Hindustan Lever Limited

Deutsche Bank's Namaste India Conference

Mumbai, 22nd Feb 2005

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- FMCG markets & Strategy (00-03)
- Current Market Context
- Growth Agenda

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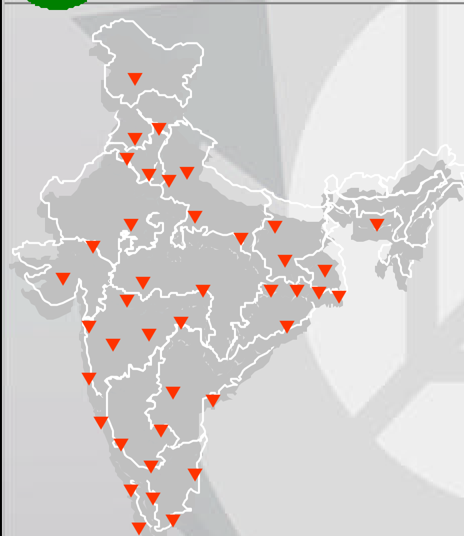
HLL - India's Largest FMCG Company



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

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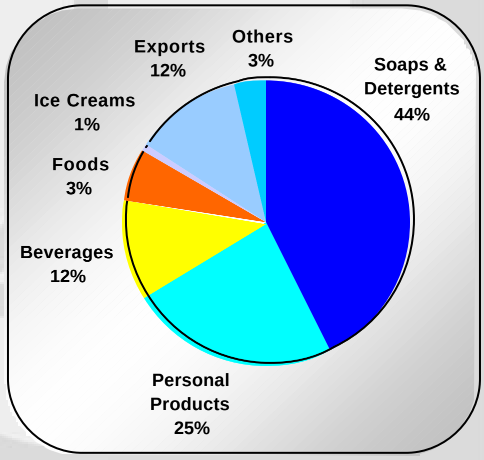
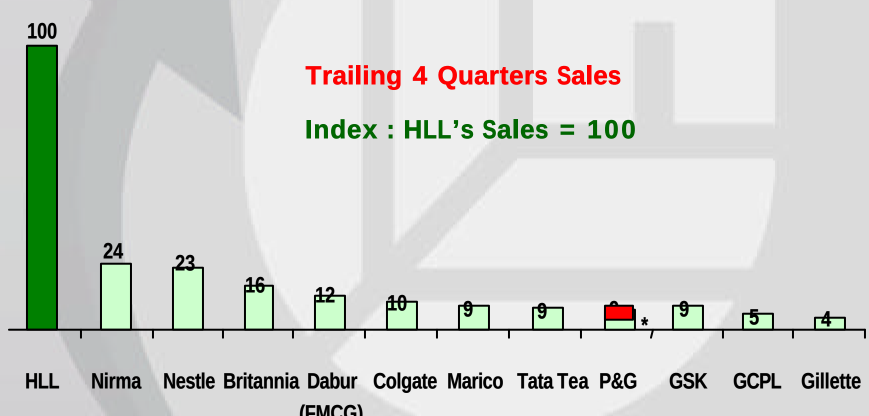
Financial Overview

	Mn $
Turnover	2,268
Operating Profit	360
Operating Margin %	15.9%
Net Profit (bei)	275
EPS	13c
Surplus Cash Generated	265
Market Capitalisation	7,300



** Figures based on FY2004 Audited Results*
++ Market Capitalization as on 17th Feb'05

HLL - India's Largest FMCG Company



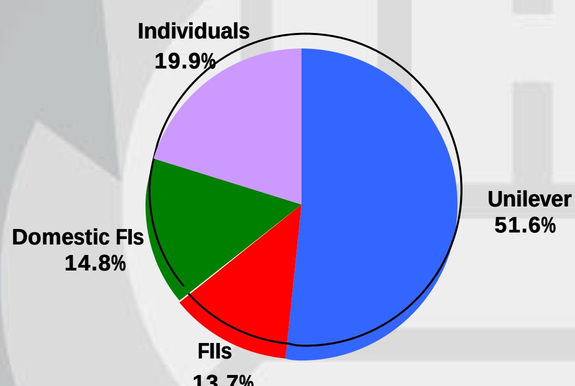
**Estimated*

Leadership across categories

	Category	HLL - Market Share (%)	#2 Market Share (%)
Market Leader	Fabric Wash	38	17
	Personal Wash	57	10
	Dishwash	57	11
	Skin	60	7
	Hair Wash	49	20
	Talcum Powder	61	14
	Packet Tea	30	20
	Jams	79	5
		HLL - Market Share (%)	**#1 Market Share (%)**
Strong No. 2	Toothpaste	33	47
	Instant Coffee	38	61
	Ketchups	29	43

Source : A.C Neilsen - ORG Marg FY'04 Value shares

HLL Shareholding Pattern



HLL Equity Capital - 50 Mn $

Market Capitalisation - 7,300 Mn $

As on 31st Dec'04

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Economic Outlook

Growth%

	2001-02	2002-03	2003-04 (AE)*	2004-05 (E)*
Agriculture	6.5	(5.2)	9.1	1.1
Industry	3.3	6.2	6.7	6.8
Services	6.8	7.1	8.7	8.0
GDP	**5.8**	**4.0**	**8.2**	**6.2**

** 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

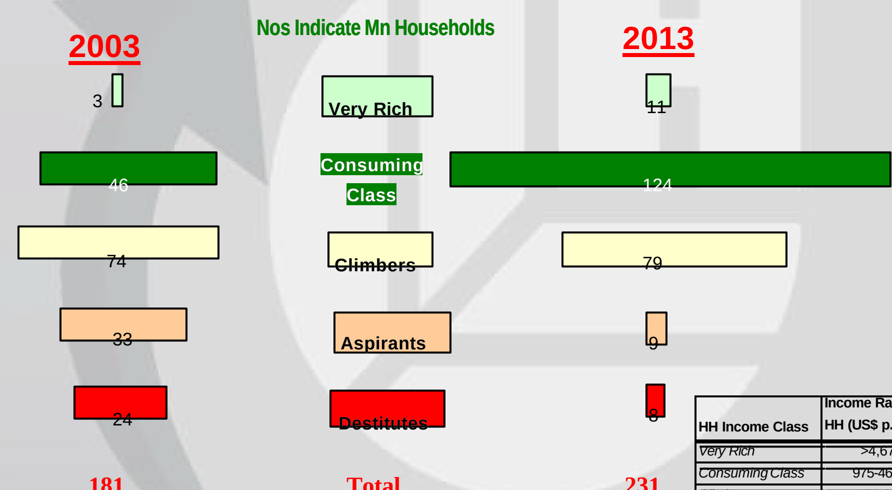
Per Capita Consumption (US $)

	Fabric Wash	Toothpastes	Shampoos
China	1.7	0.8	1.1
Indonesia	2.0	1.1	1.2
Thailand	4.7	3.0	3.7
India	1.2	0.4	0.6

Source : Euromonitor

Growing Prosperity

Consuming Class Households to Treble



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

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HLL : Three Pronged Strategy

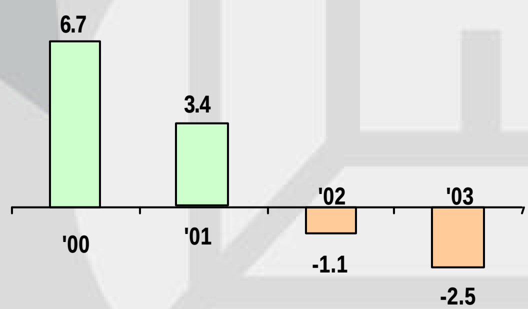
2000+

Grow through focus on "POWER BRANDS"	Rationalization completed from 110 to 35 power brands
Improve profitability of Foods	1300 Bps improvement in foods gross margins
Secure future of Non - Core businesses	Portfolio focused: Share of Non FMCG down from 24% to 8% of sales (Value delivered 84 Mn$)

"Profitable Growth Through Focus"

FMCG Markets
Slowdown in growth & then 2 years of decline

FMCG Market (HLL Categories) Growth%



	'00	'01	'02	'03
HPC	7.6	3.0	0.3	-1.3
F&B	1.9	4.6	-6.9	-7.8

Source : AC Nielsen ORG Marg Retail Audit

Challenges

- 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

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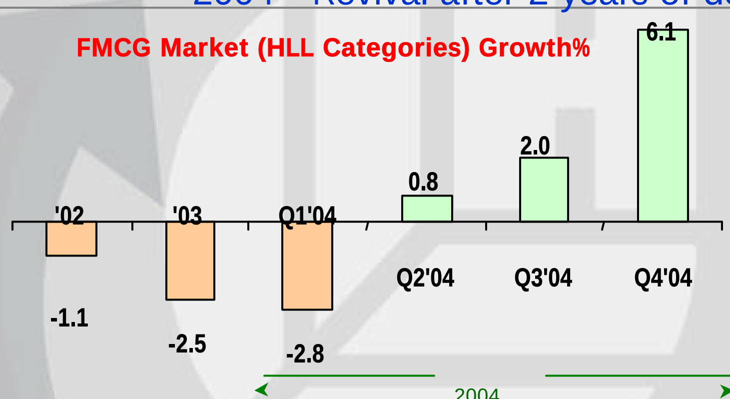
FMCG Markets

2004 - Revival after 2 years of decline

FMCG Market (HLL Categories) Growth%



	'02	'03	Q1'04	Q2'04	Q3'04	Q4'04
HPC	0.3	-1.3	-3.8	0.8	2.9	7.0
F&B	-6.9	-7.8	0.6	1.0	-1.6	2.7

Source : AC Nielsen ORG Marg Retail Audit

MQ 2004
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

Pricing Actions in 2004

Price reductions

Laundry

Price reduction (Bottles) & Value improvement (Sachets)

Shampoo

Current Market Context

Actions

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

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Investments behind Brands

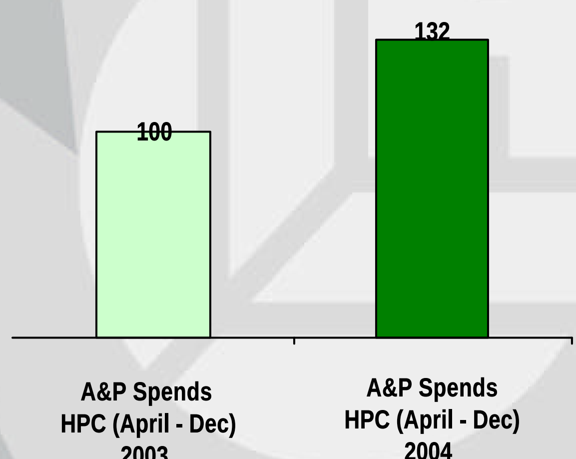
Innovation & Superior quality

Family - safe from germs | Petalsoft | Quick wash - 50% Water & effort saving | No mud | Rin Advance

Perfect Radiance | "5 in 1" hair health benefits | Total Care | Whiter teeth | Fresher breath

Investments behind Brands

Step up in HPC A&P Spends



Current Market Context

Actions

- Pricing
  - Laundry : Price Reduction
  - Shampoos: Value Improvement & Lower Price Points
  - Toothpaste: Value Corrections & SKU rationalization
- Investments behind brands
  - Innovations
  - Quality
  - Higher A&P
- Corrective actions in processed foods

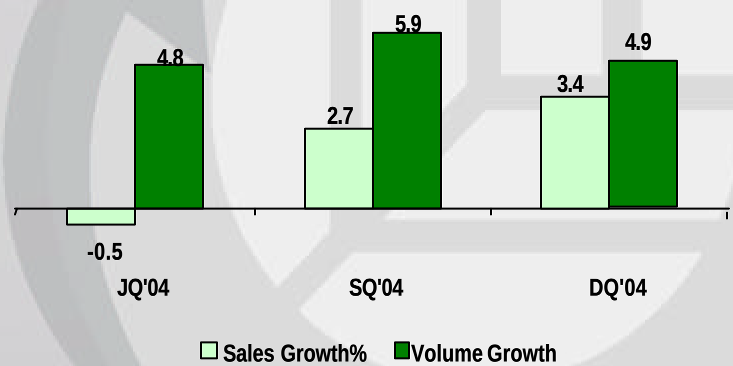
Processed Foods

- **Corrective actions**
  - **Phased stock reduction**
  - **Withdrawl of '03 innovation**
  - **Defocus of Atta in unviable geographies**
- **Sales decline of 26% arising from above actions**
- **Market shares held / improved**

Value Shares	MQ ' 04	JQ ' 04	SQ ' 04	DQ ' 04
Jams	78.8	78.7	79.5	78.4
Ketchup	29	27.8	29.9	30.3
Salt	15.4	15.2	16.1	15.7

Restructuring completed, category portfolio focused for growth

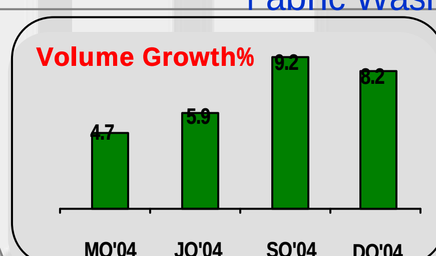
Current Performance
HPC- Growth

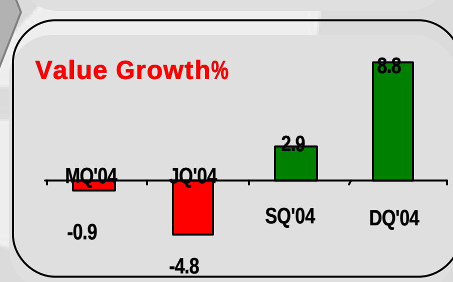


Current Performance
Fabric Wash

Actions taken

- **Price reduction**
- **Additional investment in quality**
- **Higher A & P spends**
- **Brand repositioning**





Current Performance

Fabric Wash

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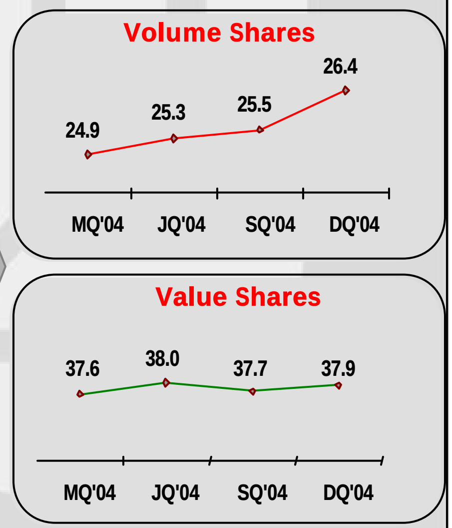
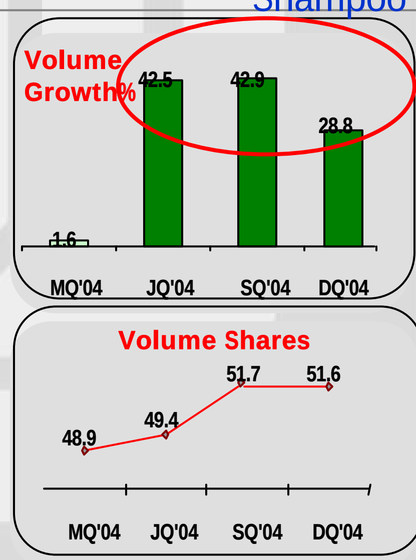


Current Performance

Shampoo

Actions taken

- **Price reduction - bottles**
- **Value Improvement - Sachets**
- **Innovations**
  - **Sunsilk**
  - **Clinic Plus**
  - **CAC**
- **Higher A & P spends**



2004 - Financial Highlights

- Continuing sales flat
- HPC
  - HPC grows 6% in Volumes; growth across categories
  - Pricing actions lead to 2% value growth
  - Value growth momentum picking up
  - Volume market shares gains in Laundry and Shampoo
- Foods
  - Strong growth in BrookeBond, Lipton and Instant Coffee
  - Decline by 7% impacted largely due to planned discontinuation; stock reduction and one-offs

2004 - Financial Highlights

- Operating Profits (PBIT) declines 29%
  - Competitive strategy in Laundry & Hair
  - Additional A&P spends in HPC
  - Higher foods losses

2005 - Scenario

- High input cost escalation particularly in chemicals & packaging materials impacting laundry most
- Aggressive cost savings and judicious price increases to partly offset cost pressures
- High brand building investments will continue

Key agenda will continue to be

Topline Growth

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Driving the growth agenda

Delivering Consumer Value

Brand Relevance

Superior Quality

Strategic Pricing

Ten Point Program to provide fuel

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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

Winning the customer & channel focus

- Customer focussed sales organisation
  - Diamond model
    - Concern approach to modern trade and rural distribution
    - Category specific approach to general trade
- Developing new channels
  - Rural marketing
  - Direct selling
  - Out of home
  - Service centers

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Developing new channels

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 50,000 villages covered**
    - Touching 70 mn rural lives
  - **Plans to cover 1,00,000 villages**
    - Touching 100 mn rural lives.

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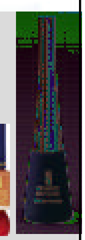
Developing new channels

Direct Selling

- Product Range
  - Lever home range
  - Male grooming
  - Oral Care
  - Ayurveda
  - Personal Wash
  - Foods
- Reach - 1400 towns (Largest in India)
- Consultant base - 330,000



In Summary

- **Big Opportunity to grow Penetration & Consumption**
  - **Strong brands : Rationalization completed**
  - **Delivering Consumer Value**
    - **Brand relevance; Strategic Pricing; Quality**
  - **Innovation / Activation - supported by new organisation**
  - **New sales organisation**
  - **Strong Capabilities of HLL**
    - **Powerful Brands; Robust Business Capabilities; Management Talent**

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