business losses amounting to Rs. ('Lakhs) 217.97 (Previous year Rs. ('Lakhs) Nil). No deferred tax asset has been recognised as there is no virtual certainity that sufficient future taxable income would be available against which such deferred tax assets can be adjusted.

11) LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Security deposits		
Considered good	15.00	14.89
Advance income tax (net)	127.69	73.52
Other loans and advances		
Balances with government authorities	2.00	2.00
(Represents bank deposit placed with Sales Tax Department due to mature after 12 months from the reporting date) (Refer note 14)		
	144.69	**90.41**

12) INVENTORIES

(At lower of cost and net realisable value)

	As at 31st March, 2016	As at 31st March, 2015
Raw materials	776.59	1,614.46
Packing materials	6.62	23.91
Work-in-progress (Refer note 35)	407.73	554.64
Finished goods (Refer note 36)	25.35	86.79
Stores and spares	-	1.39
Traded goods	-	16.53
	1,216.29	**2,297.72**

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to the financial statements for the year ended 31st March, 2016 (Contd.)

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

13) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Considered good		
Outstanding for a period exceeding six months from the date they were/become due for payment	-	-
Others	540.43	1,087.48
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	193.85	208.03
Less: Provision for doubtful debts	(193.85)	(208.03)
	540.43	**1,087.48**

14) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Cash on hand	0.71	0.65
Balances with banks		
In current accounts	374.87	477.82
	375.58	**478.47**

	As at 31st March, 2016	As at 31st March, 2015
Details of bank balances		
Bank balances available on demand with original maturity of 3 months or less included under 'Cash and cash equivalents'	374.87	477.82
Bank deposits due to mature after 12 months of the reporting date included under 'Long term loans and advances' (Refer note 11)	2.00	2.00
	376.87	**479.82**

15) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Advances recoverable in cash or in kind or for value to be received		
Considered doubtful	87.97	87.93
Less: Provision for doubtful advances	(87.97)	(87.93)
Others		
Considered good	126.60	190.22
Considered doubtful	-	30.95
Less: Provision for doubtful advances	-	(30.95)
	126.60	**190.22**

NOTES

to the financial statements for the year ended 31st March, 2016

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

16) OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Income accrued on deposits	7.22	5.93
Export benefits receivable	439.18	652.29
	446.40	**658.22**

17) CONTINGENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Claims against the Company not acknowledged as debts		
Excise duty matters	5.01	5.01
Income tax matters	50.97	32.82
	55.98	**37.83**

a) It is not practicable for the Company to estimate the timings of cash outflow, if any, in respect of the pending resolution of the respective proceedings.

b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

(c) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

(d) The Company's pending litigations comprise of proceedings pending with Income Tax and Excise authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

18) REVENUE FROM OPERATIONS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Sale of products		
Finished goods (Refer note 31)	10,481.91	12,777.30
Traded goods (Refer note 31)	78.48	72.52
Other operating revenue		
Duty drawback and premium on sale of import licences	792.53	1,279.81
Scrap sales	7.61	6.97
Less: Excise duty	(215.20)	(309.21)
	11,145.33	**13,827.39**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

19) OTHER INCOME

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest income		
From non current investment	-	0.68
From bank deposits	0.07	0.10
Liabilities written back to the extent no longer required	26.16	48.92
Net gain on foreign currency transactions (Realised)	284.33	325.70
	310.56	**375.40**

20) COST OF MATERIALS CONSUMED

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Raw materials consumed (Refer notes 37 - 38)	7,362.73	9,113.37
Packing material consumed (Refer note 38)	140.94	206.12
	7,503.67	**9,319.49**

21) PURCHASE OF STOCK - IN - TRADE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Purchase of goods (Refer note 40)	56.03	65.79
	56.03	**65.79**

22) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
(Increase) / Decrease In Stocks And Work-In-Progress		
Opening stock		
Finished goods	86.79	47.76
Work-in-progress	554.64	507.85
Closing stock		
Finished goods (Refer note 36)	(25.35)	(86.79)
Work-in-progress (Refer note 35)	(407.73)	(554.64)
Excise duty on increase/(decrease) of finished goods	0.58	9.35
	208.93	**(76.47)**

NOTES

to the financial statements for the year ended 31st March, 2016

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

23) EMPLOYEE BENEFITS EXPENSE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Salaries, wages and bonus	372.92	363.63
Contribution to provident fund and other funds (Refer note 34)	23.39	22.99
Current service cost of gratuity benefits	-	5.36
Workmen and staff welfare expenses	30.28	37.03
	426.59	**429.01**

24) FINANCE COST

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Interest on inter - corporate deposit (Refer note 46)	73.92	80.26
Interest expense on bank overdraft	0.78	6.22
	74.70	**86.48**

25) DEPRECIATION EXPENSE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Depreciation on tangible assets (Refer note 9)	26.55	28.80
	26.55	**28.80**

26) OTHER EXPENSES

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Consumption of stores and spares (Refer note 38)	53.51	70.31
Power, fuel, light and water	15.21	14.58
Processing charges	2,375.98	2,465.79
Rent (Refer note 32)	49.63	59.33
Repairs and maintenance		
-Buildings	9.07	1.53
-Plant and machinery	43.62	39.07
-Others	7.83	7.16
Insurance	3.89	5.80
Rates and taxes	7.28	1.72
Advertising and sales promotion	76.46	49.03
Provision / (write back) for doubtful debts and advances (net)	(14.81)	78.76
Agents' commission and brokerage (Refer note 42)	150.67	88.95
Carriage and freight	380.81	402.05
Unrealized exchange loss (Refer note 28)	20.88	6.10
Travelling and motor car expenses	71.11	61.12
Purchase services (Refer note 30)	245.30	227.21
Miscellaneous expenses	122.62	170.57
Expenses shared by the Company for use of common facilities (Refer note 46)	146.42	177.14
	3,765.48	**3,926.22**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

27) EXCEPTIONAL ITEMS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
i) Reduction/(increase) in liability for retirement benefits arising from changes in actuarial assumption	-	0.59
ii) Profit arising from disposal of unused land and building	331.46	-
Total exceptional income (A)	**331.46**	**0.59**
iii) Restructuring costs (Refer note 33)	(40.97)	(25.58)
iv) Others	-	(10.00)
Total exceptional expenditure (B)	**(40.97)**	**(35.58)**
Exceptional items (net) (A-B)	**290.49**	**(34.99)**

28) The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions are likely to be settled / appropriate rates applicable at the year end) debited to the statement of Profit and Loss is Rs. 20.88 (Lacs) (2014-15: Debit of Rs. 6.10 Lacs).

29) EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Net profit/(loss) (Rs. Lakhs)	(493.19)	473.04
Weighted average number of equity shares outstanding	1,99,00,147	1,99,00,147
Earnings/(loss) per share (Rs.) - basic and diluted (Face value of Re. 1 per share)	(2.48)	2.38

30) PURCHASE SERVICES INCLUDE

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Auditor's remuneration and expenses		
Audit fees	5.67	6.25
Tax audit fees	3.61	3.98
	9.28	**10.23**

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

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Footwear, shoe uppers and other components	10,345.18	12,540.61
	10,345.18	**12,540.61**

32) The Company's significant leasing arrangements are in respect of operating leases for premises (office, godown etc.). These leasing arrangements are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of profit and loss. The rental expense incurred by the company is Rs 49.63 lakhs (2014-15 : Rs 59.33 lakhs)

NOTES

to the financial statements for the year ended 31st March, 2016

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

33) MOVEMENT RELATING TO LONG TERM PROVISIONS

	Indirect taxes	Legal & Others	Total
Balance as on 1st April, 2014	51.42	310.00	361.42
Additions/Reclassification	-	35.58	35.58
Utilisation/Reversals/Reclassification	-	-	-
Balance as on 31st March, 2015	51.42	345.58	397.00
Additions/Reclassification	-	43.23	43.23
Utilisation/Reversals/Reclassification	-	-	-
Balance as on 31st March, 2016	**51.42**	**388.81**	**440.23**

34) (I) DEFINED CONTRIBUTION PLANS

a Provident fund and other funds

b Employer's contribution to employee's state insurance

c Family pension fund

During the year, the Company has recognised the following amounts in Statement of Profit and loss

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
- Employer's contribution to provident fund and other funds	16.94	10.23
- Employer's contribution to family pension	6.45	5.84

(II) Defined benefit plans

Gratuity, Officers Pension fund and Provident Fund assets are being controlled by separate independent Trusts for entire Hindustan Unilever Limited and its subsidiaries including Pond's Exports Limited. These trusts maintain their assets at the group level and do not have assets identifiable specifically for Pond's Exports Limited. Thus all the disclosures required by Accounting Standard 15 "Employee Benefits" have been made in Hindustan Unilever Limited's Financial Statements.

In addition, the company has liabilities towards compensated absences of Rs 5.96 lakhs (2014-15 : Rs 4.17 lakhs) and long term service awards of Rs 5.57 lakhs (2014-15: Rs. 6.12 lakhs)respectively, determined on the basis of actuarial valuation. These liabilities are administered for entire group by Hindustan Unilever Limited and have been recognised in the books of the parent company.

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. Pursuant to the Guidance Note, the liability in respect of the shortfall of interest earnings of Fund is Nil, determined on the basis of actuarial valuation done for entire Hindustan Unilever Limited and its subsidiaries including Pond's Exports Limited.

35) CLOSING WORK IN PROGRESS

	As at 31st March, 2016	As at 31st March, 2015
Footwear, shoe uppers and other components	407.73	554.64
	407.73	**554.64**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

36) CLOSING FINISHED GOODS

	As at 31st March, 2016	As at 31st March, 2015
Footwear, shoe uppers and other components	25.35	86.79
	25.35	**86.79**

37) RAW MATERIALS CONSUMED

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Leather	5,490.90	6,919.71
Outsoles	248.00	409.85
Others *	1,623.83	1,783.81
	7,362.73	**9,113.37**

* Represents items which in value individually account for less than 10% of the total value of raw materials consumed.

38) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

		%	Year Ended 31st March, 2016	%	Year Ended 31st March, 2015
Raw materials	- Imported	34.00	2,503.45	32.50	2,961.85
	- Indigenous	66.00	4,859.28	67.50	6,151.53
			7,362.73		**9,113.38**
Spare parts and components (including stores)					
	- Indigenous	100.00	53.51	100.00	70.31
			53.51		**70.31**
Packing materials					
	- Indigenous	100.00	**140.94**	100.00	**206.12**
			140.94		**206.12**

39) VALUE OF IMPORTS ON CIF BASIS

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

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Raw materials	1,647.09	3,000.48
Capital goods	-	17.83
	1,647.09	**3,018.31**

40) PURCHASE OF TRADED GOODS

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Leather goods	56.03	65.79
	56.03	**65.79**

NOTES

to the financial statements for the year ended 31st March, 2016

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

41) EARNINGS IN FOREIGN EXCHANGE

(Accrual basis)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Export of goods	8,725.71	11,157.75
	8,725.71	**11,157.75**

42) EXPENDITURE IN FOREIGN CURRENCY

(Accrual basis)

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Agents' commission and brokerage	150.67	88.95
Travelling	9.50	4.18
Others	39.65	28.93
	199.82	**122.06**

43) SEGMENT INFORMATION

The Company is engaged in business of manufacturing of "Footwear, Shoe Uppers and Other Components". The entire set of business is considered to be governed by similar set of risks and returns and represents a single business segment. Accordingly, the figures appearing in these financial statements relate to "Footwear, Shoe Uppers and Other Components" segment. Information about secondary business segment is as given below:

Information about Secondary Business Segments

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Revenue by geographical market		
India	2,419.62	2,669.62
Outside India	8,725.71	11,157.75
Total	**11,145.33**	**13,827.37**
Additions to fixed assets and intangible assets		
India	19.58	45.22
Outside India	-	-
Total	**19.58**	**45.22**
Carrying amount of segment assets		
India	2,503.64	4,433.85
Outside India	562.56	852.69
Total	**3,066.20**	**5,286.54**

Notes:

1 Geographical segments

The geographical segments considered for disclosure are as follows :

- Sales within India includes sales to customers located within India
- Sales outside India includes sales to customers located outside India

2 Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

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

44) DERIVATIVE INSTRUMENTS

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts outstanding as at 31st March, 2016 are as under:

Sr.	Currency exchange	USD/INR	GBP/INR	EUR/INR
a.	Number of 'buy' contracts	-	-	5.00
		(5.00)	-	-
b.	Aggregate currency amount (Rs. lakhs)	-	-	4.48
		6.82	-	-
c.	Number of 'sell' contracts	-	16.00	2.00
		(10.00)	(2.00)	(12.00)
d.	Aggregate currency amount (Rs. lakhs)	-	47.59	1.59
		(22.25)	(1.70)	(32.53)

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

Currency exchange	USD	GBP	EUR
Net Unhedged Exposure in currency (Rs. lakhs)	-	1.54	0.02
	(1.02)	(0.48)	(0.05)

(figures in bracket pertain to 2015)

45) Under the Micro, Small and Medium Enterprises Development Act, 2016, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Management, there are no outstanding dues to Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as set out in the following disclosure:

	31st March 2016	31st March 2015
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the MSMED	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deduction expenditure under section 23 of the MSMED	Nil	Nil

46) DISCLOSURE OF RELATED PARTY TRANSACTIONS AS PER ACCOUNTING STANDARD 18

Ultimate Holding Company	: Unilever PLC
Holding Company	: Hindustan Unilever Limited
Fellow Subsidiaries	: Unilever India Exports Limited

Details of transactions during the year with Related Parties:

NOTES

to the financial statements for the year ended 31st March, 2016

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

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
Holding Company	Interest on long term borrowing and long term liability	73.92	80.26
	Share of expenses for use of common facilities	146.42	177.14
	Sales of finished goods	-	6.99
	Sale of export licenses	105.49	456.52
	Reimbursement of expenses by holding company	9.60	-
	Inter corporate deposits taken	400.00	1,050.00
	Inter corporate deposits repaid	1,180.00	300.00
	Outstanding as at year end:		
	Long term borrowing		
	Inter corporate deposit payable	270.00	1,000.00
	Other current liabilities		
	Current maturities of long term debt	150.00	200.00
	Interest accrued on inter corporate deposit	3.05	9.16
	Trade Receivables		
	Receivables at year end	5.95	34.84
	Trade Payables		
	Payables at year end	38.85	79.01
Fellow Subsidiary Company			
	Payables at year end	4.58	3.98

47) At the Extra Ordinary General Meeting of the Company held on 16th December, 2011, the Shareholders of the Company approved a Capital Reduction from Rs. 10 per share to Re. 1 per share. This has been duly confirmed by the Hon'ble High Court at Madras vide its Order dated 26th March 2012 and a copy of the order was filed with Registrar of Companies, Chennai (ROC) on March 30, 2012 and the Certificate of Registration of the said order was issued by the ROC on April 12, 2012.

Pursuant to this, the paid up value of equity shares in previous year was reduced from Rs. 10 each to Re. 1 each, resulting in reduction of Rs. 1,79,101 (000) in the Subscribed and Paid Up Equity Share Capital from Rs. 1,99,001(000) to Rs.19,900 (000) (1,99,00,147 Equity Shares of Re.1 each) with a corresponding reduction in the Debit Balance in the Statement of Profit and Loss by Rs. 1,66,365 (000), creation of Capital Reserve of Rs. 8,756 (000) and payment to the Shareholders of Rs. 3,980 (000).

48) The previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date

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

Akeel Master
Partner
Membership No: 046768

Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Pond's Exports Limited

Dinesh Thapar
Director
DIN No-05288401

Geetu Verma
Director
DIN No-00696047

Mumbai: 6th May, 2016

Daverashola Estates Private Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
K. Ganesh - Director Aasif Malbari – Additional Director RajRajeshwari Shukla – Additional Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai 400 099.

To the Members,

Your Company's Directors are pleased to present the 11th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue	-	-
Expenses	-	-
Profit / (Loss) for the Year	-	-
Profit and Loss Account balance brought forward from previous year	(33.72)	(33.72)
Profit and Loss Account balance carried forward	(33.72)	(33.72)

OPERATIONAL REVIEW

The Company has been exploring opportunities for utilization of properties to generate revenue.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Aasif Malbari and Ms. RajRajeshwari Shukla were appointed as Additional Directors of the Company with effect from 14th December, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Aasif Malbari and Ms. RajRajeshwari Shukla shall hold office upto the date of the forthcoming Annual General Meeting and are eligible to be appointed as Directors. The Company has received notice, along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Aasif Malbari and Ms. RajRajeshwari Shukla as Directors of the Company at the forthcoming Annual General Meeting.

During the year, Mr. Ritesh Tiwari and Mr. Ashwani Tyagi resigned from the Board of Directors of your Company with effect from 14th December, 2015. The Board placed on record its appreciation for the services rendered by them during their tenure as Directors of the Company.

In accordance with the Companies Act, 2013, one – third of the Directors of the Company shall retires by rotation at every Annual General Meeting and accordingly, Mr. K. Ganesh retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, five Board Meetings were held on 5th May, 2015, 18th June, 2015, 28th August, 2015, 14th December, 2015 and 7th March, 2016. The interval between any two meetings was well within the maximum allowed gap of 120 days.

RESPONSIBILITY STATEMENT

The Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by your Company in accordance with the provisions of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Ac, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure which forms part of this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial controls system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountant, were appointed as Statutory Auditors of your Company at 9th Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Audit & Auditors) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 04.05.2016	**K.Ganesh**	**Aasif Malbari**
Place: Mumbai	Director	Director
	DIN: 06592716	DIN: 07345077

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U15200MH2004PTC149035
Registration Date	:	8th October, 2004
Name of the Company	:	Daverashola Estates Private Limited
Category / Sub-Category of the Company Limited by Shares	:	Private Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400099 Telephone No : 022 3983 0000 E -mail: comsec.hul@unilever.com
Whether listed company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	N.A	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporate	-	2,21,700	2,21,700	100	-	2,21,700	2,21,700	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoters	**-**	**2,21,700**	**2,21,700**	**100**	**-**	**2,21,700**	**2,21,700**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**2,21,700**	**2,21,700**	**100**	**-**	**2,21,700**	**2,21,700**	**100**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Hindustan Unilever Limited	1,71,700	77.45	NIL	1,71,700	77.45	NIL	0.00
2.	Hindustan Unilever Limited j/w P. B. Balaji	25,000	11.28	NIL	25,000	11.28	NIL	0.00
3.	K. Ganesh j/w Hindustan Unilever Limited	25,000	11.27	NIL	24,996	11.27	NIL	0.00
4.	Hindustan Unilever Limited j/w Ajay Lalvani	0	0.00	NIL	1	0.00	NIL	0.00
5	Hindustan Unilever Limited j/w Aasif Malbari	0	0.00	NIL	1	0.00	NIL	0.00
6	Hindustan Unilever Limited j/w Dinesh Thapar	0	0.00	NIL	1	0.00	NIL	0.00
7	Hindustan Unilever Limited j/w Dev Bajpai	0	0.00	NIL	1	0.00	NIL	0.00
	Total	**2,21,700**	**100.00**	**NIL**	**2,21,700**	**100.00**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	K. Ganesh j/w Hindustan Unilever Limited				
	At the beginning of the year	25,000	11.27	25,000	11.27
	Sold on 18.06.2015	4	0.00	24,996	11.27
	At the end of the year	24,996	11.27	24,996	11.27
2.	Hindustan Unilever Limited j/w Ajay Lalvani				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
3.	Hindustan Unilever Limited j/w Ashwani Tyagi				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	Sold on 14.12.2015	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
4.	Hindustan Unilever Limited j/w Dinesh Thapar				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
5.	Hindustan Unilever Limited j/w Dev Bajpai				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

Sl No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	Hindustan Unilever Limited j/w Aasif Malbari				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 14.12.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. K. Ganesh (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	25,000	11.27	25,000	11.27
	Bought during the year	0	0.00	25,000	11.27
	Sold during the year (18.06.2015)	4	0.00	24,996	11.27
	At the end of the year	24,996	11.27	24,996	11.27
2.	Mr. Ashwani Tyagi (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (18.06.2015)	1	0.00	1	0.00
	Sold during the year (14.12.2015)	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
3.	Mr. Aasif Malbari (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (14.12.2015)	1	0.00	1	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	1	0.00	1	0.00

Note: Ms. RajRajeshwari Shukla did not hold any shares of the Company during the financial year 2015-16.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Date: 04.05.2016
Place: Mumbai

K.Ganesh
Director
DIN: 06592716

Aasif Malbari
Director
DIN: 07345077

INDEPENDENT AUDITOR'S' REPORT

To the Members of Daverashola Estates Private Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Daverashola Estates Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

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

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

      I. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer note 5(iii) to the financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Daverashola Estates Private Limited

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 6 on fixed assets to the financial statements, are not held in the name of the Company as the title deed of leasehold land acquired on demerger of Daverashola Properties of Hindustan Unilever Limited, is in the process of being transferred in the name of the Company. The gross block and net block as on 31 March 2016 and 31 March 2015 is Rs 446.42 lakhs respectively.

(ii) The Company was incorporated on 8 October 2004, with the main objective to construct, improve, maintain, develop, work, manage, carry out or control any buildings, offices, branches, warehouses, stores, chawls and other building which may seem calculated directly or indirectly to advance the Company's interests, and contribute to subsidize or otherwise assist or take part in the construction improvement etc. Accordingly, it does not hold any inventories. Thus, clause 3 (ii) of the Order is not applicable to the Company.

(iii) There are no companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and explanations given to us, the Company did not have any statutory dues which are required to be deposited with the appropriate authorities. Thus, clause 3 (vii a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of any dispute.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.The Company has not made preferential allotment of shares to companies/firms/ parties covered in the register maintained under section 42 of the Companies Act, 2013.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non -cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Daverashola Estates Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

BALANCE SHEET
As at 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,217	2,217
Reserves and surplus	4	39,553	39,553
Non current liabilities			
Other long term liabilities	5	2,922	2,922
TOTAL		44,692	44,692
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	44,642	44,642
Long-term loans and advances	7	50	50
TOTAL		44,692	44,692
Significant accounting policies and notes to the financial statements	2 - 12		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Daverashola Estates Private Limited
CIN U15200MH2004PTC149035

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Total Revenue		–	–
Total expenses		–	–
Profit/ (loss) before tax			
Tax expense:			
Current tax		–	–
Profit/ (loss) for the year		–	–
Profit / (loss) per share (Rs.)			
Basic and diluted (face value of Rs 10/- per share)		–	–
Summary of significant accounting policies and notes to the financial statements	2-12		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Daverashola Estates Private Limited
CIN U15200MH2004PTC149035

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES:**	–	–
	Net cash generated from/ (used in) operating activities - [A]	–	–
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Net cash generated from/(used in) investing activities - [B]	–	–
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net cash generated from/ (used in) financing activities - [C]	–	–
	Net increase/ (decrease) in cash and cash equivalents - [A+B+C]	–	–
	Cash and cash equivalents at the beginning of the year		
	Cash and cash equivalents at the end of the year		
	Cash and cash equivalents comprise of:		
	Balances with banks	–	–
	In current account		
		–	–

Note:
The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Daverashola Estates Private Limited
CIN U15200MH2004PTC149035

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

1) GENERAL INFORMATION

The Company was incorporated on 8th October, 2004 with its main objective to construct, improve, maintain, develop, work, manage, carry out or control any buildings, offices, branches, warehouses, stores, chawls and other building which may seem calculated directly or indirectly to advance the Company's interests, and contribute to subsidize or otherwise assist or take part in the construction improvement etc.

2) SIGNIFICANT ACCOUNTING POLICIES

a Basis for preparation of accounts

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis. These Financial Statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current/non current classification of assets and liabilities.

b Tangible assets

Tangible Assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation / amortization, if any.

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorized		
5,00,000 (31st March, 2015: 5,00,000) of Rs. 10 each	5,000	5,000
Issued, subscribed and paid up		
2,21,700 equity shares (31st March, 2015: 2,21,700) of Rs. 10 each [All shares are held by Hindustan Unilever Limited, the Holding Company and its nominees]	2,217	2,217
	2,217	2,217

a. Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	2,21,700	2,217	2,21,700	2,217
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance as at the end of the year	2,21,700	2,217	2,21,700	2,217

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors are subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding company

	As at 31st March, 2016	As at 31st March, 2015
Equity shares:		
2,21,700 Equity shares (31st March,2015 : 2,21,700) of Rs.10/- each are held by Hindustan Unilever Limited, the holding company and its nominees.	2,217	2,217

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

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares		
Number of shares held by Hindustan Unilever Limited, the holding company and its nominees	2,21,700	2,21,700
Percentage of holding	100%	100%

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Securities premium account	42,925	42,925
	42,925	42,925
Surplus in statement of profit and loss		
Balance at the beginning of the year	(3,372)	(3,372)
Add: Profit for the year	-	-
Balance at the end of the year	(3,372)	(3,372)
Total reserves and surplus	39,553	39,553

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

5) OTHER LONG TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Payable to Hindustan Unilever Limited, the holding company	2,922	2,922
Total	**2,922**	**2,922**

6) TANGIBLE ASSETS

	Leasehold Land	Total
GROSS BLOCK		
Balance as at 1st April, 2014	44,642	44,642
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2015	44,642	44,642
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2016	**44,642**	**44,642**
ACCUMULATED DEPRECIATION		
Balance as at 1st April, 2014	-	-
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2015	-	-
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2016	**-**	**-**
NET BLOCK		
Balance as at 31st March, 2015	44,642	44,642
Balance as at 31st March, 2016	**44,642**	**44,642**

Notes:

i) The title deed of Leasehold Land acquired on demerger of Daverashola Properties of Hindustan Unilever Limited, amounting to Rs.44,642 ('000) is in the process of being transferred in the name of the Company.

ii) Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Company's interest.

iii) The Company's pending litigations comprise of proceedings pending with settlement officer. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

iv) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses.

7) LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Other loans and advances		
Advance income tax [net]	50	50
	50	**50**

8) RELATED PARTY TRANSACTIONS

i) Enterprise where control exists

Holding Company	Hindustan Unilever Limited
Ultimate Holding Company	Unilever PLC

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

ii) Disclosure of transactions between the Company and Holding Company and the status of outstanding balances as at 31st March, 2016

There are no related party transactions during the current and previous year.

	As at 31st March, 2016	As at 31st March, 2015
Balance outstanding as at the year end:		
Payable to Holding Company	2,922	2,922

9) SEGMENTAL REPORTING

Consequent to the demerger and transfer of the Janmam leasehold land (refer note 10) to the Company from 9th February, 2007, the single primary reportable business is that of "Land development". The Company is considered to be operating in one geographical segment.

10) Pursuant to the Scheme of Arrangement for demerger of Janmam Property of Hindustan Unilever Limited to the Company, with effect from 1st November, 2006 as sanctioned by the Honourable High Court of Mumbai on 9th February, 2007, the Janmam leasehold land has been transferred to the Company at a consideration of 1,71,700 equity shares of face value of Rs. 10/- each at a premium of Rs. 250/- per share.

11) Having regard to the continued support of the Company's holding Company , Hindustan Unilever Limited, the financial statements are prepared on a going concern basis.

12) OTHER MATTER

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil ' or ' not applicable ' to the Company for the year.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Daverashola Estates Private Limited
CIN U15200MH2004PTC149035

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

Jamnagar Properties Private Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
K. Ganesh - Director Aasif Malbari - Additional Director RajRajeshwari Shukla - Additional Director	M/s. BSR & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai 400 099.

To the Members,

Your Company's Directors are pleased to present the 9th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue	-	-
Expenses	(11.45)	(11.45)
Profit / (Loss) for the Year	(11.45)	(11.45)
Profit and Loss Account balance brought forward from previous year	(97.30)	(85.85)
Profit and Loss Account balance carried forward	(108.75)	(97.30)

OPERATIONAL REVIEW

The Company has been exploring opportunities for utilization of properties to generate revenue.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Aasif Malbari and Ms. RajRajeshwari Shukla were appointed as Additional Directors of the Company with effect from 14th December, 2015. In accordance with the provisions of the Section 161 of the Companies Act, 2013, Mr. Aasif Malbari and Ms. RajRajeshwari Shukla shall hold office upto the date of the forthcoming Annual General Meeting and are eligible to be appointed as Directors. The Company has received notice, along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Aasif Malbari and Ms. RajRajeshwari Shukla as Directors of the Company at the forthcoming Annual General Meeting.

During the year, Mr. Ritesh Tiwari and Mr. Ashwani Tyagi resigned from the Board of Directors of your Company with effect from 14th December, 2015. The Board placed on record its appreciation for the services rendered by them during their tenure as Directors of the Company.

In accordance with Article 34 of the Articles of Association of the Company and the Companies Act, 2013, all the Directors of the Company retire by rotation at every Annual General Meeting and accordingly, Mr. K. Ganesh retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, five Board Meetings were held on 5th May, 2015, 18th June, 2015, 28th August, 2015, 14th December, 2015 and 7th March, 2016. The interval between any two Meetings was well within the maximum allowed gap of 120 days.

RESPONSIBILITY STATEMENT

The Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by your Company in accordance with the provisions of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure which forms part of this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial controls system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company in the 7th Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Audit & Auditors) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 04.05.2016	**K. Ganesh**	**Aasif Malbari**
Place: Mumbai	Director	Director
	DIN :06592716	DIN:07345077

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U70101MH2006PTC165144
Registration Date	:	16th October, 2006
Name of the Company	:	Jamnagar Properties Private Limited
Category / Sub-Category of the Company	:	Private Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400099 Telephone No : 022 3983 0000 E -mail: comsec.hul@unilever.com
Whether listed company	:	No
Name, Address and Contact details of Registrar andTransfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the Company.

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	N.A	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category - wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporate	-	50,00,000	50,00,000	100	-	50,00,000	50,00,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**50,00,000**	**50,00,000**	**100**	**-**	**50,00,000**	**50,00,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**50,00,000**	**50,00,000**	**100**	**-**	**50,00,000**	**50,00,000**	**100**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Hindustan Unilever Limited	49,99,999	100.00	NIL	49,99,994	100.00	NIL	0.00
2.	Hindustan Unilever Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
3.	Hindustan Unilever Limited j/w K. Ganesh	0	0.00	NIL	1	0.00	NIL	0.00
4.	Hindustan Unilever Limited j/w Ajay Lalvani	0	0.00	NIL	1	0.00	NIL	0.00
5	Hindustan Unilever Limited j/w Aasif Malbari	0	0.00	NIL	1	0.00	NIL	0.00
6	Hindustan Unilever Limited j/w Dinesh Thapar	0	0.00	NIL	1	0.00	NIL	0.00
7	Hindustan Unilever Limited j/w Dev Bajpai	0	0.00	NIL	1	0.00	NIL	0.00
	Total	**50,00,000**	**100.00**	**NIL**	**50,00,000**	**100.00**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

Sl No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Hindustan Unilever Limited				
	At the beginning of the year	49,99,999	100.00	49,99,999	100.00
	Sold on 18.06.2015	5	0.00	49,99,994	100.00
	At the end of the year	49,99,994	100.00	49,99,994	100.00
2.	Hindustan Unilever Limited j/w Ajay Lalvani				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
3.	Hindustan Unilever Limited j/w Bhupesh Gouniyal				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	Sold on 14.12.2015	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
4.	Hindustan Unilever Limited j/w K. Ganesh				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
5.	Hindustan Unilever Limited j/w Dinesh Thapar				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

Sl No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	Hindustan Unilever Limited j/w Dev Bajpai				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 18.06.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
7.	Hindustan Unilever Limited j/w Aasif Malbari				
	At the beginning of the year	0	0.00	0	0.00
	Purchased on 14.12.2015	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. K. Ganesh (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (18.06.2015)	1	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
2.	Mr. Bhupesh Gouniyal (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (18.06.2015)	1	0.00	1	0.00
	Sold during the year (14.12.2015)	1	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
3.	Mr. Aasif Malbari (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year (14.12.2015)	1	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

Note: Ms. RajRajeshwari Shukla did not hold any shares of the Company during the financial year 2015-16.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors and Key Managerial Personnel of the Company do not receive any remuneration from the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Date: 04.05.2016	**K. Ganesh**	**Aasif Malbari**
Place: Mumbai	Director	Director
	DIN :06592716	DIN:07345077

INDEPENDENT AUDITOR'S REPORT

To the Members of Jamnagar Properties Private Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Jamnagar Properties Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

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

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

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Jamnagar Properties Private Limited

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer note 5(i) to the financial statements;

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which are required to be transferred to Investor Education and Protection Fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) According to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company was incorporated on 16 October 2006, with the main objective to develop, build and construct thereon residential, commercial complexes, townships and such similar complexes for sale or self-use or for earning rental income therein by letting out individual units comprised in such buildings. Accordingly, it does not hold any inventories. Thus, clause 3 (ii) of the Order is not applicable to the Company.

(iii) There are no companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and explanations given to us, the Company did not have any statutory dues which are required to be deposited with the appropriate authorities. Thus, clause 3 (vii a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of any dispute.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.The Company has not made preferential allotment of shares to companies/firms/ parties covered in the register maintained under section 42 of the Companies Act, 2013.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non -cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Jamnagar Properties Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

BALANCE SHEET
as at 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	50,000	50,000
Reserves and surplus	4	(10,875)	(9,730)
TOTAL		**39,125**	**40,270**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	5	39,125	40,270
TOTAL		**39,125**	**40,270**
Significant accounting policies and notes to the financial statements	2 - 11		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of board of directors of Jamnagar Properties Private Limited

CIN U70101MH2006PTC165144

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

Bhupesh Gouniyal
Company Secretary
Membership No: ACS7668

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Total Revenue		-	-
Expenses:			
Depreciation and amortization expense	5	1,145	1,145
Total expenses		**1,145**	**1,145**
Profit / (loss) before tax		(1,145)	(1,145)
Tax expense:			
Current tax			
Profit /(loss) for the year	6	**(1,145)**	**(1,145)**
Profit / (loss) per share (Rs.)		(0.23)	**(0.23)**
Basic and diluted (face value of Rs.10/- per share)		(0.23)	**(0.23)**
Significant accounting policies and notes to the financial statements	2 - 11		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of board of directors of Jamnagar Properties Private Limited

CIN U70101MH2006PTC165144

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

Bhupesh Gouniyal
Company Secretary
Membership No: ACS7668

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES:**	-	-
	Loss before tax	(1,145)	-
	Adjustments for:		
	Depreciation expenses	1,145	-
	Net cash generated from/ (used in) operating activities - [A]	-	-
B	**CASH FLOW FROM INVESTING ACTIVITIES:**	-	-
	Net cash generated from/(used in) investing activities - [B]	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES:**	-	-
	Net cash generated from/ (used in) financing activities - [C]	-	-
	Net increase/ (decrease) in cash and cash equivalents - [A+B+C]	-	-
	Cash and cash equivalents at the beginning of the year	-	-
	Cash and cash equivalents at the end of the year	-	-
	Cash and cash equivalents comprise of:		
	Balances with banks		
	In current account	-	-
		-	-

Note:
The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

For and on behalf of board of directors of Jamnagar Properties Private Limited
CIN U70101MH2006PTC165144

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

K.Ganesh
Director
DIN No. 06592716
Mumbai: 4th May, 2016

Aasif Malbari
Director
DIN No. 07345077

Bhupesh Gouniyal
Company Secretary
Membership No: ACS7668

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

1) GENERAL INFORMATION

The Company was incorporated on 16 th October, 2006 as a result of demerger of the Jamnagar properties of Hindustan Unilever Limited, the Holding Company at Jamnagar under a Scheme of Arrangement. The main object is to develop, build and construct thereon residential, commercial complexes, townships and such similar complexes for sale or self use or for earning rental income therein by letting out individual units comprised in such buildings.

2) SIGNIFICANT ACCOUNTING POLICIES

a Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis. These Financials Statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

b Tangible assets

Tangible assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation / amortization, if any.

Leasehold land is stated at cost less accumulated amortization. Amortization is over the lease period of 44 years.

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

c Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
50,00,000 (31st March, 2015: 50,00,000) of Rs. 10 each	50,000	50,000
Issued, subscribed and paid up		
50,00,000 (31st March, 2015: 50,00,000) of Rs. 10 each fully paid up [All shares are held by Hindustan Unilever Limited, the Holding Company and its nominees]	50,000	50,000
	50,000	**50,000**

a. Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	50,00,000	50,000	50,00,000	50,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance as at the end of the year	50,00,000	50,000	50,00,000	50,000

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend is proposed by the board of directors and are subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding company

	As at 31st March, 2016	As at 31st March, 2015
Equity shares:		
50,00,000 Equity shares (31st March, 2015: 50,00,000) of Rs.10/- each are held by Hindustan Unilever Limited, the holding company and its nominee	50,000	50,000

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

	As at 31st March, 2016	As at 31st March, 2015
Equity shares		
Number of shares held by Hindustan Unilever Limited, the holding company and its nominee	50,00,000	50,00,000
percentage of holding	100%	100%

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Reserves and surplus		
Surplus in statement of profit and loss		
Balance at the beginning of the year	(9,730)	(8,585)
Add: Profit/ (loss) for the year	(1,145)	(1,145)
Balance at the end of the year	(10,875)	(9,730)
Total	**(10,875)**	**(9,730)**

5) TANGIBLE ASSETS

	Leasehold Land	Total
GROSS BLOCK		
Balance as at 1st April, 2014	50,000	50,000
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2015	50,000	50,000
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2016	**50,000**	**50,000**
ACCUMULATED DEPRECIATION		
Balance as at 1st April, 2014	8,585	8,585
Additions	1,145	1,145
Deletions	-	-
Balance as at 31st March, 2015	9,730	9,730
Additions	1,145	1,145
Deletions	-	-
Balance as at 31st March, 2016	**10,875**	**10,875**
NET BLOCK		
Balance as at 31st March, 2015	40,270	40,270
Balance as at 31st March, 2016	**39,125**	**39,125**

Notes:

i) The Company's pending litigations comprise of proceedings pending with settlement officer. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

ii) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that there are no material foreseeable losses.

6) LOSS PER SHARE:

	Year ended 31st March, 2016	Year ended 31st March, 2015
Net loss	(1,145)	(1,145)
Weighted average number of equity shares outstanding	50,00,000	50,00,000
Loss per share - basic and diluted (Face value of Rs. 10 per share)	(0.23)	(0.23)

7) RELATED PARTY TRANSACTIONS

i) Enterprise where control exists

Holding Company	Hindustan Unilever Limited
Ultimate Holding Company	Unilever PLC

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

There are no related party transactions during the current and previous year.

8) Pursuant to the scheme of arrangement for demerger of Jamnagar leasehold land and building of Hindustan Unilever Limited to the Company, with effect from 1st November, 2006, as sanctioned by the Honourable High Court of Mumbai on 9th February,2007, the Jamnagar leasehold land and building has been transferred to the Company at a consideration of 5,000,000 fully paid equity shares of face value of Rs. 10/- each. The said consideration has been entirely apportioned to land, since in the view of the management, the value of building is Nil as it is not in a usable condition and no further consents from appropriate authorities are necessary as the scheme has been approved by the Honourable High Court.

9) SEGMENT REPORTING

The Company is in the business to develop, build, and construct thereon residential, commercial complexes, townships and such similar complexes for sale or self use or for earning rental income therein by letting out individual units comprised in such buildings. The entire operations are governed by the same set of risks and returns. Hence, the operations have been considered as representing a single business segment. The Company is considered to be operating in one geographical segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard on Segment Reporting (AS - 17).

10) Having regard to the continued support of the Company's holding Company , Hindustan Unilever Limited , the financial statements are prepared on a going concern basis.

11) OTHER MATTER

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil ' or ' not applicable ' to the Company for the year.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai: 4th May, 2016

For and on behalf of board of directors of Jamnagar Properties Private Limited
CIN U70101MH2006PTC165144

K.Ganesh
Director
DIN No. 06592716

Aasif Malbari
Director
DIN No. 07345077

Bhupesh Gouniyal
Company Secretary
Membership No: ACS7668

Mumbai: 4th May, 2016

Levers Associated Trust Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Dinesh Thapar - Director Aasif Malbari – Additional Director BP Biddappa – Additional Director Ajay Lalvani – Additional Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai- 400099.

To the Members,

Your Company's Directors are pleased to present the 69th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

The Company had neither income nor expenditure during the year and all its out of pocket expenses have been borne by Hindustan Unilever Limited, the Holding Company. The Company continued to act jointly with Levindra Trust Limited as the Trustees of the Union Provident Fund, Hindlever Pension Fund, Hindustan Lever Management Staff Gratuity Fund, Hindlever Limited Superannuation Fund and Hindustan Lever Educational and Welfare Trust.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Aasif Malbari was appointed as Additional Director of your Company with effect from 14th December, 2015 and Mr. BP Biddappa and Mr. Ajay Lalvani were appointed as Additional Directors of your Company with effect from 23rd February, 2016. In accordance with the provisions of the Section 161 of the Companies Act, 2013, Mr. Aasif Malbari, Mr. BP Biddappa and Mr. Ajay Lalvani shall hold the office upto the date of the forthcoming Annual General Meeting and are eligible to be appointed as Directors. The Company has received notice along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Aasif Malbari, Mr. BP Biddappa and Mr. Ajay Lalvani as Directors of the Company at the forthcoming Annual General Meeting.

During the Year, Mr. Ritesh Tiwari resigned from the Board of Directors of your Company with effect from 14th December, 2015 and Mr. Sumit Sen and Ms. Aakriti Chandra resigned from the Board of Directors of your Company with effect from 23rd February, 2016. The Board placed on record its appreciation for the services rendered by them during their tenure as Directors of the Company.

In accordance with Article 22 of the Articles of Association of the Company and the Companies Act, 2013, all the Directors of the Company retire by rotation at every Annual General Meeting and accordingly, Mr. Dinesh Thapar retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 5th May, 2015, 25th August, 2015, 14th December, 2015 and 23rd February, 2016. The interval between any two Meetings was well within the maximum allowed gap of 120 days.

RESPONSIBILITY STATEMENT

Your Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by your Company in accordance with the provisions of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial controls system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company in the 67th Annual General Meeting in the 2014 for a period of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Audit & Auditors) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 04.05.2016	**Dinesh Thapar**	**Aasif Malbari**
Place: Mumbai	Director	Director
	DIN: 05288401	DIN : 07345077

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U74999MH1946PLC005403
Registration Date	:	11th December, 1946
Name of the Company	:	Levers Associated Trust Limited
Category / Sub-Category of the Company	:	Public Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400099. Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	N.A	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
– Bodies Corporates	-	50,000	50,000	100.00	-	50,000	50,000	100.00	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	**0.00**
B. Public Shareholding	-	-	-	-		-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**50,000**	**50,000**	**100.00**	**-**	**50,000**	**50,000**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	%of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	%of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hindustan Unilever Limited	49,994	100.00	NIL	49,994	100.00	NIL	0.00
2.	Levindra Trust Limited	1	0.00	NIL	1	0.00	NIL	0.00
3.	Ajay Lalvani j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
4.	Unilever India Exports Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
5.	Dev Bajpai j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
6.	Hindustan Unilever Limited j/w Priya Nair	1	0.00	NIL	1	0.00	NIL	0.00
7.	BP Biddappa j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
	Total	**50,000**	**100.00**	**NIL**	**50,000**	**100.00**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

There was no change in Promoters' Shareholding during the financial year 2015-16.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	Name of the Directors / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. BP Biddappa (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	1	0.00	1	0.00
	Bought during the year	0	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
2.	Mr. Ajay Lalvani (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	1	0.00	1	0.00
	Bought during the year	0	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

Note: Mr. Dinesh Thapar and Mr. Aasif Malbari did not hold any shares of the Company during the financial year 2015-16.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Date: 04.05.2016
Place: Mumbai

Dinesh Thapar
Director
DIN: 05288401

Aasif Malbari
Director
DIN : 07345077

INDEPENDENT AUDITOR'S REPORT

To the Members of Levers Associated Trust Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Levers Associated Trust Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Levers Associated Trust Limited

as a Director in terms of sub-section 2 of Section 164 of the Act.

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

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

I. The Company does not have pending litigations which would impact its financial position;

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

(i) According to the information and explanation given to us the Company is not having any fixed assets and hence clause 3 (i) of the Order is not applicable to the Company.

(ii) The Company was incorporated on 11 December 1946, with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, or agency business, and any office of confidence. Accordingly, it does not hold any inventories. Thus, clause 3 (ii) of the Order is not applicable to the Company.

(iii) There are no companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and explanations given to us, the Company did not have any statutory dues which are required to be deposited with the appropriate authorities. Thus, clause 3 (vii a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of any dispute.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company has not made preferential allotment of shares to companies/firms/parties covered in the register maintained under section 42 of the Companies Act, 2013.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non -cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Levers Associated Trust Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

BALANCE SHEET
as at 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	500	500
Reserves and surplus	4	(2)	-
Current liabilities			
Other current liabilities	5	300	-
TOTAL		**798**	**500**
ASSETS			
Current assets			
Cash and bank balances	6	798	500
TOTAL		**798**	**500**
Significant accounting policies and notes to the financial statements	2 - 10		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of board of directors of Levers Associated Trust Limited
CIN U74999MH1946PLC005403

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
Total revenue		-	-
Expenses			
Other expenses	6	1	
Total expenses		**1**	-
Loss before prior period adjustment and tax		(1)	-
Less: Prior period expenses	7	1	-
Loss before tax		(2)	-
Tax expense		-	-
Loss for the year		**(2)**	-
Earnings per equity share			
Basic and diluted (face value of Rs. 10 each)		(0.03)	-
Significant accounting policies and notes to the financial statements	2 - 10		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of board of directors of Levers Associated Trust Limited
CIN U74999MH1946PLC005403

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

		Year ended 31st March, 2016	Year ended 31st March, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	(2)	-
	Net income before working capital changes	(2)	-
	Adjustments for :		
	Increase in other current liabilities	300	-
	Cash from operating activities - [A]	**298**	**-**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Cash from investing activities - [B]	**-**	**-**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Cash from financing activities - [C]	**-**	**-**
	Net (decrease)/ increase in Cash and cash equivalents - [A+B+C]	**298**	**-**
	Cash and cash equivalents as at beginning of the year	**500**	**500**
	Cash and cash equivalents as at end of the year	**798**	**500**
	Cash and cash equivalents comprise of:		
	Balances with banks		
	- in current account	798	500
		798	**500**

Note:

The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Levers Associated Trust Limited
CIN U74999MH1946PLC005403

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

1 CORPORATE INFORMATION

The Company was incorporated on 11th December, 1946 with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, trust or agency business, and any office of confidence.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis. These financials statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

3 SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each	500	500
Issued, subscribed & fully Paid up		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each	500	500
	500	**500**

a. Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	50,000	500	50,000	500
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance as at the end of the year	50,000	500	50,000	500

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding company

	As at 31st March, 2016	As at 31st March, 2015
Equity shares:		
50,000 Equity shares (31st March, 2015: 50,000) of Rs. 10 each are held by Hindustan Unilever Limited, the holding company	500	500

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

	As at 31st March, 2016	As at 31st March, 2015
Equity shares		
Number of shares held by Hindustan Unilever Limited, the holding company	50,000	50,000
Percentage of holding	100%	100%

4 RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Surplus in the statement of profit and loss		
Balance at the beginning of the year	-	-
Add: Profit/ (loss) for the year	(2)	-
Balance at the end of the year	(2)	-

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

5 OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Others		
Moneys refundable to member under Section 160 of Companies Act, 2013	300	-
	300	**-**

6 CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Balances with banks		
- In current accounts	798	500
	798	**500**

7 OTHER EXPENSES

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Bank charges	1	-
	1	**-**

8 PRIOR PERIOD EXPENSES

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Bank charges	1	-
	1	**-**

9 RELATED PARTY DISCLOSURES

Enterprise where control exists

Holding Company	Hindustan Unilever Limited
Ultimate Holding Company	Unilever PLC

Disclosure of transactions between the Company and Holding Company and the status of outstanding balances as at 31st March, 2016

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Holding company		
- Moneys refundable to members under Section 160 of Companies Act, 2013	300	-

10 OTHER MATTERS

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil ' or ' not applicable ' to the Company for the year.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai: 4th May, 2016

For and on behalf of board of directors of Levers Associated Trust Limited
CIN U74999MH1946PLC005403

Aasif Malbari
Director
[DIN: 07345077]

Dinesh Thapar
Director
[DIN: 05288401]

Mumbai: 4th May, 2016

Levindra Trust Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Daisy Sam Bharucha - Director Babu Thomas - Additional Director Ashok Anchan Sheena - Director Jayanta Kumar Roy - Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai - 400 099.

To the Members,

Your Company's Directors are pleased to present the 69th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

The Company had neither income nor expenditure during the year and all its out of pocket expenses have been borne by Hindustan Unilever Limited, the Holding Company. The Company continued to act jointly with Levers Associated Trust Limited as the Trustees of the Union Provident Fund, Hindlever Pension Fund, Hindustan Lever Management Staff Gratuity Fund, Hindlever Limited Superannuation Fund and Hindustan Lever Educational and Welfare Trust.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Babu Thomas was appointed as Additional Director of the Company with effect from 17th November, 2015. In accordance with the provisions of the Section 161 of the Companies Act, 2013, Mr. Babu Thomas shall hold the office upto the date of the forthcoming Annual General Meeting and is eligible to be appointed as Director. The Company has received notice along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Babu Thomas as Director of the Company at the forthcoming Annual General Meeting.

During the year, Mr. C. S. Varghese resigned from the Board of Directors of your Company with effect from 17th November, 2015. The Board placed on record its appreciation for the services rendered by him during his tenure as Director of the Company.

In accordance with Article 22 of the Articles of Association of the Company and the Companies Act, 2013, all the Directors of the Company retire by rotation at every Annual General Meeting and accordingly, Ms. Daisy Sam Bharucha, Mr. Ashok Anchan Sheena and Mr. Jayanta Kumar Roy retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 5th May, 2015, 25th August, 2015, 17th November, 2015 and 23rd February, 2016 .The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

RESPONSIBILITY STATEMENT

Your Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by your Company in accordance with the provisions of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial controls system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 67th Annual General Meeting in 2014 for a period of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Audit & Auditors) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 04.05.2016	**Daisy Sam Bharucha**	**Ashok Anchan Sheena**
Place: Mumbai	Director	Director
	DIN: 02967823	DIN: 06616491

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U67120MH1946PLC005402
Registration Date	:	11th December, 1946
Name of the Company	:	Levindra Trust Limited
Category / Sub-Category of the Company	:	Public Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400099 Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of theCompany
1	N.A	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
– Bodies Corporates	-	50,000	50,000	100	-	50,000	50,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**50,000**	**50,000**	**100**	**-**	**50,000**	**50,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-		-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**50,000**	**50,000**	**100**	**-**	**50,000**	**50,000**	**100**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hindustan Unilever Limited	49,994	100.00	NIL	49,994	100.00	NIL	0.00
2.	Hindlever Trust Limited	1	0.00	NIL	1	0.00	NIL	0.00
3.	Ajay Lalvani j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
4.	Unilever India Exports Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
5.	Dev Bajpai j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
6.	Hindustan Unilever Limited j/w Priya Nair	1	0.00	NIL	1	0.00	NIL	0.00
7.	BP Biddappa j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
	Total	**50,000**	**100.00**	**NIL**	**50,000**	**100.00**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

There was no change in Promoters' Shareholding during the financial year 2015 -16.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel

The Directors of the Company did not hold any shares during the financial year ended 31st March, 2016. The Company is not required to appoint Key Managerial Personnel.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Date: 04.05.2016
Place: Mumbai

Daisy Sam Bharucha
Director
DIN: 02967823

Ashok Anchan Sheena
Director
DIN: 0661649

INDEPENDENT AUDITOR'S REPORT

To the Members of Levindra Trust Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Levindra Trust Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.

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

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Levindra Trust Limited

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 does not have pending litigations which would impact its financial position;

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

(i) According to the information and explanation given to us the Company is not having any fixed assets and hence clause 3 (i) of the Order is not applicable to the Company.

(ii) The Company was incorporated on 11 December 1946, with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, or agency business, and any office of confidence. Accordingly, it does not hold any inventories. Thus, clause 3 (ii) of the Order is not applicable to the Company.

(iii) There are no companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and explanations given to us, the Company did not have any statutory dues which are required to be deposited with the appropriate authorities. Thus, clause 3 (vii a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of any dispute.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) According to information and explanation received, there are no transactions with related parties under provisions of section 177 and 188 of the Act. Accordingly, the provisions of clause 3(xiii) are not applicable.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non -cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Levindra Trust Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

BALANCE SHEET
as at 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	500	500
Reserves and surplus	4	(2)	-
TOTAL		**498**	**500**
ASSETS			
Current assets			
Cash and cash equivalents	5	498	500
TOTAL		**498**	**500**
Summary of significant accounting policies and notes to the financial statements	2 - 9		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Levindra Trust Limited
CIN U67120MH1946PLC005402

Daisy Bharucha
Director
DIN No: 02967823
Mumbai: 4th May, 2016

Ashok Anchan
Director
DIN No: 06616491

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Total revenue		-	-
Other expenses	6	1	-
Total expenses		**1**	**-**
Profit / (loss) before prior period adjustment and tax		(1)	-
Add: Prior period income		-	-
Less: Prior period expenses	7	1	
Profit / (loss) before tax		(2)	-
Tax expense		-	-
Profit /(loss) for the year		**(2)**	**-**
Earnings per equity share			
Basic and diluted (Face value of Rs. 10 per share)		(0.03)	-
Summary of significant accounting policies and notes to the financial statements	2 - 9		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Levindra Trust Limited
CIN U67120MH1946PLC005402

Daisy Bharucha
Director
DIN No: 02967823
Mumbai: 4th May, 2016

Ashok Anchan
Director
DIN No: 06616491

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

		Year Ended 31st March, 2016	Year Ended 31st March, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	(2)	-
	Cash (used in) operating activities - [A]	**(2)**	**-**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Cash from investing activities - [B]	**-**	**-**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Cash from financing activities - [C]	**-**	**-**
	Net increase/ (decrease) in Cash and cash equivalents - [A+B+C]	**(2)**	**-**
	Cash and cash equivalents as at beginning of the year	500	500
	Cash and cash equivalents as at end of the year	**498**	**500**
	Cash and cash equivalents comprise of:		
	Balances with banks		
	- in current account	498	500
		498	**500**

Note:
The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Levindra Trust Limited
CIN U67120MH1946PLC005402

Daisy Bharucha
Director
DIN No: 02967823
Mumbai: 4th May, 2016

Ashok Anchan
Director
DIN No: 06616491

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

1) CORPORATE INFORMATION

The Company was incorporated on 11th December, 1946 with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, trust or agency business, and any office of confidence.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis. These financials statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each	500	500
Issued, subscribed & paid up		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each fully paid up	500	500
	500	**500**

a. Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	50,000	500	50,000	500
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance as at the end of the year	50,000	500	50,000	500

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding..

c. Shares held by holding company

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares:		
50,000 Equity shares (31st March, 2015 : 50,000) of Rs. 10 each are held by Hindustan Unilever Limited, the holding company	500	500

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

	As at 31st March, 2016	As at 31st March, 2015
Equity shares		
Number of shares held by Hindustan Unilever Limited, the holding company	50,000	50,000
Percentage of holding	100%	100%

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Surplus in the statement of profit and loss		
Balance at the beginning of the year	-	-
Less: Loss for the year	(2)	-
Balance at the end of the year	(2)	-

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

5) CASH AND CASH EQUIVALENTS

	As at 31st March, 2016	As at 31st March, 2015
Balances with banks		
- In current account	498	500
	498	500

6) OTHER EXPENSES

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Bank charges	1	-
	1	-

7) PRIOR PERIOD EXPENSES

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Bank charges	1	-
	1	-

8) RELATED PARTY DISCLOSURES

Enterprise where control exists

Holding Company	Hindustan Unilever Limited
Ultimate Holding Company	Unilever PLC

There are no related party transactions during the year.

9) OTHER MATTERS

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either ´nil ´ or ´ not applicable ´ to the Company for the year

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Levindra Trust Limited
CIN U67120MH1946PLC005402

Daisy Bharucha
Director
DIN No: 02967823
Mumbai: 4th May, 2016

Ashok Anchan
Director
DIN No: 06616491

Hindlever Trust Limited

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Dinesh Thapar - Director Sumit Sen - Director Aakriti Chandra - Director Aasif Malbari – Additional Director	M/s. BSR & Co, LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai - 400 099.

To the Members,

Your Company's Directors are pleased to present the 58th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

The Company had neither income nor expenditure during the year and all its out of pocket expenses have been borne by Hindustan Unilever Limited, the Holding Company. The Company continued to act jointly with Levers Associated Trust Limited as the Trustees of the Hindlever Pension Fund, Hindustan Lever Gratuity Fund, Hindlever Limited Superannuation Fund and Hindustan Lever Educational and Welfare Trust.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

DIRECTORS

During the year, Mr. Aasif Malbari was appointed as Additional Director of the Company with effect from 14th December, 2015. In accordance with the provisions of the Section 161 of the Companies Act, 2013, Mr. Aasif Malbari shall hold the office upto the date of the forthcoming Annual General Meeting and is eligible to be appointed as Director. The Company has received notice along with the requisite deposit, under Section 160 of the Companies Act, 2013, from Hindustan Unilever Limited, as a member, signifying its intention to propose the candidature of Mr. Aasif Malbari as Director of the Company at the forthcoming Annual General Meeting.

During the year, Mr. Ritesh Tiwari resigned from the Board of Directors of your Company with effect from 14th December, 2015. The Board placed on record its appreciation for the services rendered by him during his tenure as a Director of the Company.

In accordance with Article 13 of the Articles of Association of the Company and the Companies Act, 2013, all the Directors of the Company retire by rotation at every Annual General Meeting and accordingly, Mr. Dinesh Thapar, Ms. Aakriti Chandra and Mr. Sumit Sen retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board Meetings includes detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 5th May, 2015, 25th August, 2015, 14th December, 2015 and 23rd February, 2016 . The maximum interval between any two Meetings was well within the maximum allowed gap of 120 days.

RESPONSIBILITY STATEMENT

Your Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by your Company in accordance with the provisions of Section 186 of the Companies Act, 2013 during the financial year 2015-16.

DEPOSITS

The Company has not accepted any public deposits under Chapter V of Companies Act, 2013 during the year.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial controls system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 56th Annual General Meeting held in 2014 for a period of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Audit & Auditors) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 04.05.2016	**Dinesh Thapar**	**Aasif Malbari**
Place: Mumbai	Director	Director
	DIN: 05288401	DIN: 07345077

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U65990MH1958PLC011060
Registration Date	:	1st April, 1958
Name of the Company	:	Hindlever Trust Limited
Category / Sub-Category of the Company	:	Public Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099 Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the Company.

Sr. No.	Name and Description of main products / services	NIC Code of the Product	% to total turnover of the Company
1.	N.A	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN.	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporate	-	50,000	50,000	100	-	50,000	50,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter	**-**	**50,000**	**50,000**	**100**	**-**	**50,000**	**50,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**50,000**	**50,000**	**100**	**-**	**50,000**	**50,000**	**100**	**0.00**

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1	Hindustan Unilever Limited	49,994	100.00	NIL	49,994	100.00	NIL	0.00
2	Levers Associated Trust Limited	1	0.00	NIL	1	0.00	NIL	0.00
3.	Ajay Lalvani j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
4.	Unilever India Exports Limited j/w P. B. Balaji	1	0.00	NIL	1	0.00	NIL	0.00
5.	Dev Bajpai j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
6.	Hindustan Unilever Limited j/w Priya Nair	1	0.00	NIL	1	0.00	NIL	0.00
7.	BP Biddappa j/w Hindustan Unilever Limited	1	0.00	NIL	1	0.00	NIL	0.00
	Total	**50,000**	**100.00**	**NIL**	**50,000**	**100.00**	**NIL**	**0.00**

iii) Change in Promoters' Shareholding

There was no change in Promoters' Shareholding during the financial year 2015-16.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

v) Shareholding of Directors and Key Managerial Personnel:

The Directors of the Company did not hold any shares during the financial year ended 31st March, 2016. The Company is not required to appoint Key Managerial Personnel.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board

Date: 04.05.2016
Place: Mumbai

Dinesh Thapar
Director
DIN: 05288401

Aasif Malbari
Director
DIN: 07345077

INDEPENDENT AUDITOR'S REPORT

To the Members of Hindlever Trust Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hindlever Trust Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.

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 of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   (e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Hindlever Trust Limited

in terms of sub-section 2 of Section 164 of the Act.

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

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

I. The Company does not have pending litigations which would impact its financial position;

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

(i) According to the information and explanation given to us the Company is not having any fixed assets and hence clause 3 (i) of the Order is not applicable to the Company.

(ii) The Company was incorporated on 1st April, 1958, with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, or agency business, and any office of confidence. Accordingly, it does not hold any inventories. Thus, clause 3 (ii) of the Order is not applicable to the Company.

(iii) There are no companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.

(vii) (a) According to the information and explanations given to us, the Company did not have any statutory dues which are required to be deposited with the appropriate authorities. Thus, clause 3 (vii a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues which have not been deposited on account of any dispute.

(viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

(xi) According to the information and explanation received there are no whole time directors or managers in the Company. Thus, the provisions of Section 197 read with Schedule V to the Act and accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.The Company has not made preferential allotment of shares to companies/firms/parties covered in the register maintained under section 42 of the Companies Act, 2013.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered into any non – cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

Annexure B to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Hindlever Trust Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

Annexure B to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 4 May 2016

BALANCE SHEET
as at 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	500	500
Reserves and surplus	4	(2)	-
Current liabilities			
Other current liabilities	5	200	-
TOTAL		**698**	**500**
ASSETS			
Current assets			
Cash and bank balances	6	698	500
TOTAL		**698**	**500**
Significant accounting policies and notes to the financial statements	2 - 10		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Hindlever Trust limited

CIN U65990MH1958PLC011060

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
Total revenue		**-**	**-**
Expenses			
Other expenses	7	1	-
Total expenses		**1**	**-**
Loss before prior period adjustment and tax		(1)	-
Less: Prior period expenses	8	1	-
Loss before tax		(2)	-
Tax expenses		-	-
Loss for the year		**(2)**	**-**
Earnings per equity share			
Basic and diluted (face value of Rs. 10 each)		(0.03)	-
Significant accounting policies and notes to the financial	2 - 10		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Hindlever Trust limited

CIN U65990MH1958PLC011060

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

		Year ended 31st March, 2016	Year ended 31st March, 2015
A	**Cash flow from operating activities**		
	Loss before tax	(2)	-
	Net income before working capital changes	(2)	-
	Adjustments for :		
	Increase in other current liabilities	200	-
	Cash from operating activities - [A]	**198**	**-**
B	**Cash flow from investing activities**		
	Cash from investing activities - [B]	**-**	**-**
C	**Cash flow from financing activities**		
	Cash from financing activities - [C]	**-**	**-**
	Net increase/ (decrease) in Cash and cash equivalents - [A+B+C]	198	-
	Cash and cash equivalents as at beginning of the year	500	500
	Cash and cash equivalents as at end of the year	**698**	**500**
	Cash and cash equivalents comprise of:		
	Balances with banks		
	- In current account	698	500
		698	**500**

Note:

The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877
Mumbai: 4th May, 2016

For and on behalf of board of directors of Hindlever Trust limited

CIN U65990MH1958PLC011060

Aasif Malbari
Director
[DIN: 07345077]
Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

1 CORPORATE INFORMATION

The Company was incorporated on 1st April 1958, with the main objective to undertake the office of and act as trustee for any person or persons, company, corporation or otherwise, and generally to undertake, perform and discharge any trust, trust or agency business, and any office of confidence.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis.These financials statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rs. 000, unless otherwise stated)

3 SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each	500	500
Issued, subscribed & fully Paid up		
50,000 (31st March, 2015: 50,000) Equity shares of Rs. 10 each	500	500

a. Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	50,000	500	50,000	500
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Balance as at the end of the year	50,000	500	50,000	500

b. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Shares held by holding company

	As at 31st March, 2016	As at 31st March, 2015
Equity shares:		
50,000 Equity shares (31st March, 2015 : 50,000) of Rs. 10 each are held by Hindustan Unilever Limited, the holding company	500	500

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

	As at 31st March, 2016	As at 31st March, 2015
Equity shares		
Number of shares held by Hindustan Unilever Limited, the holding company	50,000	50,000
Percentage of Holding	100%	100%

4 RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Surplus in the statement of profit and loss		
Balance at the beginning of the year	-	-
Add: Profit/ (loss) for the year	(2)	-
Balance at the end of the year	(2)	-

5 OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Others		
Moneys refundable to member under Section 160 of Companies Act, 2013	200	-
	200	**-**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. 000, unless otherwise stated)

6 CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Balances with banks		
- In current accounts	698	500
	698	**500**

7 OTHER EXPENSES

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Bank charges	1	-
	1	**-**

8 PRIOR PERIOD EXPENSES

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Bank charges	1	-
	1	**-**

9 RELATED PARTY DISCLOSURES

Enterprise where control exists

Holding Company	Hindustan Unilever Limited
Ultimate Holding Company	Unilever PLC

Disclosure of transactions between the Company and Holding Company and the status of outstanding balances as at 31st March, 2016

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Holding Company		
- Moneys refundable to member under Section 160 of Companies Act, 2013	200	-

10 OTHER MATTERS

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil ' or ' not applicable ' to the Company for the year.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai: 4th May, 2016

For and on behalf of board of directors of Hindlever Trust limited

CIN U65990MH1958PLC011060

Aasif Malbari
Director
[DIN: 07345077]

Mumbai: 4th May, 2016

Dinesh Thapar
Director
[DIN: 05288401]

Hindustan Unilever Foundation

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Sanjiv Mehta – Director P. B. Balaji – Director Dev Bajpai – Director Priya Nair – Director	M/s. B S R & Co. LLP	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.

To the Members,

Your Company's Directors are pleased to present the 6th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. in lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Total Income	750.00	2,468.45
Less: Total Expenditure	914.94	2,458.30
Excess/(Shortfall) of Income over Expenditure	(164.94)	10.14

OPERATIONAL REVIEW

According to some estimates, by 2030, the supply of water in India will be significantly lower than its demand. To understand and partake in meeting this challenge, your Company was set up as a not-for-profit Company that anchors various community development initiatives of Hindustan Unilever Limited, the holding Company. Your Company supports national priorities for socio-economic development, through its Water for Public Good programme.

The projects carried out under your Company comply with the requirements of the CSR Rules of the Companies Act, 2013. Your Company operates the 'Water for Public Good' programme across India in partnership with several civil society organisations. Your Company also supports several knowledge initiatives in this area.

During the year, your Company supported its partner agencies for starting several knowledge initiatives including:

- Action Research Study on Conjunctive use of Surface and Ground Water in three Water Scarce Irrigation Systems of North Gujarat by Development Support Centre (DSC).
- Water Knowledge Centre by DHAN Foundation.
- Composite Land Restoration Assessment and Treatment Tool by Foundation for Ecological Security.
- Piloting Participatory Groundwater Management Project in Rajpura Block of Punjab using expertise of ACWADAM by BAIF Institute for Rural Development.

On the collective action front:

- National Alliance Meet was organized in Delhi with a view to bring about a broad based alliance for Thought Leadership and Action in Agriculture Water. This meet saw the participation of more than 50 organisations representing civil society, national and international development organisations, multilateral agencies, private sector and Government.
- Under the ongoing project with your Company, Solidaridad Regional Expertise Centre (SREC) has engaged with United Planters' Association of South India (UPASI) and is in the process of engaging with Tea Research Association (TRA) and Indian Tea Association (ITA) to drive the water programme in their member gardens.
- Your Company is also one of the founding members of Alliance for Water Stewardship – a global standard framework on water stewardship. Your Company has been trying to further community stewardship of water. An exploration using Alliance for Water Stewardship Framework was attempted Bhogiramangund and Naglapur Villages of Raichur District, Karnataka, and a joint publication with AWS and SAMUHA was brought out after.

During the year, the collective efforts saw more than 66,000 persons undergo exposure and training pertaining to improved agriculture practices and/or water management skills thereby leading to capacity building and training of more than 100,000 persons on a collective and cumulative basis since the program's initiation. This, along with other project activities, has benefitted more than 22,000 women during the year.

The projects supported by your Company and implemented by its partners were able to create a collective water potential in the range of 99.28 to 166.75 billion litres during the year leading to generation of collective and cumulative water potential of 200 billion litres.

The year also saw generation of more than 13 lakh person days of employment under the various projects resulting in collective and cumulative generation of more than 20 lakh person days of employment.

On additional agriculture production front, during the year, more than 1.45 lakh tonnes of agriculture production was generated totalling to more than 1.68 lakh tonnes of additional agriculture production on a collective and cumulative basis.

The efforts made under the project also resulted in more than 1.15 lakh hectare of agriculture area being stabilised on a collective and cumulative basis.

The collective and cumulative impacts of these projects initiated by your Company have been independently assured by Ernst and Young LLP.

Members can access more details about the Company's activities at www.huf.co.in/publications.aspx. Your Company is committed to the cause of Water for Public Good and will continue to work towards the national endeavor in this space.

DIRECTORS

In accordance with Article 48 of the Articles of Association of the Company, all the Directors of the Company retire by rotation at every Annual General Meeting and accordingly, Mr. Sanjiv Mehta, Mr. P. B. Balaji, Mr. Dev Bajpai and Ms. Priya Nair retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re - appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy / projects to be undertaken and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed at the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 6th May, 2015, 7th August, 2015, 4th December, 2015 and 9th March, 2016. The interval between any two meetings was well within the maximum allowed gap of 120 days.

RELATED PARTY TRANSACTIONS

During the year, your Company received donations from related parties for the purpose of CSR activities and the same were appropriated accordingly.

RESPONSIBILITY STATEMENT

Your Directors confirm that:

i. 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;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

DEPOSITS

The Company has not accepted any fixed deposits from public under Chapter V of Companies Act, 2013 during the year.

PERSONNEL

Disclosure with respect to remuneration of employees as per Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2016 is appended as an Annexure to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There have been no loans, guarantees or investments made by your Company under Section 186 of the Companies Act, 2013 during the year under review.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial control system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 4th Annual General Meeting held in 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by the Members at every Annual General Meeting.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 in so far as energy conservation, technology absorption and foreign exchange are concerned, are not applicable to the Company.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Company is committed to excellence in safety, health, environment and quality management. It accords the highest priority to the health and safety of its employees, customers and other stakeholders as well as protection of the environment. The management of your Company is focused on continuous improvement in these areas which are fundamental to the sustainable growth of the Company.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank all the stakeholders for their support and co-operation.

On behalf of the Board

Date: 06.05.2016	**Dev Bajpai**	**P. B. Balaji**
Place: Mumbai	Director	Director
	DIN: 00050516	DIN: 02762983

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U93090MH2010NPL201468
Registration Date	:	30th March, 2010
Name of the Company	:	Hindustan Unilever Foundation
Category / Sub-Category of the Company	:	Private Limited Company, Not-for-profit Company/ Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099 Telephone No : 022-3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a not–for–profit Company under Section 8 of the Companies Act, 2013.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	76	2(46)
2.	Unilever India Exports Limited Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099.	U51900MH1963PLC012667	Fellow Subsidiary	24	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
– Bodies Corporates	-	10,000	10,000	100	-	10,000	10,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**0.00**

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares pledged / encumbered to total shares	
1	Hindustan Unilever Limited	7,600	76.00	NIL	7,600	76.00	NIL	0.00
2.	Unilever India Exports Limited	2,400	24.00	NIL	2,400	24.00	NIL	0.00
	Total	**10,000**	**100.00**	**NIL**	**10,000**	**100.00**	**NIL**	**0.00**

iii. Change in Promoters' Shareholding

There were no changes in the Promoters' shareholding during the financial year 2015-16.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Not Applicable

v. Shareholding of Directors and Key Managerial Personnel

The Directors of the Company did not hold any shares during the financial year ended 31st March, 2016. The Company is not required to appoint Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in Indebtedness during the financial year				
• Addition	0	4,40,873	0	4,40,873
• Reduction	0	0	0	0
Net Change	**0**	**4,40,873**	**0**	**4,40,873**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	0	4,40,873	0	4,40,873
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**4,40,873**	**0**	**4,40,873**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Dev Bajpai
Director
DIN: 00050516

P. B. Balaji
Director
DIN: 02762983

Annexure to the Directors' Report

Statement of Disclosure of remuneration under Section 197 of Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Age	Qualification	Date of employment	Designation / Nature of duties	Remuneration Received		Experience	Last employment
					Gross (Rs.)	Net (Rs.)		
Ravi Puranik	54	BE, PGDRM	01.09.2012	CEO	1,05,26,797	72,25,253	30	Tata Power

- Remuneration Received Gross includes salary, allowances, commission, performance linked variable pay disbursed, taxable value of perquisites and Company's contribution to provident fund. Remuneration Received Net includes Gross Remuneration less income tax, professional tax and employees contribution to provident fund.
- Remuneration excludes provision for / contributions to pension, gratuity and leave encashment, special awards, payments made in respect of earlier years including those pursuant to settlements during the year, payments made under voluntary retirement schemes and stock options granted. However contributions to pension in respect of employees who have opted for contribution defined scheme has been included
- Nature of employment is contractual for employees
- Other terms and conditions as per Company's Rules
- Employee is not related to any Director of the Company.
- None of the employees is covered under Rule 5(3)(viii) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013

On behalf of the Board

Date: 06.05.2016
Place: Mumbai

Dev Bajpai
Director
DIN: 00050516

P. B. Balaji
Director
DIN: 02762983

INDEPENDENT AUDITOR'S REPORT

To the Members of Hindustan Unilever Foundation

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hindustan Unilever Foundation ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Income and Expenditure, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its shortfall of income over expenditure and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. This report does not contain a statement on the matters specified in paragraphs 3 and 4 as required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub section 11 of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, the Order is not applicable in case of the Company.
2. As required by sub section 3 of Section 143 of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.
   e) On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub section 2 of Section 164 of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      I. The Company does not have any pending litigations which would impact its financial statements;
      II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;
      III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Hindustan Unilever Foundation ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 6 May 2016

BALANCE SHEET

As at 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(54,34,574)	1,10,59,784
Current Liabilities			
Short-term borrowings	5	4,40,873	-
Other current liabilities	6	52,20,482	18,77,020
TOTAL		**3,26,781**	**1,30,36,804**
ASSETS			
Non Current Assets			
Tangible assets	7	3,26,781	-
Current Assets			
Cash and bank balances	8	-	1,28,20,875
Short-term loans and advances	9	-	2,15,929
TOTAL		**3,26,781**	**1,30,36,804**
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors of Hindustan Unilever Foundation
CIN : U93090MH2010NPL201468

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May 2016

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May 2016

P.B. Balaji
Director
DIN: 02762983

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

	Note	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Donations received	10	7,50,00,000	24,68,45,000
TOTAL		**7,50,00,000**	**24,68,45,000**
EXPENDITURE			
Donations paid	11	4,83,60,230	21,11,33,753
Employee benefits expense	12	1,91,56,808	1,57,48,173
Depreciation	7	17,199	-
Other expenses	13	2,39,60,121	1,89,48,412
TOTAL		**9,14,94,358**	**24,58,30,338**
Excess/(Shortfall) of income over expenditure		**(1,64,94,358)**	**10,14,662**
Earnings / (Loss) per equity share	16		
Basic and diluted		(1,649)	101
(Face value of Rs. 10 each)			
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For and on behalf of Board of Directors of Hindustan Unilever Foundation
CIN : U93090MH2010NPL201468

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May 2016

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May 2016

P.B. Balaji
Director
DIN: 02762983

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

		Year ended March 31, 2016	Year ended March 31, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Excess / (Shortfall) of income over expenditure	(1,64,94,358)	10,14,662
	Adjustments for :		
	Depreciation expense	17,199	-
	Operating profit before working capital charges	**(1,64,77,159)**	**10,14,662**
	Changes in working capital :		
	Increase/(decrease) in other current liabilities	33,43,462	(20,16,650)
	(Increase)/decrease in short term loans and advances	2,15,929	(2,13,429)
		35,59,391	**(22,30,079)**
	Net cash used in operating activities - [A]	**(1,29,17,768)**	**(12,15,417)**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets	(3,43,980)	-
	Net cash used in investing activities - [B]	**(3,43,980)**	**-**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds form short term borrowings - Bank overdrafts	4,40,873	-
	Net cash used in financing activities - [C]	**4,40,873**	**-**
	Net Increase in Cash and Cash equivalents - [A+B+C]	(1,28,20,875)	(12,15,417)
	Cash and cash equivalents at the beginning of the period	1,28,20,875	1,40,36,292
	Cash and cash equivalents at the end of the period	**-**	**1,28,20,875**
	Cash and cash equivalents comprise of:		
	Balances with banks		
	In current account	-	1,28,20,875
		-	**1,28,20,875**

Notes:

The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

For and on behalf of Board of Directors of Hindustan Unilever Foundation
CIN : U93090MH2010NPL201468

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May 2016

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May 2016

P.B. Balaji
Director
DIN: 02762983

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

1) COMPANY INFORMATION

Hindustan Unilever Foundation is established to pursue the main objects - viz., to promote and implement the Social Responsibility Agenda - to work in the area of social, economic and environmental issues such as women empowerment, water harvesting, health and hygiene awareness, conservation and management of environment and natural resources in India, and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

The Company has been incorporated on 30th March, 2010 as a private company and has been granted a license under Section 25 of the erstwhile Companies Act, 1956 by Government of India, vide its letter No. Reg. Dir / 68/ S.25(1)/ STA/ 9/ 09/ 10764 dated 26th February, 2010. The Company is registered under Section 12AA of the Income Tax Act, 1961 vide Registration no. 43786 granted w.e.f. 1st April, 2010 vide letter dated 21st January, 2011. The Company is also registered for exemption under Section 80G of the Income Tax Act, 1961 vide Registration no. DIT(P)/MC/80G/1059/2011-12 letter dated 25th July, 2011 with effect from 8th February 2011.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. These financials statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013.The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Donation

Donations are received and applied for objects as mentioned in Memorandum of Association the Company. Donation receipts are accounted upon receipts of donations by the Company and donation paid are accounted upon disbursement.

2.3 Expenses

All expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

2.4 Earning Per Share

Basic earnings per share is calculated by dividing the net excess/ (shortfall) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.5 Cash and Cash Equivalents:

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

2.6 Employee Benefit:

Provident Fund contributions are made to a trust administered by the holding company, Hindustan Unilever Limited.

2.7 Tangible Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Depreciation is provided on a pro-rata basis on the straight line method at the rates prescribed under Schedule II to the Companies Act, 2013.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorized		
500,000 (March 31, 2015 : 500,000) equity shares of Rs. 10 each	50,00,000	50,00,000
Issued, subscribed and fully paid up		
10,000 (March 31, 2015 : 10,000) equity shares of Rs.10 each fully paid	1,00,000	1,00,000
	1,00,000	**1,00,000**

a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Equity Shares:				
Balance as at the beginning of the year	10,000	1,00,000	10,000	1,00,000
Balance as at the end of the year	**10,000**	**1,00,000**	**10,000**	**1,00,000**

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. As the Company is a private company limited by shares formed under section 8 of the Companies Act,2013, no dividend is to be proposed and paid to the shareholders. In the event of winding up or dissolution of the Company, 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 the Company, to be determined by the members of the Company at or before the time of dissolution or in default thereof by the High Court.

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

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares of Rs.10 held by :		
7,600 (March 31, 2015 : 7,600) shares are held by Hindustan Unilever Limited, the holding company	76,000	76,000
2,400 (March 31, 2015 : 2,400) shares are held by Unilever India Exports Limited, subsidiary of holding company	24,000	24,000

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

	As at 31st March, 2016	As at 31st March, 2015
Number of shares of Rs. 10 each held by:		
Hindustan Unilever Limited, the holding company	7,600	7,600
% of Holding	76%	76%
Unilever India Exports Limited, subsidiary of the holding company	2,400	2,400
% of Holding	24%	24%

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Excess/(Shortfall) in statement of income and expenditure		
Balance at the beginning of the year	1,10,59,784	1,00,45,122
Less : Excess/(Shortfall) of income over expenditure for the year	(1,64,94,358)	10,14,662

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

Balance at the end of the year	**(54,34,574)**	**1,10,59,784**

5) SHORT-TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
Unsecured:		
Bank overdraft *	4,40,873	-
	4,40,873	**-**

* Bank overdraft carries interest at base rate ranging between 9% to 9.5% p.a, computed on a monthly basis on the actual amount utilised, and are repayable on demand.

6) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Statutory dues (including provident fund and tax deducted at source)	13,35,599	14,67,453
Other payables	38,84,883	4,09,567
	52,20,482	**18,77,020**

7) TANGIBLE ASSETS

	As at 31st March, 2016	As at 31st March, 2015
Office equipment		
Gross Block		
-Balance as at the beginning of the year	-	-
- Additions	3,43,980	-
- Deletions	-	-
-Balance as at the end of the year	3,43,980	-
Accumulated Depreciation		
-Balance as at the beginning of the year	-	-
- Additions	(17,199)	-
- Deletions	-	-
-Balance as at the end of the year	(17,199)	-
Net Block	**3,26,781**	**-**

8) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Cash and cash equivalents		
Balances with banks		
In current accounts	-	1,28,20,875
	-	**1,28,20,875**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

9) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Other loans and advances	-	2,15,929
	-	**2,15,929**

10) DONATIONS RECEIVED

	Year ended March 31, 2016	Year ended March 31, 2015
Hindustan Unilever Limited	7,50,00,000	21,11,00,000
Unilever India Exports Limited	-	3,34,51,000
Aquagel Chemicals Private Limited (Merged with Lakme Lever Private Limited w.e.f. March 25,2015)	-	22,94,000
	7,50,00,000	**24,68,45,000**

11) DONATIONS PAID

	Year ended March 31, 2016	Year ended March 31, 2015
Donations paid	4,83,60,230	21,11,33,753
	4,83,60,230	**21,11,33,753**

12) EMPLOYEE BENEFITS EXPENSE

	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, wages and bonus	1,83,17,989	1,51,02,041
Contribution to provident fund	8,38,819	6,46,132
	1,91,56,808	**1,57,48,173**

13) OTHER EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Travelling expenses	36,96,591	40,12,422
Payment to auditors		
- Statutory audit (including service tax)	1,03,050	1,01,124
Purchase services	1,97,93,273	1,36,41,101
Miscellaneous expenses	3,67,207	11,93,765
	2,39,60,121	**1,89,48,412**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

14) RELATED PARTY DISCLOSURE FOR THE YEAR ENDED MARCH 31, 2016 AS REQUIRED UNDER AS - 18 'RELATED PARTY DISCLOSURE'

Enterprise where control exists

Holding Company : Hindustan Unilever Limited

Ultimate Holding Company : Unilever PLC

Fellow subsidiaries

Unilever India Exports Limited

Aquagel Chemicals Private Limited (merged with Lakme Lever Private Limited w.e.f. March 25,2015)

KEY MANAGERIAL PERSONNEL

Ravi Puranik, Chief executive officer

Disclosure of transactions between the Company and Related parties and the status of outstanding balance as on March 31, 2016

Name of the Party	For the year ended March 31, 2016	For the year ended March 31, 2015
Holding Company		
Donation received	7,50,00,000	21,11,00,000
Reimbursement of expenses to holding Company	9,73,191	-
Fellow Subsidiaries		
Unilever India Exports Limited (donation received)	-	3,34,51,000
Aquagel Chemicals Private Limited (merged with Lakme Lever Private Limited w.e.f. March 25,2015) (donation received)	-	22,94,000
Key Managerial Personnel		
Remuneration	1,01,30,797	99,49,678

15) 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, compensated absences and medical. The Company's liability towards such defined benefit plans is determined based on valuations, as at the balance sheet date, made by independent actuaries using the projected unit credit method. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise. The classification of the company's net obligation into current and non- current is as per the actuarial valuation report.

During the year, the Company has recognised the following amounts in income and expenditure account

	For the year ended March 31, 2016	For the year ended March 31, 2015
- Employer's Contribution to provident fund	8,38,819	6,46,132

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

16) EARNINGS PER SHARE HAS BEEN CALCULATED AS UNDER

	For the year ended March 31, 2016	For the year ended March 31, 2015
Excess / (Shortfall) of income over expenditure (Rs.)	(1,64,94,358)	10,14,662
Weighted average number of equity shares outstanding	10,000	10,000
Earnings per share (Rs.) - basic and diluted (face value of Rs. 10 per share)	(1,649)	101

17) OTHER MATTERS

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil' or 'not applicable' to the Company for the year.

18) The previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May 2016

For and on behalf of Board of Directors of Hindustan Unilever Foundation
CIN : U93090MH2010NPL201468

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May 2016

P.B. Balaji
Director
DIN: 02762983

Bhavishya Alliance Child Nutrition Initiatives

DIRECTORS' REPORT

DIRECTORS	AUDITORS	REGISTERED OFFICE
Sanjiv Mehta- Director P. B. Balaji-Director Dev Bajpai-Director	M/s. B S R & Co. LLP	Unilever House B. D. Sawant Marg Chakala, Andheri (East) Mumbai – 400 099

To the Members,

Your Company's Directors are pleased to present the 6th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

(Rs. in lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Total Income	440.76	334.96
Less: Total Expenditure	520.12	288.18
Excess/(Shortfall) of Income over Expenditure	(79.36)	46.78

OPERATIONAL REVIEW

The Company, being a Section 8 Company, promotes and implements the Corporate Social Responsibility agenda and works in the area of social development issues.

As a CSR initiative of Hindustan Unilever Limited, the holding Company, and under its guidance, during the year 2015, your Company scaled up the partnership in Bihar with Children's Investment Fund Foundation (CIFF) and the Government of Bihar to promote handwashing behaviour change among children in Bihar with the aim to help prevent childhood illness and mortality. By 2018, 45 million people are expected to benefit through this programme.

DIRECTORS

In accordance with the Companies Act, 2013, one - third of the Directors of the Company are liable to retire by rotation at every Annual General Meeting and accordingly, Mr. Sanjiv Mehta retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

BOARD MEETINGS

The Board of Directors meet at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the next Board Meeting.

The notice of Board Meeting is given well in advance to all the Directors. Usually, Meetings of the Board are held in Mumbai. The Agenda is circulated a week prior to the date of the Meeting. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the Meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, four Board Meetings were held on 6th May, 2015, 21st August, 2015, 4th December, 2015 and 30th March, 2016. The interval between any two Meetings was well within the maximum allowed gap of 120 days.

RELATED PARTY TRANSACTIONS

During the year, your Company received donations from related parties for the purpose of CSR activities and the same were appropriated accordingly.

RESPONSIBILITY STATEMENT

The Directors confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits or loss of the Company for that period;

iii. 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;

iv. they have prepared the annual accounts on a going concern basis; and

v. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

DEPOSITS

The Company has not accepted any fixed deposits from public under Chapter V of Companies Act, 2013 during the year.

PERSONNEL

The Company had no employees during the year under review and hence, provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There have been no loans, guarantees or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2015-16.

ANNUAL RETURN EXTRACT

Extract of Annual Return in Form MGT-9 under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

DECLARATIONS AND CONFIRMATIONS

The Company has adequate internal financial control system in place which operates effectively. According to the Directors of your Company, elements of risks that threaten the existence of your Company are very minimal. Hence, no separate risk management policy is formulated.

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The requirements of Section 134(3)(m) of the Companies Act, 2013, in so far as conservation of energy and technology absorption are concerned, are not applicable to the Company.

Details of foreign exchange earnings and outgo as per the Companies Act 2013, are given below.

(Rs. lakhs)

Particulars		For the year ended 31st March, 2016	For the year ended 31st March, 2015
I	Earnings	440.76	334.95
II	Outgo	-	-

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company at the 5th Annual General Meeting held in 2015 for a period of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

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

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

The Company is committed to excellence in safety, health, environment and quality management. It accords the highest priority to the health and safety of its employees, customers and other stakeholders as well as to the protection of the environment. The management of your Company is strongly focused on continuous improvement in these areas which are fundamental to the sustainable growth of the Company.

ACKNOWLEDGEMENT

The Board wishes to place on record their appreciation to all concerned for the highest level of commitment and dedication to the Company.

On behalf of the Board

Date: 06.05.2016	**P. B. Balaji**	**Dev Bajpai**
Place: Mumbai	Director	Director
	DIN: 02762983	DIN: 00050516

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

(As on the financial year ended 31st March, 2016)
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	U93090MH2010NPL208544
Registration Date	:	3rd October, 2010
Name of the Company	:	Bhavishya Alliance Child Nutrition Initiatives
Category / Sub-Category of the Company	:	Private Limited Company, Not-for-profit Company / Company having Share Capital
Address of the Registered office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai – 400 099 Telephone No : 022 3983 0000 E - mail : comsec.hul@unilever.com
Whether listed Company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a not–for–profit Company under Section 8 of the Companies Act, 2013.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Hindustan Unilever Limited Unilever House B. D. Sawant Marg, Chakala, Andheri (East) Mumbai - 400 099.	L15140MH1933PLC002030	Holding Company	100	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
–Bodies Corporates	-	10,000	10,000	100	-	10,000	10,000	100	0.00
2. Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**0.00**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**0.00**

ii. Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total shares	
1	Hindustan Unilever Limited	9,994	99.94	NIL	9,994	99.94	NIL	0.00
2	Hindustan Unilever Limited j/w Sanjiv Mehta	1	0.01	NIL	1	0.01	NIL	0.00
3.	Hindustan Unilever Limited j/w P. B. Balaji	1	0.01	NIL	1	0.01	NIL	0.00
4.	Hindustan Unilever Limited j/w Dev Bajpai	1	0.01	NIL	1	0.01	NIL	0.00
5.	Hindustan Unilever Limited j/w Pradeep Banerjee	1	0.01	NIL	1	0.01	NIL	0.00
6.	Hindustan Unilever Limited j/w BP Biddappa	1	0.01	NIL	1	0.01	NIL	0.00
7.	Hindustan Unilever Limited j/w Priya Nair	1	0.01	NIL	1	0.01	NIL	0.00
	Total	**10,000**	**100.00**	**NIL**	**10,000**	**100.00**	**NIL**	**0.00**

iii. Change in Promoters' Shareholding

There was no change in the Promoters' shareholding during the financial year 2015-16.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not Applicable

v. Shareholding of Directors and Key Managerial Personnel

Sl No.	Name of the Directors	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Sanjiv Mehta (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	1	0.00	1	0.00
	Bought during the year	0	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
2.	Mr. P. B. Balaji (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	1	0.00	1	0.00
	Bought during the year	0	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
3.	Mr. Dev Bajpai (Holding jointly with Hindustan Unilever Limited)				
	At the beginning of the year	1	0.00	1	0.00
	Bought during the year	0	0.00	1	0.00
	Sold during the year	0	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00

V. INDEBTEDNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the financial year 2015-16.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Directors do not receive any remuneration from the Company. The Company is not required to appoint Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

On behalf of the Board

Date: 06.05.2016	**P. B. Balaji**	**Dev Bajpai**
Place: Mumbai	Director	Director
	DIN: 02762983	DIN: 00050516

INDEPENDENT AUDITOR'S REPORT

To the Members of Bhavishya Alliance Child Nutrition Initiatives

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Bhavishya Alliance Child Nutrition Initiatives ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Income and Expenditure, and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its shortfall of income over expenditure and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. This report does not contain a statement on the matters specified in paragraphs 3 and 4 as required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub section 11 of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, the Order is not applicable in case of the Company.

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

   e. On the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub section 2 of Section 164 of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

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

      I. The Company does not have any pending litigations which would impact its financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.)

To the Members of Bhavishya Alliance Child Nutrition Initiatives

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

III. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 6 May 2016

Annexure A to the Independent Auditor's Report - 31 March 2016

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Bhavishya Alliance Child Nutrition Initiatives ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sub – section 10 of section 143 of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

Annexure A to the Independent Auditor's Report - 31 March 2016 (Contd.)

(Referred to in our report of even date)

expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting 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.

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

Rishabh Kumar
Partner
Membership No: 402877

Mumbai 6 May 2016

BALANCE SHEET
As at 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(33,25,503)	46,10,493
Current liabilities			
Other current liabilities	5	1,31,55,244	2,09,72,626
TOTAL		**99,29,741**	**2,56,83,119**
ASSETS			
Current assets			
Cash and bank balances	6	99,29,741	2,56,58,119
Short-term loans and advances	7	-	25,000
TOTAL		**99,29,741**	**2,56,83,119**
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Bhavishya Alliance Child Nutrition Initiatives
CIN : U93090MH2010NPL208544

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May, 2016

P.B. Balaji
Director
DIN: 02762983

INCOME AND EXPENDITURE ACCOUNT

for the year ended March 31st , 2016

(All amounts in Rupees, unless otherwise stated)

	Note	Year ended March 31, 2016	Year ended March 31, 2015
INCOME			
Donations received	8	4,40,76,102	3,34,95,988
TOTAL		**4,40,76,102**	**3,34,95,988**
EXPENDITURE			
Programme expenses	9	5,19,17,013	2,87,95,276
Other expenses	10	95,085	22,472
TOTAL		**5,20,12,098**	**2,88,17,748**
Excess/(Shortfall) of income over expenditure		(79,35,996)	46,78,240
Earnings per equity share	12		
Basic and diluted (Face value of Rs. 10 each)		(794)	468
Significant accounting policies	2		

The accompanying notes are an integral part of these financial statements.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No. 402877

Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Bhavishya Alliance Child Nutrition Initiatives
CIN : U93090MH2010NPL208544

Sanjiv Mehta
Director
DIN: 06699923

Mumbai: 6th May, 2016

P.B. Balaji
Director
DIN: 02762983

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

		Year ended March 31, 2016	Year ended March 31, 2015
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Excess of income over expenditure	(79,35,996)	46,78,240
	Net income before working capital changes	(79,35,996)	46,78,240
	Adjustments for :		
	Increase/(decrease) in other current liabilities	(78,17,382)	2,09,30,390
	(Increase)/decrease in short-term loans and advances	25,000	-
		(77,92,382)	2,09,30,390
	Net cash (used in) operating activities - [A]	(1,57,28,378)	2,56,08,630
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Net cash (used in) investing activities - [B]	-	-
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net cash (used in) financing activities - [C]	-	-
	Net Increase in cash and cash equivalents - [A+B+C]	(1,57,28,378)	2,56,08,630
	Cash and cash equivalents at the beginning of the period	2,56,58,119	49,489
	Cash and cash equivalents at the end of the period	99,29,741	2,56,58,119
	Cash and cash equivalents comprise of:		
	Balances with banks		
	In current account	99,29,741	2,56,08,630
	Demand Draft in Hand	-	49,489
		99,29,741	2,56,58,119

Notes to the Cash flow statement:

The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 (AS-3) prescribed as per Companies (Accounting Standards) Rules, 2014.

As per our report of even date

For and on behalf of Board of Directors of Bhavishya Alliance Child Nutrition Initiatives
CIN : U93090MH2010NPL208544

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May, 2016

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May, 2016

P.B. Balaji
Director
DIN: 02762983

NOTES

to the financial statements for the year ended 31st March, 2016

(All amounts in Rupees, unless otherwise stated)

1) COMPANY INFORMATION

Bhavishya Alliance Child Nutrition Initiatives is established to pursue the main objects - inter alia , to promote and strategize sets of proven , systematic , advance innovations and initiatives that are expected to bring down the current rate of child malnutrition in India ; to carry on by themselves or in association with an other trust , organization , agency , resource centre , institution (whether governmental or non-governmental) projects or activities to benefit the children suffering from malnutrition.

Also , one of the objects incidental or ancillary to the attainment of the main objects is to cooperate and achieve common objects , goals with other institutions, organizations , companies , enterprises having objects that are the same as or are simlar to those of the Company .

The Company has been incorporated on 3rd October 2010 under Section 25 of the Companies Act, 1956 as a private limited company.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of accounts

These financials statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accural basis.These Financials Statements have been prepared to comply in all material aspects with applicable accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the criteria set out in Schedule III of the Companies Act, 2013.The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Donation

Donations are received and applied for objects as mentioned in Memorandum of Association the Company. Donation receipts are accounted upon receipts of donations by the Company .

2.3 Expenses

All expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

2.4 Earning Per Share

Basic earnings per share is calculated by dividing the net excess/(shortfall) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.5 Provision for Taxation

We have not provided provison for taxation since company has made application for exemption under Section 12AA to competent authority under Income Tax Act, 1961.

3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
Authorized		
10,000 (March 31, 2015 : 10,000 equity shares of Rs. 10 each)	1,00,000	1,00,000
Issued, subscribed and fully paid up		
10,000 (March 31, 2015 : 10,000 equity shares of Rs.10 each fully paid)	1,00,000	1,00,000
	1,00,000	**1,00,000**

a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	10,000	1,00,000	10,000	1,00,000
Balance as at the end of the year	**10,000**	**1,00,000**	**10,000**	**1,00,000**

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. As the Company is a private company limited by shares formed under section 8 of the Companies Act,2013, no dividend is to be proposed and paid to the shareholders. In the event of winding up or dissolution of the Company, 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 the Company, to be determined by the members of the Company at or before the time of dissolution or in default thereof by the High Court.

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

c) Shares held by the holding company and subsidiary of holding company in aggregate in the company

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares of Rs.10 held by :		
10,000 (31st March 2015 : 10,000) shares are held byHindustan Unillever Limited, The Holding company	1,00,000	1,00,000

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

	As at 31st March, 2016	As at 31st March, 2015
Number of shares	10,000	10,000
Hindustan Unilever Limited	100%	100%

4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
Excess/(Shortfall) in statement of income and expenditure		
Balance at the beginning of the year	46,10,493	(67,747)
Less : Excess/ (Shortfall) of income over expenditure for the year	(79,35,996)	46,78,240
Balance at the end of the year	**(33,25,503)**	**46,10,493**

5) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Accrual for expenses	1,22,15,548	2,08,97,289
Statutory dues (tax deducted at source)	9,16,796	10,629
Other payables	22,900	64,708
	1,31,55,244	**2,09,72,626**

6) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
Balances with banks		
In current accounts	99,29,741	2,56,08,630
Demand draft in hand	-	49,489
	99,29,741	**2,56,58,119**

7) SHORT-TERM LOANS AND ADVANCES

(Unsecured , considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
Other loans and advances:		
-Amount receivable from subscriber to memorandum of association - Hindustan Unilever Limited	-	25,000
	-	**25,000**

8) DONATIONS RECEIVED

	Year ended March 31, 2016	Year ended March 31, 2015
The Children's Investment Fund Foundation (UK)	4,40,76,102	3,34,95,988
	4,40,76,102	**3,34,95,988**

NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rupees, unless otherwise stated)

9) PROGRAMME EXPENDITURE

	Year ended March 31, 2016	Year ended March 31, 2015
Project cost	5,19,17,013	2,87,95,276
	5,19,17,013	**2,87,95,276**

10) OTHER EXPENSES

	Year ended March 31, 2016	Year ended March 31, 2015
Payment to auditors		
- Statutory audit (including service tax)	22,900	22,472
Miscellaneous expenses	72,185	-
	95,085	**22,472**

11) RELATED PARTY DISCLOSURE for the year ended March 31, 2016 as required under AS - 18 'Related Party Disclosure'

Enterprise where control exists

Holding Company : Hindustan Unilever Limited

Ultimate Holding Company : Unilever PLC

Disclosure of transactions between the Company and Related parties and the status of outstanding balance as on March 31, 2016

Name of the Party	Year ended March 31, 2016	Year ended March 31, 2015
Balances as at year end		
Receivable from holding Company	-	25,000

12) EARNINGS PER SHARE HAS BEEN CALCULATED AS UNDER

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Excess / (Shortfall) of income over expenditure (Rs.)	(79,35,996)	46,78,240
Weighted average number of Equity shares outstanding	10,000	10,000
Earnings / (loss) per share (Rs.) - basic and diluted (face value of Rs. 10 per share)	(794)	468

13) OTHER MATTERS

Information with regard to the additional information and other disclosures to be disclosed by way of notes to Statement of profit and loss as specified in Schedule III to the Act is either 'nil ' or ' not applicable ' to the Company for the year.

14) Previous year figures have been audited by the firm of chartered accountants other than B S R & Co. LLP. Previous year figures have been reclassified to confirm to this year's classifications.

As per our report of even date

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

Rishabh Kumar
Partner
Membership No. 402877
Mumbai: 6th May, 2016

For and on behalf of Board of Directors of Bhavishya Alliance Child Nutrition Initiatives
CIN : U93090MH2010NPL208544

Sanjiv Mehta
Director
DIN: 06699923
Mumbai: 6th May, 2016

P.B. Balaji
Director
DIN: 02762983

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