

HIGHLIGHTS

- ◆ HPC POWER BRANDS GREW BY 8% .
- ◆ HPC SALES UP BY 5.6% WITH VOLUME GROWTH OF 11%
- ◆ CONTINUING EXPORTS GREW BY 15.2% .
- ◆ OPERATING PROFITS UP BY 9.1% . OPERATING MARGINS INCREASE BY 127BPS.
- ◆ NET PROFIT (COMPARABLE BASIS) GROWS BY 8.2%

Mumbai, April 16, 2003: Hindustan Lever Limited (HLL) has registered an Operating Profit (Profit before interest and taxation) of Rs. 416.00 crores for the first quarter ended 31st March 03, recording an increase of 9.1% over the corresponding quarter of 2002. Profit After Tax -before exceptional items (PAT) at Rs. 382.92 crores increased by 8.2%.

HPC sales recorded a strong growth of 5.6%. Total sales grew by 1.2% with sales of continuing businesses growing by 2.9%. This was achieved despite business operations being adversely affected by the uncertainty associated with VAT towards the end of March.

Commenting on the quarter's performance, Mr. M.S.Banga, Chairman stated: "In HPC, we have used aggressive pricing and higher media spends in order to stimulate volume growth. It is very encouraging to see overall volumes up by 11% led by a 41% growth in Hair, 27% in Skin, 16% in Oral and 5% in Laundry. This has taken up overall Sales growth to 8% for our power brands, making it the fourth consecutive Quarter of growth in the face of depressed markets.

This strategy may well have an impact on operating profit in the very short-term. However, we remain confident of our ability to deliver sustained profitable growth through driving our Power brands with innovation, appropriate pricing and brand investment."

"In our Foods business too we have introduced several new products with healthy gross margins to drive future growth" Mr. Banga added

FMCG Business

In a depressed market, Personal Wash grew by 9% led by strong growth in Lifebuoy (+36%), Pears (+21%) . In Fabric Wash, the Wheel and Surf franchises grew by 7% and 6% respectively.

In Personal Products, all our Skin brands grew strongly leading to a Skin category sales growth of 23%. In Oral Care, toothpaste sales turned around with Pepsodent recording strong growth of 39%. Hair volumes are up by 40%; sales were however flat on account of aggressive pricing. Overall Personal Products recorded an excellent 16% growth.

Unfavourable commodity prices and competition from loose-tea continued to impact Beverages sales. Several initiatives have been taken to get back to growth path. Three Roses and Taaza were strengthened and have recorded double digit growth. In Coffee, Bru recorded handsome growth.

In Processed Foods Annapurna grew by 26% leading to an 18% growth in Popular Foods. Several new products were introduced as well.

Ice-cream Gross margins improved by 500 bps and the underlying results improved by 48%. The business has introduced several exciting new products for the summer season.

Exports

Export business recorded a growth of 5% led by a 27% growth in HPC exports. Continuing exports showed a strong growth of 15%.

Other Income

In the context of falling interest rate scenario pro-active treasury management ensured productive deployment of surplus cash. Operating other income included a benefit of Rs. 31.44 cr arising out of early repayment of deferred sales-tax liability.

M & A

The company has acquired the Cooked Shrimp and Pasteurised Crabmeat business of the Amalgam Group of companies on a going concern basis. The acquisition is effective from January 1, 2003. The business was already on wet lease with us since July 2000 and has contributed to our export turnover.

Final Dividend

The finance Bill 2003 has proposed to charge additional tax on dividend declared and paid by the company replacing the tax on dividend income in the hands of the recipient shareholders. Consequently the proposed final dividend of Rs. 3.00 per share for 2002 would include the distribution tax payable. Appropriate resolution would be placed before the shareholders in the ensuing annual general meeting.

Bonus Debentures

The Reserve Bank of India has given approval for allotment of Bonus Debentures of Rs. 6 per share and payment of special dividend of Rs. 2.76 per share to Non-Resident Shareholders. With all approvals in

place the Board has decided to keep 23rd June 2003 as the record date for the allotment of Bonus Debentures and payment of Special Dividend. The Special Dividend would be paid on or after 8th July 03. With the change in the Finance Bill regarding taxation of dividend, the special dividend payable would be reduced by the distribution tax payable on the total scheme amount of Rs. 8.76 per share.