

HIGHLIGHTS

- ◆ **OPERATING PROFITS UP 16.6 %, OPERATING MARGINS UP 390 BPS**
- ◆ **DOMESTIC HPC SALES UP 3.7% AND 6.1% IN DQ 02**
- ◆ **FOODS AND BEVERAGES MARGINS CONTINUE TO IMPROVE**
- ◆ **NET PROFIT (COMPARABLE BASIS) GROWS BY 11.4 %**
- ◆ **FINAL DIVIDEND UP BY 20% TO Rs.3.00 PER SHARE**

Mumbai, January 29, 2003: Hindustan Lever Limited (HLL) Operating profits (Profit Before Interest and Tax) for 2002 were Rs.1926 cr. recording a growth of 16.6% over 2001. Operating margins improved by 390 basis points. This was achieved through higher HPC volumes, improved portfolio mix, savings from restructuring programme and benefits of new cost management initiatives. Profit Before Tax (PBT) at Rs.2197 cr. increased by 13.1% while Profit After Tax (PAT) before exceptional items was at Rs. 1716 cr., a growth of 11.3%. Reported sales at Rs. 9955 cr. declined primarily due to phasing out of traded exports and impact of divestments; Domestic HPC business recorded a growth of 3.7% driven by its power brands in a market which declined by 3.5%. Foods (including Ice Cream) sales declined by 11.6% for the year as the company continued to focus on improving profitability

In December quarter 2002, while reported sales at Rs. 2634 cr. were lower by 2.3%, continuing businesses recorded a growth of 1.2% This was led by HPC sales growth of 6.1% and continuing exports growth of 13.1%. HPC growth was driven by strong performance in Personal wash (11.3%), Fabric wash (8%), Dish wash (19.4%) and Skin care (21.8%). HPC exports grew impressively by 59% along with strong growth in Marine, Rice and Castor exports. Operating profits were at Rs.626 cr., a growth of 12.4% with underlying margins improving by 310 basis points. PBT at Rs.691 cr. increased by 13.2%. Net Profit was Rs 467 cr. after absorbing an exceptional item charge of Rs.76 cr. on account of retirement benefits necessitated by falling interest rates and higher annuity cost of LIC.

Earnings Per Share (EPS) for the year improved to Rs.7.98 from Rs.7.46 in 2001. The Board has recommended a Final Dividend of Rs.3.00 for the year. The total dividend, including Interim Dividend of Rs.2.50 is Rs. 5.50 compared with Rs.5.00 paid last year

Commenting on the performance, Mr.M.S.Banga, Chairman of the Company said, "In 2002, we vigorously pursued our strategy of strengthening our brands to deliver sustainable quality growth in the face of intense competition, a sluggish economy and declining market. HPC power brands beat the market by growing at 3.7% -- in fact for the last three quarters they have grown by 5.8 %. We have also continued to improve the profitability of our foods portfolio and have increased gross margins by about 5%, making these businesses increasingly 'fit for growth'. Our new strategy in Ice-cream focussing on premium value added products in metros has started delivering and the business has reduced its losses by almost half. We have made significant progress in divesting non-core businesses and have in the last year effected the disposal of seeds and Diversey Lever."

Group sales for the year 2002 (comprising HLL and its subsidiaries) has declined by 5.4% essentially due to phasing out of traded exports. Home and Personal Care grew by 3.4%. A continuing thrust on innovation saw brands such as Lifebuoy(+24%), Fair & Lovely(+18.6%), and Lux (+14.7%) deliver robust growth.

In Foods, the Culinary business grew by 7.6% driven largely by a focus on seamless integration, launch of value added products and innovation which saw the Knorr brand grow by 56.5%. A number of innovations have been seeded in the market place. These include Knorr Annapurna 4 'o clock Tiffin, Kissan flavoured spreads, and Knorr Annapurna Spices and Cooking Aids.

Other Income

Other income for the year grew by 1% to Rs. 385 cr. Astute management of surplus funds minimised the impact of fall in interest rates on financial income.

Bonus Debentures and Special Dividend

The Honourable High Court of Mumbai has approved the scheme of arrangement for issuing Bonus Debentures of face value of Rs.6/each for every equity share and payment of special dividend of Rs. 2.76 per share. The proposal now awaits the approval of Reserve Bank of India. The issue of Bonus Debentures and payment of Special Dividend is expected to be completed in JQ 03.