

## HINDUSTAN LEVER LIMITED JUNE QUARTER 2003 RESULTS

- ◆ POWER BRANDS DRIVE GROWTH FOR THE FIFTH SUCCESSIVE QUARTER
- ◆ HPC POWER BRANDS UP BY 4.6%.
- ◆ FOODS AND BEVERAGES POWER BRANDS GROW BY 8.3%
- ◆ OVERALL CONTINUING BUSINESSES GAIN MOMENTUM AND GROW BY 3.5%.
- ◆ OPERATING PROFITS UP BY 8.9%. OPERATING MARGINS INCREASE BY 102 BPS.
- ◆ PAT GROWS BY 12.6%
- ◆ INTERIM DIVIDEND OF RS. 2.50 PER SHARE, DISTRIBUTION TAX TO BE PAID BY COMPANY

Mumbai, July 31, 2003 : Hindustan Lever Limited (HLL) has registered an Operating Profit (Profit before interest and taxation) of Rs. 506.23 crores for the second quarter ended 30th June 03, recording an increase of 8.9% over the corresponding quarter of 2002. Profit After Tax-before exceptional items (PAT) at Rs. 450.93 crores increased by 12.6%.

Overall sales grew by 3.0% with sales of continuing businesses growing by 3.5%. HPC sales momentum was sustained and grew at 3.5% in a market which declined by 4.5%. The Transport strike in April affected the overall sales growth particularly in Personal Wash and Ice-cream businesses.

Commenting on the quarter's performance, Mr.M.S.Banga, Chairman stated: "After a period of restructuring, the company has regained growth momentum led by its Power brands. Our HPC Power brands achieved a strong growth for the fifth consecutive quarter at 4.6% in the face of depressed markets. This was achieved through exciting innovations and aggressive pricing. Our Foods and Beverages Power brands grew by 8.3% leading to substantial improvement in overall sales.

We are confident that our strategy of focussing innovations on power brands will continue to deliver sustained growth.Mr. Banga added.

### FMCG Business

In a depressed market, Personal Wash grew by 8% led by strong growth in Lifebuoy (+31%), Lux (+10%). In House Hold Care Vim grew by 7%.

In Personal Products, all our Skin brands continued to grow strongly and thereby contributing to Skin category sales growth of 14%. In Oral, toothpaste sales decline was restricted to 3% in a market that declined by 11%; Toothpaste sales grew by 5.4% in FH 03. Pepsodent gained market share. Aggressive strategy to grow the Oral category is in place. Hair category sales turned around to record 3.8% increase on the back of 27% growth in volumes. Sunsilk achieved 8% sales growth with underlying volumes growing by 41%. Overall Personal Products recorded a high growth of 8.1% taking the FH 03 growth to 11.6%.

Power brands in tea recorded handsome growth with Taaza growing at 12%, 3 Roses by 9% and Red Label by 5%. Our tea power brands have just been relaunched as Brooke Bond which is now a Rs. 1000 crore mega brand. In Coffee, Bru recorded 16% growth. Processed Foods grew by 21% with Annapurna growing by 26% and Kissan by 24%.

Ice- cream sales were impacted by the prolonged transport strike in the peak summer month of April 03 resulting in lower profitability. Continuing exports recorded a growth of 7.7%, led by a 33% growth in HPC exports.

Other Income.

Efficient treasury operations in a falling interest rate environment contributed to 18% increase in financial other income

M & A

The company has signed a Memorandum of Understanding with Bunge Limited for transfer of domestic Edible Oils and Fats business in India and Nepal. This is subject to approval of shareholders, which is being sought through a postal ballot. The divestment of the business is in line with our focussed business strategy and rationalisation of existing brand portfolio.

Interim Dividend

The Board of Directors at their meeting held on 31st July 03, declared an interim dividend of Rs.2.50 per equity share for the year 2003. This dividend will be after absorbing distribution tax payable by the company. The Board of Directors have fixed 18th August 03 as the Record Date for the purpose of payment of dividend and the dividend will be paid on 28th August 2003.