Hindustan Lever Limited

CLSA Investors' Forum

Hong Kong, September 2004

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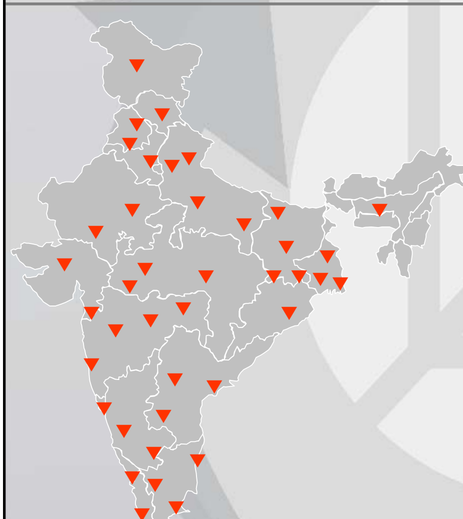
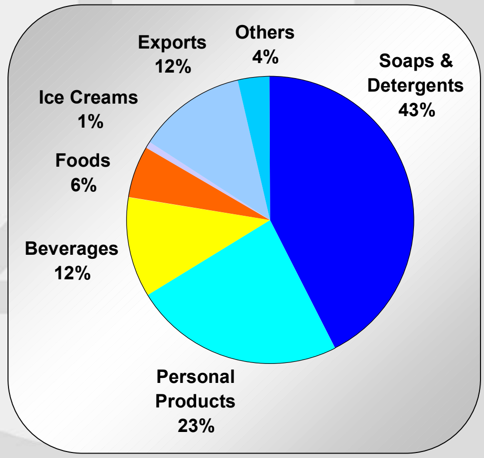


- 36,300 employees
- 1,350 managers
- 2,000+ suppliers & associates
- 80 company factories
- 45 C&FAs
- 7,000 Stockists
- Direct Coverage – 1 Mn outlets

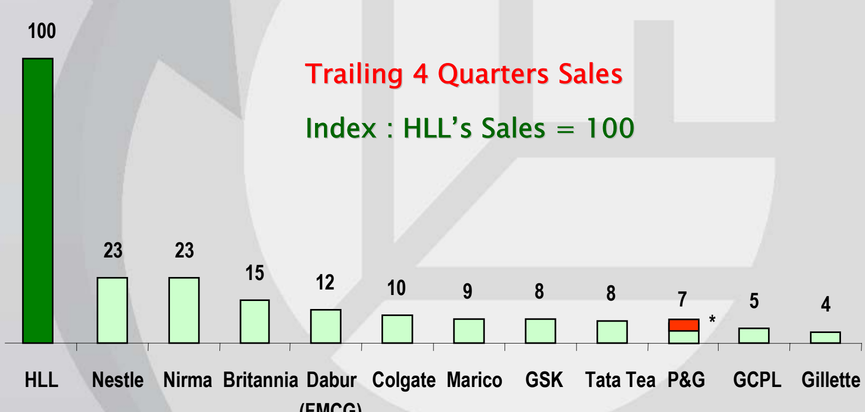
Financial Overview

	$ Mn
Turnover	2,190
Operating Profit	470
Operating Margin %	21.3%
Net Profit (bei)	390
EPS	20c
Surplus Cash Generated	380
EVA	310
Market Capitalisation	5,325



** Figures based on FY2003 Audited Results*

HLL - India's Largest FMCG Company



**Estimated*

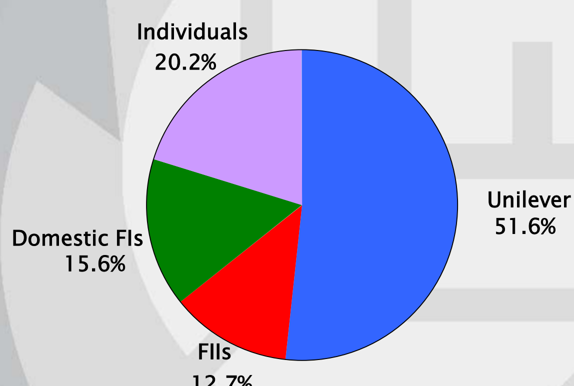
Leadership across categories

	Category	HLL - Market Share (%)	#2 Market Share (%)
Market Leader	Fabric Wash	38	18
	Personal Wash	58	11
	Dishwash	57	8
	Skin	60	7
	Hair Wash	50	19
	Talcum Powder	62	13
	Packet Tea	29	19
	Jams	79	7

		HLL - Market Share (%)	#1 Market Share (%)
Strong No. 2	Toothpaste	33	46
	Instant Coffee	38	62
	Ketchups	29	44

Source : A.C,Neilson ORG Marg

HLL Shareholding Pattern



HLL Equity Capital – 48 Mn $

As on 31st July '04

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HLL : 2000 - 03
Three Pronged Strategy

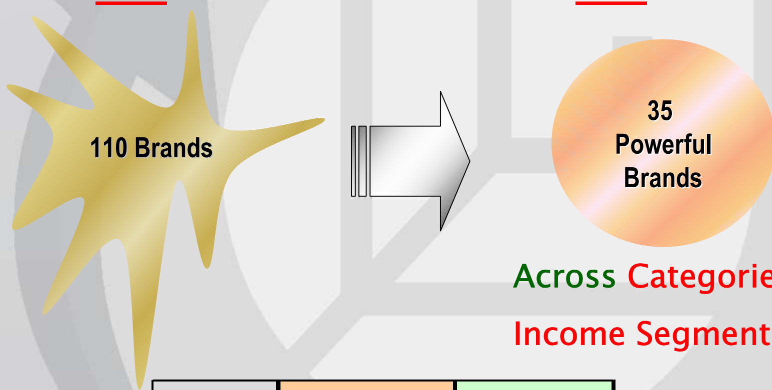
- Grow through focus on "POWER BRANDS"
- Improve profitability of Foods
- Secure future of Non – Core businesses

"Profitable Growth Through Focus"

Profitable growth through focus

Powerful Brands

2000 **2004**



Across Categories & Income Segments

2003	FMCG Market	Power Brands
Growth%	-5.8%	6.9%

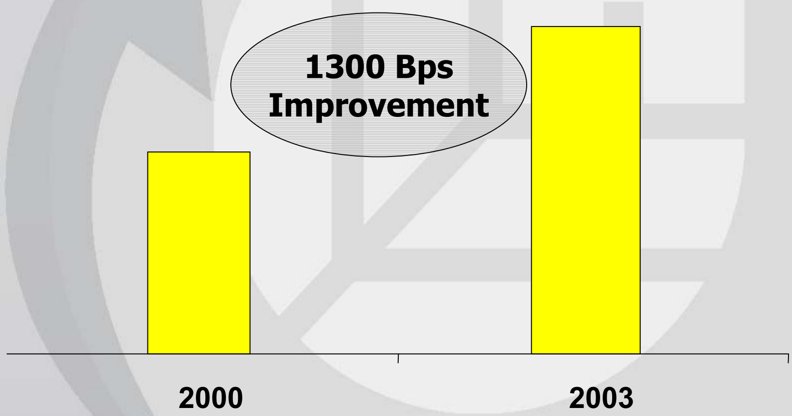
Growth through Brand Focus

- Concentrate resources & brand support on tight portfolio of
  - Leading Brands (#1, #2 or dominate niche)
  - Covering key benefits & price positions in Category
  - Strongly differentiated
- Merge overlapping brands within category
- De-list/Divest/Milk small & unviable brands

Profitable growth through Focus

Improving Foods Profitability

Foods Gross Margins %



Profitable growth through focus

Focus on FMCG

Non Core Business

DIVESTED

- AFS
- Quest
- Adhesives
- Nickel Catalyst
- Seeds
- Diversey Lever
- Oils & Fats
- Mushrooms

TRANSFER

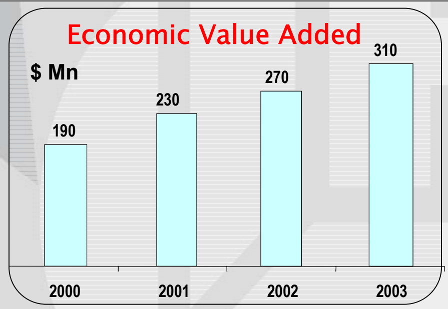
- Leather

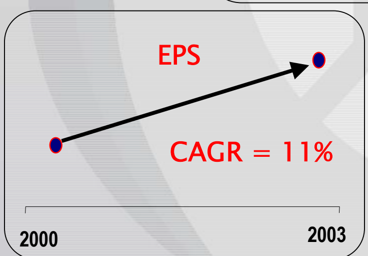
Transferred to subsidiary for potential JV / disposal

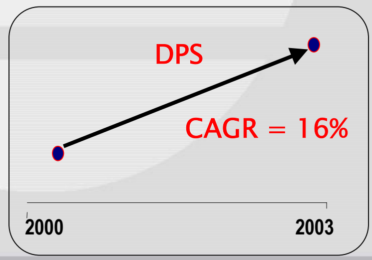
- Focused Portfolio: Non FMCG down from 24% to 8%
- Sales of Divested Businesses : 14% of '03 Turnover
- Value delivered in divestment 82 Mn $

Profitable growth through Focus

Rewarding Shareholders







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Economic Outlook

Growth%

	2001-02	2002-03	2003-04 (AE)*	2004-05 (E)*
Agriculture	6.5	(5.2)	9.1 ↑	0.8
Industry	3.3	6.2	6.7 ↑	6.4
Services	6.8	7.1	8.7 ↑	8.0
GDP	**5.8**	**4.0**	**8.2**	**6.0**

** CMIE Estimates*

Positives
- Strong GDP Growth
- High Forex Reserves
- Growing Exports
- Focus on Rural & Infrastructure

Concerns
- Oil Prices
- Inflation
- Fiscal Deficit
- Agricultural Growth

The India Opportunity

- More than 1 Billion Consumers
- Growing Disposable Income
- Young Population: 45% less than 20 years*
- Growing aspirations fuelled by media
- Low levels of
  - Penetration
  - Per Capita Consumption

** Source : Statistical Outline of India (2002-03)*

Opportunity to Drive Penetration

Category	Urban Penetration (%)	Rural Penetration (%)	Total Penetration (%)
Toothpaste	69.8	32.3	43.5
Skin	36.6	19.8	24.7
Hair Wash	40.1	16.3	23.3
Talcum Powder	66.0	36.8	45.1
Dishwash	54.6	11.5	24.4
Ketchup	12.5	0.7	4.2

Source : Indian Readership Survey 2002

Opportunity to grow consumption

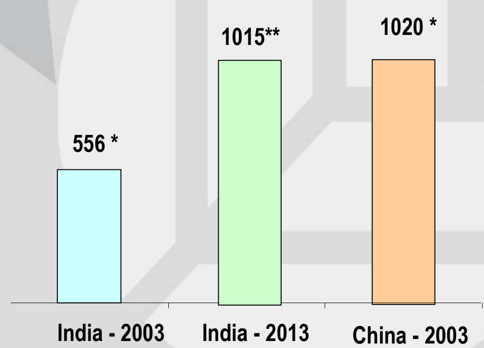
Per Capita Consumption (US $)

	Fabric Wash	Toothpastes	Shampoos
China	1.7	0.8	1.1
Indonesia	2.0	1.1	1.2
India	1.2	0.4	0.6

Source : Euromonitor

Growth in Disposable Income

Per Capita Income (US$ / Annum)



* Source : Euromonitor

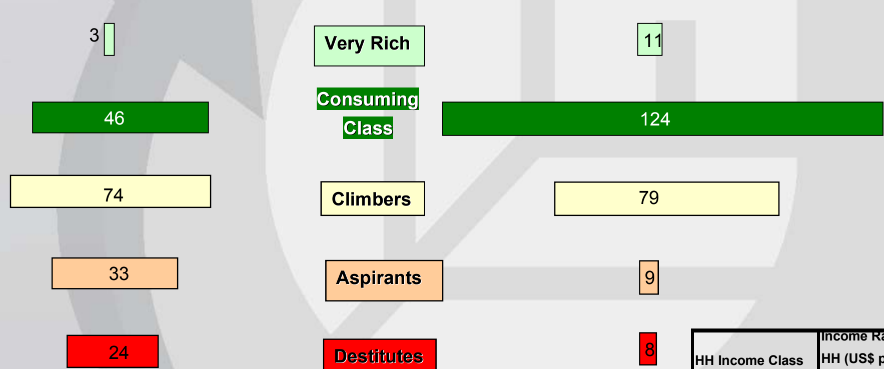
** Source : BRICs Report - Goldman Sachs

Growing Prosperity

Consuming Class Households to Treble

Nos Indicate Mn Households

2003 **2013**



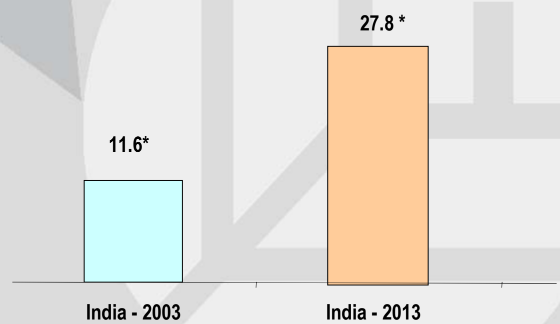
181 Total 231

HH Income Class	Income Range per HH (US$ p.a)
Very Rich	>4,675
Consuming Class	975-4675
Climbers	475-975
Aspirants	350-475
Destitutes	<350

Source : NCAER; HLL Research

FMCG - Opportunity

FMCG Market Size $Bn



Market will increase at 9% p.a; constant money

** Source HH Panel Data*

*** Estimated based on China's current per capita consumption*

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Current Market Context
Challenges

- Recent stagnation due to discontinuities
  - Choice explosion (Durables, Services, Entertainment)
  - Interest rate reduction (Easy Credit)
- Price Led Local Competition
- International companies seeking market position
- Driving Penetration & Consumption

MQ 2004
Decisive Steps

- Drive growth agenda
- Take competitive challenges head on
- Financial commitment for long term value

Current Market Context
Actions

- Pricing
  - Laundry : Price Reduction
  - Shampoos: Value Improvement & Lower Price Points
  - Toothpaste: Value Corrections & SKU rationalization
- Investments behind brands
  - Quality
  - Higher A&P

Current Market Context
FH 2004 Highlights

- Continuing sales flat
- HPC
  - HPC grows 6% in Volumes; growth across categories
  - Pricing actions lead to 1.3% Value growth
  - Volume market shares held in Laundry and Hair
- Foods
  - Decline by 4.4% impacted largely due to planned discontinuation and one-offs

Current Market Context

FH 2004 - Results Highlights

- Operating Profits (PBIT) declines 25.2%
  - Pricing actions in Laundry & Shampoos
  - Higher A&P Spends
  - Exceptional Items

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Driving the agenda

Delivering Consumer Value

Brand Relevance | **Superior Quality** | **Strategic Pricing**

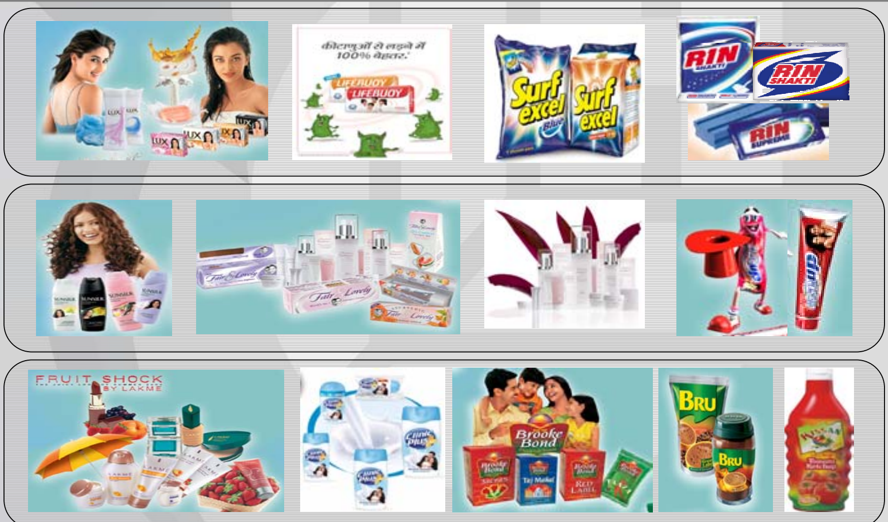
Ten Point Program to provide fuel

Brand Relevance

Continuous Innovation Stream across all Brands

- Surf Excel : *Quick Wash , 50% water saving and effort*
- Rin : *"No Mud "*
- Clinic Plus Milk Proteins : *"5 in 1" hair health benefits*
- Fair& Lovely : *Change your destiny & Perfect Radiance*
- Lifebuoy : *Family safe from germs*
- Close UP : *Stronger, Whiter Teeth & Fresher Breath*
- BrookeBond : *Master Brand*
- Lipton Ice : *Natural Vitality*

Superior Quality



Over 90 Mn $ invested

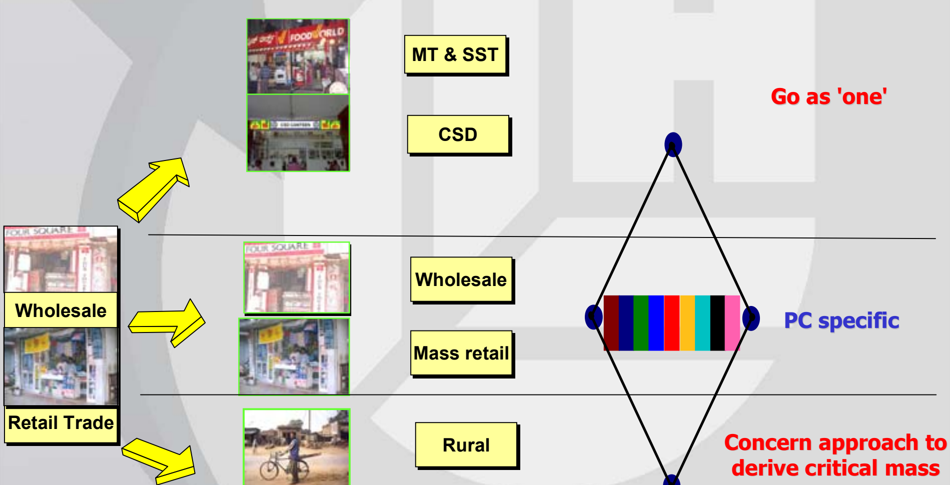
Strategic Pricing

- Increasing Accessibility : Lower price points
- Driving Affordability : Strategic Price Reductions

Technology Focus

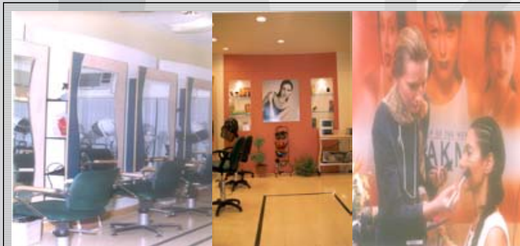
- India is a base for
  - 1 out of 4 Unilever Global Research Centers
  - 5 Global Innovation Centers
  - >100 Scientists

Customer Focussed Sales Organisation



Developing New Channels

"Out of Home"



"Lakme Beauty Salons"

"Ayush Therapy Centers"

Direct Selling

- Product Range
  - Lever home range
  - Male grooming
  - Oral Care
  - Ayurveda
  - Personal Wash
  - Foods
- Reach – 1400 towns (Largest in India)
- Consultant base – 300,000

Rural Marketing - Project Shakti

- Challenges in Rural Markets
  - Accessibility
  - Viability
  - Media Dark
- Rural selling through SHG's
  - Benefits
    - Improving product reach
    - Facilitating Brand-Communication
  - Extended into 12 major states
  - Over 30,000 villages covered
  - Touching 30 mn rural lives
  - Plans to cover 1,00,000 villages
    - Touching 100 mn rural lives.

Simpler Organisation & Enterprise Culture

- Simpler Organisation
  - Empowered , simpler , quicker
  - New structure to benefit from Unilever
- Fostering Enterprise Culture
  - Building Leadership
  - Increased Diversity
  - Performance Culture

Management Talent

- Preferred employer across functions and levels.
- Day 1 – Slot 1, Employer on all campuses
- Focus : Key Skills & Competencies
- Building effective teams
- Developing inspirational leaders

Excellent Talent Pool with a passion for winning

In Summary

- Big Opportunity to grow Penetration & Consumption
  - Strong Capabilities of HLL
    - Powerful Brands
    - Robust Business Capabilities
    - Management Talent

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