PRESS RELEASE

The Board of Directors of Hindustan Unilever Limited (HUL) have, at the Board Meeting on 22^{nd} January, 2013, approved a proposal to enter into a new agreement with Unilever Plc (and entities of the Unilever Group) for the provision of technology, trademark licenses and other services to HUL.

Context

HUL currently has a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreeement (TMLA) with Unilever. The TCA provides for payment of 1% royalty on net sales of specific products manufactured with technical inputs developed by Unilever. The TMLA provides for the payment of trademark royalty at the rate of 1% of net sales on specific brands, where Unilever owns the trade mark and HUL is the licensed user. The total impact of both these agreements is a royalty cost of c. 1.4% of turnover.

Benefits to HUL

In recent years, Unilever has been increasingly globalising their resources to provide greater expertise, superior innovations and scale advantage for all Unilever entities, with an increased emphasis on Developing & Emerging Markets, including India. The pace of innovations and the scope of services have expanded over the years, and as a consequence, HUL is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and knowhow from Unilever. HUL is also receiving support and guidance to drive functional excellence e.g. in marketing, supply management, media buying etc. This is helping HUL to remain competitive and further step-up its overall business performance.

New Agreement

In the context of the huge growth opportunity in India, as well as increasing intensity of competition, particularly from global players, Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of HUL to win in the market place and continue to generate significant value for all shareholders of HUL.

Given the need for increased levels of service and the consequent additional costs, Unilever asked for a review of the royalty arrangements in order to ensure a fair recovery of costs. The HUL Board has deliberated on the proposal and has approved the following new arrangements :

- HUL will enter into a new agreement, effective 1^{st} February 2013, with Unilever for the provision of technology, trade mark license and other services.
- The new agreement envisages that the existing royalty cost of c. 1.4% of turnover will increase, in a phased manner, to a royalty cost of c. 3.15% of turnover no later than the financial year ending 31^{st} March 2018, i.e. a total estimated increase of 1.75% of turnover.
- The increase in royalty cost, in the period from 1^{st} February 2013 to 31^{st} March 2014 is estimated to be 0.5% of turnover, and thereafter in a range of 0.3% to 0.7% of turnover in each financial year, leading up to a total estimated royalty cost increase of 1.75% of turnover compared to existing arrangements, no later than the financial year ending 31^{st} March 2018.

The Board is satisfied that appropriate due diligence has been done and that the new arrangements reflect fair payment for the services and benefits that HUL will continue to receive. The new arrangements are consistent with the Government of India policy related to the payment of royalty.

22^{nd} January 2013