1.1 Introduction

The public sector is the part of the economy where the government or local authorities provide goods and services. These goods and services sometimes provided free and in other cases, consumers have to pay a price. The aim of public sector activity is to provide services that benefit the public as a whole. This is because it would be difficult to charge people for the goods and services concerned or people may not be able to afford to pay for them. The government provides these goods and services at a cheaper price than if they were provided by a profit making company. The public sector accounts for about 40% of all business activities.

The business units owned, managed and controlled by the central, state or local government are termed as public sector enterprises or public enterprises. These are also known as public sector undertakings. A public sector enterprise may be defined as any commercial or industrial undertaking owned and managed by the government with a view to maximize social welfare and uphold the public interest. Public enterprises consist of nationalized private sector enterprises, such as, banks, Life Insurance Corporation of India and the new enterprises set up by the government such as Hindustan Machine Tools (HMT), Gas Authority of India (GAIL), and State Trading Corporation (STC) etc.

Industrial progress is of utmost importance for the development of the country and for this, it is necessary that some basic industries like oil, coal, gas, iron, steel, production of heavy electrical goods, etc, be to be fully developed. Public enterprises give impetus to the development of these basic industries and help in the development of the private sector with their products and services. There are some industries, which require heavy capital investment because of technical reasons.

The development of public enterprises also prevents concentration of economic power in the hands of an individual, or a group of individuals. Not only is that, in our country economic inequalities increasing. Poor are becoming poorer and the rich more rich. The public enterprises can help in reducing inequalities with the help of various policies like utilizing the earned profits in public welfare activities and by selling raw
material to the small-scale industries at lower prices. It is also necessary for the economic progress of the country that industries, which can decrease imports and increase exports, be only promoted. Public enterprises also ensure promotion of such industries.

Public sector enterprises occupy an important place in the Indian economy. At the time of independence, the Indian economy was agrarian with a weak industrial base. There were very few public sector enterprises in our country. The Indian Railways, the Posts and Telegraphs, the Port Trust, Government Salt Factories were the prominent public sector enterprises. After getting independence, the government felt that if the country needs to speed up its economic growth, then state’s intervention in all sectors of the economy is inevitable.

The role of public sector was redefined in July 1997; Government identified nine central public sector enterprises as ‘Navratana’. They are BHEL, BPCL, GAIL, HPCL, IOC, MTNL, NTPC, ONGC and SAIL. These public sector enterprises have been given autonomy for capital investment, to enter into joint ventures, to raise capital from domestic and international market etc. In October 1997, the Government granted enhanced autonomy and delegation of financial power to some other profit making public sector enterprises and categorized them as ‘Miniratnas’. Presently there are 45 Miniratnas Public Sector Enterprises functioning in India.

The private sector consists of business activity that is owned, financed and run by private individuals. These businesses can be small firms owned by just one person, or large multi-national businesses that operate around the world (globally). In the case of large businesses, there might be many thousands of owners involved. The goal of businesses in the private sector is to make a profit.

According to Sec. 3(1) (iii) of the Indian Companies Act, 1956, a private company is that company which by its limits the number of its members to fifty, excluding employees who are members or ex-employees who were and continue to be members; restricts the right of transfer of shares, if any; prohibits any invitation to the public to subscribe for any shares or debentures of the company. Where two or more persons
hold share jointly, they are treated as a single member. According to Sec 12 of the Companies Act, the minimum number of members to form a private company is two. A private company must use the word “Pvt” after its name.

A private company restricts the right of transfer of its shares. The shares of a private company are not as freely transferable as those of public companies. The articles generally state that whenever a shareholder of a Private Company wants to transfer his shares, he must first offer them to the existing members of the company. The directors determine the price of the shares. It is done to preserve the family nature of the company’s shareholders.

In a market-based economy, private firms contribute to poverty reduction through many channels. They reduce income poverty when productivity rises, job opportunities increase, and competition for workers drive up wages. By producing essential goods and services in large-scale production, they can also help to keep the price of essential goods and services down, increasing the real effective incomes of poor people, a point underscored by the Commission on the Private Sector and Development (UNDP 2004c). As firms grow, they provide a larger source of tax revenues to the government, which in turn supports increased public investments. At a broader level of poverty reduction, private enterprises are vital to supporting overall technological advance, the long-term driver of economic growth.

1.1.1 The key differences between public and private sector employee work-life

Technological learning for production occurs at the level of enterprises, both public and private. This becomes more important as countries reach middle-income status and need to develop their technological base to compete internationally. Technological advances in manufacturing industries tend, by raising the productivity of workers, to increase firm growth and then increase the demand for jobs.

The primary difference between public- and private-sector jobs is that public-sector jobs are generally within a government agency, whilst private-sector jobs are those
where employees are working for non-governmental agencies. This includes jobs within individual businesses as well as within other types of company organizations.

If one, but are not sure whether the employee seeks to work within the public or private sector, then the following guide will provide with some useful tips and advice on the different types of jobs available within each sector:

There are a number of advantages of working in the public sector, including job stability and the various high-quality benefits packages available. These include excellent retirement benefits and favourable insurance policies. Public employees typically enjoy better job security than private employees, except during periods of major budget cuts. Also, many government positions are permanent appointments once a probationary period has been met. After this period has past, it is very unlikely for an employee to be laid off.

Furthermore, once a person has been granted employment within the public sector, it is relatively easy to move from one public sector position to another whilst still retaining the same benefits, holiday entitlements, and sick pay as did in previous role. In general, government workers also tend to earn better compensation compared to their private-sector counterparts; however, certain private-sector occupations can earn far more than the average public.employee salary.

The benefits of working in the private sector traditionally outweigh the benefits of working in the public sector. Private sector employment allows greater fluidity if moving from one job to another. Further still, for those individuals remaining within the same company, it is far easier to quickly move up within a company, as these decisions are made within the company rather than being based on central rules and regulations as stipulated by the government.

In addition to the above, individuals employed within the public sector will find a greater degree of flexibility when obtaining a pay rise; with companies in the position to offer regular pay rises if an employee sufficiently fulfills his or her obligations. There is also greater variety in potential job descriptions within the
private sector, given that public employers have a set number of roles to play in society.

1.2. Bharat Heavy Electricals Limited: A Public Sector Enterprise

BHEL is an integrated power equipment manufacturer and one of the largest engineering and manufacturing companies in India in terms of turnover. BHEL was established in 1964, ushering in the indigenous Heavy Electrical Equipment industry in India with a dream that had been more than realized with a well-recognized record of accomplishment of performance.

BHEL is engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation (Railway), Renewable Energy, Oil & Gas and Defence. We have 15 manufacturing divisions, two repair units, four regional offices, eight service centres and 15 regional centres and currently operate at more than 150 project sites across India and abroad. BHEL place strong emphasis on innovation and creative development of new technologies. BHEL research and development (R&D) efforts are aimed not only at improving the performance and efficiency of our existing products, but also at using state-of-the-art technologies and processes to develop new products. This enables BHEL to have a strong customer orientation, to be sensitive to their needs and respond quickly to the changes in the market.

The high level of quality & reliability of BHEL products is due to adherence to international standards by acquiring and adapting some of the best technologies from leading companies in the world including General Electric Company, Alstom SA, Siemens AG and Mitsubishi Heavy Industries Ltd. Most of BHEL manufacturing units and other entities have been accredited to Quality Management Systems (ISO 9001:2008), Environmental Management Systems (ISO 14001:2004) and Occupational Health & Safety Management Systems (OHSAS 18001:2007). BHEL have a share of 59% in India total installed generating capacity contributing 69%
(approx.) to the total power generated from utility sets (excluding non-conventional capacity) as on March 31, 2012.

BHEL have been exporting power and industry segment products and services for over 40 years. The cumulative overseas installed capacity of BHEL manufactured power plants exceeds 9,000 MW across 21 countries including Malaysia, Oman, Iraq, the UAE, Bhutan, Egypt and New Zealand. BHEL physical exports range from turnkey projects to after sales services. BHEL’s greatest strength is our highly skilled and committed workforce of 49,390 employees. Every employee has given an equal opportunity to develop him/her and grow in his/her career. Continuous training and retraining, career planning, a positive work culture and participative style of management - all these have engendered development of a committed and motivated workforce setting new benchmarks in terms of productivity, quality and responsiveness.

1.2.1 BHEL Products Range

- **Thermal Power Plants**
  Steam turbines and generators of up to 500MW capacity for utility and combined-cycle applications; capability to manufacture steam turbines with super critical steam cycle parameters and matching generator up to 1000 MW unit size.
  Steam turbines for CPP applications; capability to manufacture condensing, extraction, backpressure, injection or any combination of these types.

- **Gas Based Power Plants**
  Gas turbines of up to 260MW (ISO) rating.
  Gas turbine based co-generation and combined-cycle systems for industry.

- **Hydro Power Plant**
  Custom-built conventional hydro turbines of Kaplan, Francis and Pelton types with matching generators, pump turbines with matching motor-generators. Spherical, butterfly and rotary valves and auxiliaries for hydro station.
• **Dg Power Plants**
  HSD, LDO, FO, LSHS, natural-gas/biogas based diesel power plants, unit rating up to 20MW and voltage up to 11kV, for emergency, peaking as well as base load operations on turnkey basis.

• **Industrial Sets**
  Industrial turbo-sets of ratings from 1.5 to 120MW.
  Gas turbines land matching generators ranging from 3 to 260MW (ISO) rating.
  Industrial stream turbines and gas turbines for drive applications and co-generation.

• **Boilers**
  Steam generators for utilities, ranging from 30 to 500MW capacity, using coal, lignite, oil, natural gas or a combination of these fuels: capability to manufacture boilers with super critical parameters up to 1000 MW unit size.
  Steam generators for industrial applications, ranging from 40 to 450t/hour capacity using coal, natural gas, industrial gases, biomass, lignite, oil, bagasse or a combination of these fuels.
  Pulverized fuel fired boilers.
  Atmospheric fluidized bed combustion boilers.
  Circulating fluidized bed combustion boilers.

• **Boiler Auxiliaries**

  **Fan**
  Axial reaction fans of single stage and double stage for clean air application, with capacity ranging from 25 to 800m3/s and pressure ranging from 120 to 1,480 m of gas column.
  Axial impulse fans for both clean air and flue gas applications, with capacity ranging from 7 to 600m3/s and pressure up to 700 m of gas column.
Single and double-suction radial fans for clean air and dust-laden hot gases applications up to 400°C, with capacity ranging from 4 to 600m³/s and pressure ranging from 150 to 1,800 m of gas column.

**Air-Pre-heaters**
Ljungstrom rotary regenerative air-pre-heaters for boiler and process furnaces. Large regenerative air-preheaters for utilities of capacity up to 1000 MW.

**Electrostatic Precipitators**
Electrostatic precipitators of any capacity with efficiency up to 99.9% for utility and industrial applications.

**Soot Blowers**
Long retractable soot blowers (travel up to 12.2m), wall deslaggers, rotary blowers, temperature probes, and related control panels operating on pneumatic, electric or manual mode.

**Valves**
High and medium-pressure valves cast and forged steel valves of gate, globe, non-return (swing-check and piston lift-check) types for steam, oil and gas duties up to 600 mm diameter, 250 kg/cm² pressure and 540°C temperature. High-capacity safety valves and automatic electrical operated pressure relief valves for set pressure up to 200 kg/cm² and temperature up to 550°C.

Piping Systems, Constant Load Hangers, Clamp and Hanger components, variable spring hangers for power stations up to 850 MW capacities, combined cycle plants, industrial boilers and process industries.

- **Heat Exchangers And Pressure Vessels**
• **Pumps**
  Pumps for various applications to suit utilities up to a capacity of 660 MW.
  Boiler feed pumps (motor or steam turbine driven).
  Boiler feed booster pumps.
  Circulating water pumps.
  Lubricating oil pumps.
  Condensate pumps.

• **Power Station Control Equipment**
  Microprocessor-based distributed digital control systems.
  Data acquisition systems.
  Man-machine interface.
  Sub-station controls with SCADA.
  Static excitation equipment/automatic voltage regulator.
  Electro-hydraulic governor control.
  Turbine supervisory system and control.
  Furnace safeguard supervisory systems

• **Transformer**
  Power transformers for voltage up to 400 kV.
  HVDC transformers and reactors up to + 500 kV rating.
  Electro-magnetic voltage transformers up to 220 kV.
  Capacitor voltage transformers up to 400 kV.
  Special transformers: earthing; furnace; rectifier; electrostatic precipitator;
  freight loco and AC EMU and traction transformers.

• **Insulators**
  Disc/suspension insulators for AC/DC applications, ranging from 45 to 400 kn
  electro-mechanical strength, for clean and pollute atmospheres.
  Solid core insulators of 25 kV rating (both porcelain and hybrid) for railways.
  Disc insulators for 800 kV AC and HVDC transmission lines
BHEL has been exporting products and services in power and industry segment for approximately 40 years. As of June 30, 2011, we have exported our products and services to more than 70 countries. As of June 30, 2011, we had cumulatively installed generating capacity of over 8,500 MW outside of India in 21 countries, including Malaysia, Iraq, UAE, Egypt and New Zealand, and had approximately 5,200 MW in 19 countries under various stages of execution. Our international operations encompass a wide range of our power and industry segment products and services, including thermal, hydro and gas-based turnkey power projects, substation projects and rehabilitation projects, as well as a broad range of products (such as transformers, compressors, valves, oil field equipment, electrostatic precipitators, photovoltaic equipment, insulators, heat exchangers, switchgear equipment, castings and forgings) and after sales services. We are particularly active in the Middle East, Southeast Asia and Africa and have been executing turnkey contracts since 1980. Our recently completed projects outside of India include 2x126 MW gas turbine-based Siddhirganj peaking power plant in Bangladesh, 4x126 MW gas turbine-based Sulaymanniah power project in Iraq, 2x42 MW gas turbine-based Al Ghail power plant in UAE and 2x26 MW gas turbine generating sets for Oman Refinery Company in Oman. The Company has been successful in meeting requirements of International markets, in terms of complexity of work as well as technological, quality and other requirements.

In the post-independence era when India was moving towards industrialization, the major thrust of the Government was in the Core sector as a result power generation was given top priority with this objective. As a result Heavy Electricals (I) Limited was set up in Bhopal in August 1956 with a view to reach self-sufficiency in industrial products and power equipment. This plant was set up under technical collaboration of M/s Associated Electrical Industries, (AEI) UK. Heavy Electricals (I) Bhopal was merged in to BHEL 1974. Established in the late 50’s, Bharat Heavy Electricals Ltd is the large PSU in the Navratana Co. of India and a name to reckon with in the Industrial world. It is the largest engineering and manufacturing enterprise of its kind in India and one of the leading international companies in the power field. The Company is engaged in engineering, development and manufacture of a wide variety of electrical and mechanical equipment for generation, transmission and
utilization if energy and electrical power. The Company today enjoys national and international presence featuring in the 'Fortune 500' and is ranked among the top 12 companies in the world for manufacturing power generation equipment.

By the end of fifth Five-year plan, the planning commission envisaged that the demand for power transformer would rise in the coming year. Anticipating the country’s requirement B.H.E.L. decided to set up a new plant, which would manufacture power and other type of transformers in addition to the capacity available at B.H.E.L, Bhopal. The Bhopal plant was engaged in the manufacturing of transformers of large rating and Jhansi unit would concentrate on power transformer up to 50KvA, 132Kv Class and other transformers like instrument transformer, traction transformer etc.

Jhansi unit of BHEL was established around 14 Km from the city on the national highway No.26 on Jhansi-Lalitpur road. It is set up in 1974 at an estimated cost of Rs.16.22 Crores inclusive of Rs 2.1 crores for the township. Late Mrs. Indira Gandhi, The Prime minister on 9 Jan 1974 laid its foundation. The commercial production of the unit began in 1976 to 1977 with an output of Rs 531akh, since then there has been no looking back for B.H.E.L. Jhansi.

This plant of B.H.E.L Jhansi is equipped with the most modem manufacturing, processing & testing facilities for the manufacture of power & special transformers, instrument transformers, Diesel Electric shunting locomotive & AC/DC locomotive. The layout of the plant is such that it is well streamlined to enable smooth material flow from the raw material stage to the finished goods. All the feeder bays have been laid perpendicular to main assembly bay and in each feeder bay raw material smoothly converted to sub-assemblies, which after inspection are sent to main assembly bay.

The raw materials that are produced for manufacture used only after thorough material testing in the testing lab & with strict quality checks at various stages of production. This unit of B.H.E.L is engaged in the production & manufacture of transformers section in 1985-88. It undertook the re-powering of Diesel, but it took a
complete year for the manufacturing to begin in 1987-88 B.H.E.L. has progressed step further in undertaking the production of AC locomotive and subsequently it is manufacturing AC/DC locomotives also.

BHEL has earned worldwide recognition. More than 45 countries ranging from U.S.A. and erstwhile U.S.S.R. in the West to Australia and New Zealand in the East are BHEL’s customers. Its export ranges from individual products to Turnkey Power Plants and Consultancy services for setting up power plants.

1.2.2 Manufacturing Units of BHEL

First generation Units:
Bhopal: Heavy Electricals Plants
Haridwar: Heavy Electricals Equipments Plant
Hyderabad: Heavy Electrical Power Equipment Plant
Tiruchy: High Pressure Boiler Plant

Second generation Units:
Jhansi: Transformer and Locomotive Plant
Haridwar: Central Foundry and Forge Plant
Tiruchy: Seamless Steel Tube Plant

Unit through Acquisition and Merger:
Bangalore: Electronics Division
Electro Porcelain Division

New Manufacturing Units
Ranipat: Boiler Auxiliaries Plants
Jagdishpur: Insulator Plant
Rudrapur: Component and Fabrication Plant
1.2.3 Activity Profile of BHEL

1. Power sector projects
Thermal set and auxiliaries
Steam generators and auxiliaries
Industrial fans
Electrostatics precipitators
Air Pre-heaters
Nuclear power equipments
Hydro sets and auxiliaries
Simulators for power plants
Motors
Transformer
Rectifiers
Pumps
Heat exchanger
Capacitors
Porcelain ceramic insulator
Steam less steel tubes

2. SYSTEM/ SERVICES
Turnkey power stations.
Data acquisition system.
HYDC commissioning system.
Erection and commissioning
Modernization and rehabilitation

3. TRANSPORTATION SECTORS
Diesel electric generators
AC/DC locomotives
DC locomotives and loco’s shunters.
Traction system for railways
4. INDUSTRY SECTOR
Boilers
Valves
T.G sets
Power devices
Solar cells
Photovoltaic cells
Gas turbines
Compressors
Windmills
Control system for electric devices.

1.2.4 The Product Profile of BHEL Jhansi Unit

Table No. 1.1
The Product Profile of BHEL Jhansi Unit

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Products</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Power Transformer</td>
<td>Upto 220 kV Class 250 MVA</td>
</tr>
<tr>
<td>2.</td>
<td>Special Transformer</td>
<td>Upto 110 kV</td>
</tr>
<tr>
<td>3.</td>
<td>ESP Transformer</td>
<td>100 kV, 1400 mA</td>
</tr>
<tr>
<td>4.</td>
<td>Freight Loco Transformer</td>
<td>3900 to 5400 kVA &amp; 6500 kVA (3 Phase)</td>
</tr>
<tr>
<td>5.</td>
<td>ACEMU Transformer</td>
<td>Upto 1000 kVA 25 kV (1 Phase) 1385 kVA (3 Phase)</td>
</tr>
<tr>
<td>6.</td>
<td>Dry Type Transformer</td>
<td>Upto 3150 kVA</td>
</tr>
<tr>
<td>8.</td>
<td>Instrument Transformer</td>
<td>VT &amp; CT upto 220 kV Class.</td>
</tr>
<tr>
<td>9.</td>
<td>Diesel electric Locomotives</td>
<td>Upto 2600 HP.</td>
</tr>
<tr>
<td>10.</td>
<td>AC/DC Locomotive</td>
<td>5000 HP.</td>
</tr>
</tbody>
</table>
1.2.5 BHEL Philosophy on Corporate Governance

BHEL has established a sound framework of Corporate Governance, which underlines commitment to quality of governance, transparency disclosures, consistent stakeholders' value enhancement and corporate social responsibility. BHEL endeavours to transcend much beyond the regulatory framework and basic requirements of Corporate Governance, focusing consistently towards building confidence of its various stakeholders including shareholders, customers, employees, suppliers and the society. The Company has developed a framework for ensuring transparency, disclosure and fairness to all and to separate the Board functions of management especially minority shareholders.

The Corporate Governance Policy of BHEL rests upon the (Government Nominees) Representing four pillars of Transparency, full disclosure, Independent Monitoring and Fairness to all. Our corporate structure, Enterprises, business procedures and disclosure practices have attained a sound equilibrium with our Corporate Governance Policy resulting in achievement of goals as well as high level of business ethics. BHEL's Corporate Governance policy is based on the following principles:

i) Independence and versatility of the Board.
ii) Integrity and ethical behaviour of all personnel.
iii) Recognition of obligations towards all stakeholders – shareholders, customers, employees, suppliers and the society.
iv) High degree of disclosure and transparency levels whichever is earlier.
v) Total Compliance with laws in all areas.
vi) Achievement of above goals with compassion for people and environment.

1.2.6 Conservation of Energy

Units undertook the following Energy Saving Systems, utilizing efficient technologies:
1. Installation of Turbo Wind ventilators in Production shop
2. Use of renewable sources of energy such as solar water heating system & solar street lighting
3. Installation of Energy savers for welding rectifiers
4. Replacement of old motors with energy efficient motors
5. Replacement of old energy inefficient transformers with energy efficient transformers
6. Measures taken to use VFDs in place of AC motors when procuring new machines
7. Installation of Energy Management System
8. Installation of automatic power factor controller for inductive loads
9. Installation of power savers to lighting feeders

1.2.7. Research & Development

The following are the major thrust areas for R&D and technology:

• Advanced control and instrumentation platform for thermal power plant.
• Performance Analysis, Diagnostics and Optimization (PADO) systems for thermal as well as hydropower plant application.
• Coal research for refinement of understanding Indian coal characteristics.
• Integrated Gasification Combined Cycle (IGCC) power plants.
• Green technologies for Reduction of emissions.
• Atmospheric and Circulating Fluidized Bed Combustion (CFBC) boilers.
• HVDC transmission systems
• IGBT – based applications
• Gas insulated switchgear
• Industrial steam turbines
• Non-conventional energy systems such as solar, wind etc.
• Advanced Fabrication Technologies
• Surface coatings
• Vibration and noise reduction
• Residual life assessment studies
• Deployment of new technologies for reducing Cycle time and cost
• Specialized engineering software applications
• Knowledge Management
• Intelligent machines & robotics
• Nano-technology applications

1.3 Hindustan Unilever Limited: A Private Sector Enterprise

Hindustan Unilever Limited (HUL) is India's largest fast moving consumer goods company, with leadership in Home & Personal Care Products and Foods & Beverages. HUL's brands, spread across 20 distinct consumer categories, touch the lives of two out of three Indians. They endow the company with a scale of combined volumes of about 4 million tones and sales of Rs.13,718 crores.

In the summer of 1888, visitors to the Kolkata harbor noticed crates full of Sunlight soap bars, embossed with the words "Made in England by Lever Brothers". With it began an era of marketing branded Fast Moving Consumer Goods (FMCG). Soon after followed Lifebuoy in 1895 and other famous brands like Pears, Lux and Vim. Vanaspati was launched in 1918 and the famous Dalda brand came to the market in 1937.

In 1931, Unilever set up its first Indian subsidiary, Hindustan Vanaspati Manufacturing Company, followed by Lever Brothers India Limited (1933) and United Traders Limited (1935). These three companies merged to form HUL in November 1956; HUL offered 10% of its equity to the Indian public, being the first among the foreign subsidiaries to do so. Unilever now holds 52.10% equity in the company. The rest of the shareholding is distributed among about 360,675 individual shareholders and financial institutions.

The erstwhile Brooke Bond's presence in India dates back to 1900. By 1903, the company had launched Red Label tea in the country. In 1912, Brooke Bond & Co. India Limited was formed. Brooke Bond joined the Unilever fold in 1984 through an international acquisition. Unilever acquired Lipton in 1972. Pond's (India) Limited had been present in India since 1947. It joined the Unilever fold through an international acquisition of Chesebrough Pond's USA in 1986.
The liberalization of the Indian economy, started in 1991, clearly marked an inflexion in HUL's and the Group's growth curve. Removal of the regulatory framework allowed the company to explore every single product and opportunity segment, without any constraints on production capacity.

HUL formed a 50:50 joint venture with the US-based Kimberly Clark Corporation in 1994, Kimberly-Clark Lever Ltd, which markets Huggies Diapers and Kotex Sanitary Pads. HUL has also set up a subsidiary in Nepal, Unilever Nepal Limited (UNL), and its factory represents the largest manufacturing investment in the Himalayan kingdom. The UNL factory manufactures HUL's products like Soaps, Detergents and Personal Products both for the domestic market and for exports.

In 1986 Toilet soap plant in Orai in UP was commissioned. The 1990s also witnessed a string of crucial mergers, acquisitions and alliances on the Foods and Beverages front. In 1992, the erstwhile Brooke Bond acquired Kothari General Foods, with significant interests in Instant Coffee. In 1993, it acquired the Kissan business from the UB Group and the Dollops Ice-cream business from Cadbury India.

As a measure of backward integration, Tea Estates and Doom Dooma, two plantation companies of Unilever, merged with Brooke Bond. Then in July 1993, Brooke Bond India and Lipton India merged to form Brooke Bond Lipton India Limited (BBLIL), enabling greater focus and ensuring synergy in the traditional Beverages business. Finally, BBLIL merged with HUL, with effect from January 1, 1996. The internal restructuring culminated in the merger of Pond's (India) Limited (PIL) with HUL in 1998. The two companies had significant overlaps in Personal Products, Speciality Chemicals and Exports businesses, besides a common distribution system since 1993 for Personal Products. The two also had a common management pool and a technology base. The amalgamation was done to ensure for the Group, benefits from scale economies both in domestic and export markets and enable it to fund investments required for aggressively building new categories.
Hindustan Unilever Limited (HUL) is India's largest Fast Moving Consumer Goods Company, touching the lives of two out of three Indians with over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. The company’s Turnover is Rs. 20,239 crores (for the 15-month period – January 2008 to March 31, 2009).

Hindustan Unilever was recently rated among the top four companies globally in the list of “Global Top Companies for Leaders” by a study sponsored by Hewitt Associates, in partnership with Fortune magazine and the RBL Group. The company was ranked number one in the Asia-Pacific region and in India.

The mission that inspires HUL's more than 15,000 employees, including over 1,300 managers, is to “add vitality to life”. The company meets every day needs for nutrition, hygiene, and personal care, with brands that help people feel good, look good and get more out of life. It is a mission HUL shares with its parent company, Unilever, which holds 52.10% of the equity.

HUL’s brands like Lifebuoy, Lux, Surf Excel, Rin, Wheel, Fair & Lovely, Sunsilk, Clinic, Close-up, Pepsodent, Lakme, Brooke Bond, Kissan, Knorr, Annapurna, Kwality-Walls are household names across the country and span many categories - soaps, detergents, personal products, tea, coffee, branded staples, ice cream and culinary products. They are manufactured in over 35 factories, several of them in backward areas of the country. The operations involve over 2,000 suppliers and associates. HUL’s distribution network covers 6.3 million retail outlets including direct reach to over 1 million.

HUL focuses on hygiene, nutrition, enhancement of livelihoods, reduction of greenhouse gases and water footprint. It is also involved in education and rehabilitation of special or underprivileged children, care for the destitute and HIV-positive, and rural development. HUL has also responded in case of national calamities / adversities and contributes through various welfare measures, most recent being the relief and rehabilitation of the people affected by the Tsunami disaster, in India.
HUL’s Project Shakti is a rural initiative that targets small villages populated by less than 2000 individuals. Through Shakti, HUL is creating micro-enterprise opportunities for rural women, thereby improving their livelihood and the standard of living in rural communities. Shakti also provides health and hygiene education through the Shakti Vani programme. The program now covers 15 states in India and has over 45,000 women entrepreneurs in its fold, reaching out to 100,000 villages and directly reaching to 150 million rural consumers.

HUL also runs a rural health programme, Lifebuoy Swasthya Chetana. The programme endeavours to induce adoption of hygienic practices among rural Indians and aims to bring down the incidence of diarrhea. It has already touched 120 million people in approximately 50,676 villages across India.

Hindustan Unilever Ltd has signed the Fuel Supply Agreement (FSA) with public sector Indian Oil Corporation (IOC) for the entire fuel and lubricant requirements of its manufacturing unit in Orai. This first that two giants, from public sector and other from the private sector, have joined hands as “partners in progress”, and augers future partnerships between IOC and HUL.

Hindustan Lever's soap factory at Orai in Uttar Pradesh, northern India, is also working on promoting health and hygiene for more than 7,000 people in five local villages. The factory is located in an agricultural area with high levels of poverty, where less than half the local population can read and awareness of good hygiene, nutrition and family planning is poor.

### 1.3.1 HUL Products Range

**Home and Personal Care**

Lux, Lifebuoy, Liril, Hamam, Breeze, Rexona and Dove

**Laundary**

Surf Excel, Rin, Wheel And Sunlight
1.3.2 Corporate purpose

Unilever's mission is to add Vitality to life. We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.

Our deep roots in local cultures and markets around the world give us our strong relationship with consumers and are the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers - a truly multi-local multinational.

Our long-term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively, and to a willingness to embrace new ideas and learn continuously.
To succeed also requires, we believe, the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact. This is our road to sustainable, profitable growth, creating long-term value for our shareholders, our people, and our business partners.

1.3.3 Environment Policy

Hindustan Unilever Limited (HUL) supplies high quality goods and services to meet the daily needs of consumers and industry. In doing so, the Company is committed to exhibit the highest standards of corporate behaviour towards its consumers, employees, the societies and the world in which we live.

The company recognizes its joint responsibility with the Government and the Public to protect environment and is committed to regulate all its activities to follow best practicable means for minimizing adverse environmental impact arising out of its operations.

The company is committed to making its products environmentally acceptable, on a scientifically established basis, while fulfilling consumers' requirements for excellent quality, performance and safety.

The aim of the Policy is to do all that is reasonably practicable to prevent or minimize, encompassing all available knowledge and information, the risk of an adverse environmental impact arising from processing of the product, its use or foreseeable misuse.

This Policy document reflects the continuing commitment of the Board for sound Environment Management of its operations. The Policy applies to development of a process, product and services, from research to full-scale operation. It is applicable to all company operations covering its plantations, manufacturing, sales and distribution, research & innovation centres and offices. This document defines the aims and scope of the Policy as well as responsibilities for the achievement of the objectives laid down.
1.3.4 Quality Policy

Principles of the Quality Policy

• Putting the safety of our products and our consumers first.
We have stringent mandatory quality standards in place against which compliance is verified through regular audits and self-assessments. These standards ensure we design, manufacture and supply products that are safe, of excellent quality, and conform to the relevant industry and regulatory standards in the countries in which we operate. Comprehensive management procedures are in place to mitigate risks and to protect our consumers and markets.

• Putting consumers and customers at the heart of our business
We actively engage our consumers and customers, translating their needs and requirements into our products and services, thus creating consumer value wherever we position our products. This is at the very heart of our innovation process.

• Quality is a shared responsibility
Quality and consumer safety is the responsibility of every Unilever employee and Unilever demonstrates visible and consistent leadership to meet this policy. The drive for quality, in all that we do, is a passion reflected in our brand development, manufacturing and customer service processes and is also expected of our business partners. We partner with stakeholders to provide leadership, promote transparency and share best practice. And we’ve forged effective working relationships with suppliers and contract manufacturers.

• Building and maintaining excellent systems to ensure the quality and safety of our products
We’re proactively and continuously developing our systems and processes to ensure quality and safety throughout the whole value chain, and we’re setting a benchmark for the business. We provide appropriate training and resources, and will ensure that
we deliver our quality objectives and targets. We regularly measure and improve our performance using both internal and external measures.

We actively promote our Quality Policy and have a quality assurance organization in place to ensure consistency and visibility of quality standards, processes and performance indicators across all Unilever businesses at all levels, and to anticipate and develop future quality capability requirements.

1.3.5 Hindustan Unilever Limited: Code of Business Principles

Unilever has earned a reputation for conducting its business with integrity and with respect for all those whom our activities affect. This reputation is an asset, just as valuable as our people and our brands. To maintain this reputation requires the highest standards of behaviour consistently observed by all of us. Unilever’s Code of Business Principles sets out these standards and we expect all our employees to adhere to them. Being a successful business does not just mean investing for growth and balancing short and long term interests. It also means caring about our consumers, employees and shareholders, our business partners and the world in which we live. We therefore want this Code to be more than a collection of high sounding statements. It must have practical value in our day-to-day business lives and each of us must follow these principles both in the spirit and the letter. If we do so, Unilever’s reputation will be enhanced, our business will perform better and our professional lives will be all the more fulfilling. Compliance Monitoring Reporting Compliance with these principles is an essential element in our business success. The Unilever Board is responsible for ensuring these principles are applied throughout Unilever.

The Chief Executive Officer is responsible for implementing these principles and is supported in this by the Corporate Code Committee chaired by the Chief Legal Officer, Members of the Committee are the Group Secretary, the Chief Auditor, the SVP HR and the SVP Communications. The Global Code Officer is Secretary to the Committee. The Committee presents quarterly updates to the Corporate Responsibility and Reputation and the Audit Committee, half-yearly reports to the Unilever Executive and an annual report to the Board.
Day to day responsibility is delegated to all senior management of the regions, categories, functions and operating companies. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs, and are supported in this by Regional Code Committees comprising the Regional General Counsel together with representatives from all relevant functions and categories. Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Corporate Responsibility and Reputation Committee and for financial and accounting issues the Audit Committee. Any breaches of the Code must be reported in accordance with the procedures specified by the Chief Legal Officer. The Board of Unilever will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions. The Board of Unilever expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer because of doing so.