Hindustan Lever Limited

CLSA Investors' Forum
Hong Kong
September 2005

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Growth agenda

India Opportunity

OVERVIEW

2005 Scenario

FMCG markets & strategy

HLL - India's Largest FMCG Company

16,000+ employees *

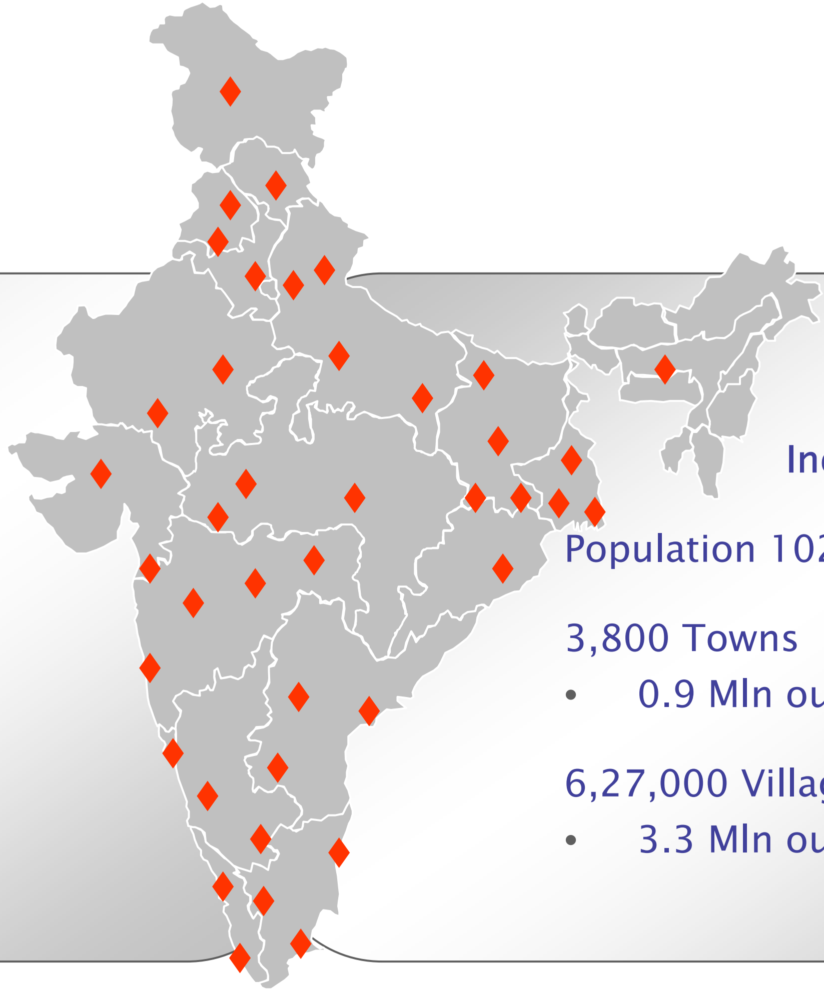
1,200+ managers

2,000+ suppliers & associates

80 company factories

45 C&Fas, 7,000 Stockists

Direct Coverage – 1 Mn outlets



India

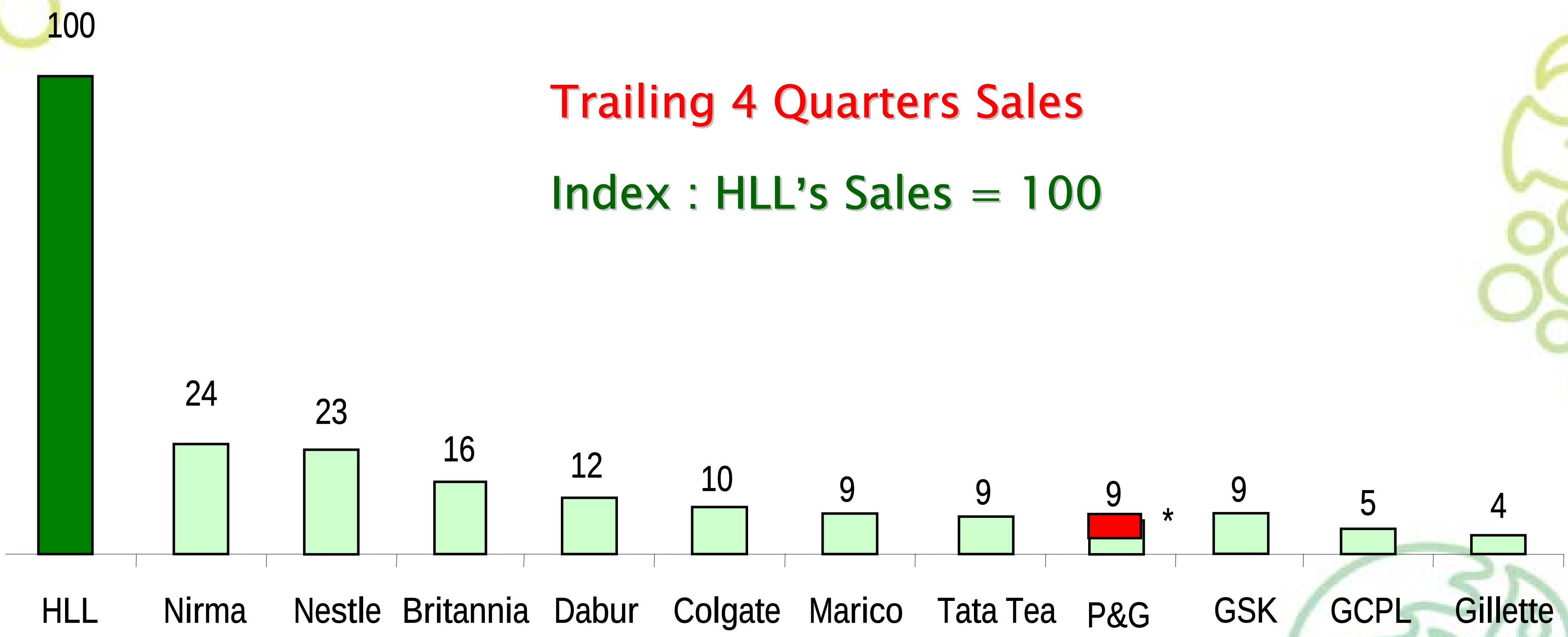
Population 1027 Mln

3,800 Towns
- 0.9 Mln outlets

6,27,000 Villages
- 3.3 Mln outlets

*** Excluding Plantations***

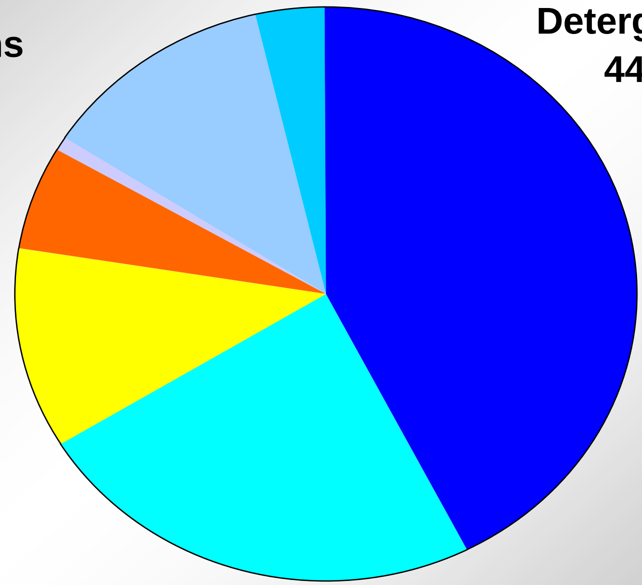
HLL - India's Largest FMCG Company



*Estimated

Financial Overview 2004

	Mn $
Turnover	2,268
Operating Profit	360
Operating Margin %	15.9%
Net Profit (bei)	275
EPS	13c
Surplus Cash Generated	265
Market Capitalisation	8,547



** Figures based on FY2004 Audited Results*
++ Market Capitalization as on 2nd September'05

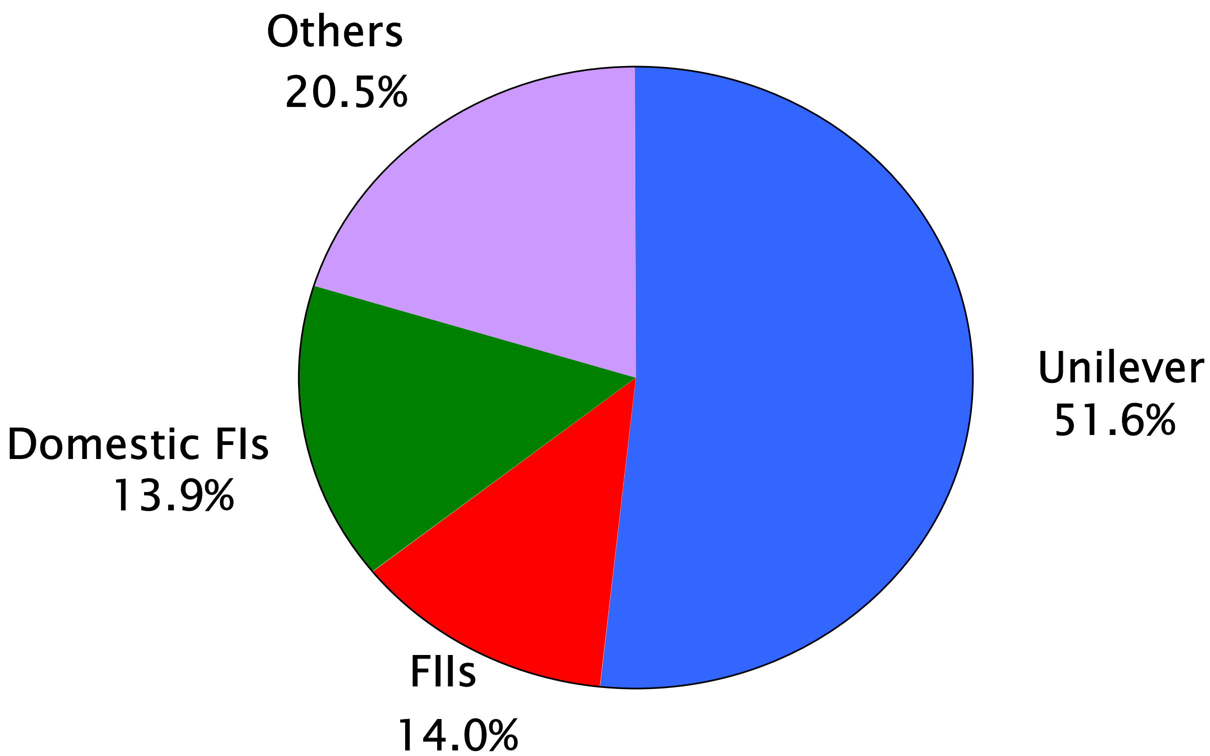
Leadership across categories

	Category	HLL - Market Share (%)	#2 Market Share (%)
Market Leader	Fabric Wash	38	17
	Personal Wash	55	10
	Dishwash	56	11
	Skin	59	4
	Hair Wash	48	22
	Talcum Powder	62	4
	Packet Tea	30	20
	Jams	75	7

		HLL - Market Share (%)	#1 Market Share (%)
Strong No. 2	Toothpaste	33	47
	Instant Coffee	42	58
	Ketchups	26	41

Source : A.C Neilsen - ORG Marg Quarter Ended Jun 2005 Value shares

HLL Shareholding Pattern



HLL Equity Capital – 50 Mn $

Market Capitalization – 8,547 Mn $

* Shareholding pattern as on 30th June'05
++Market Capitalization as on 2nd September'05

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Economic Outlook

Growth%

	2002-03	2003-04	2004-05 #	2005-06 *
Agriculture	(5.2)	9.1	1.1	3.0
Industry	6.2	6.7	6.8	8.5
Services	7.1	8.7	8.0	7.5
GDP	**4.0**	**8.2**	**6.2**	**6.8**

Source : CMIE *# Estimates, * Forecast*

Positives

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

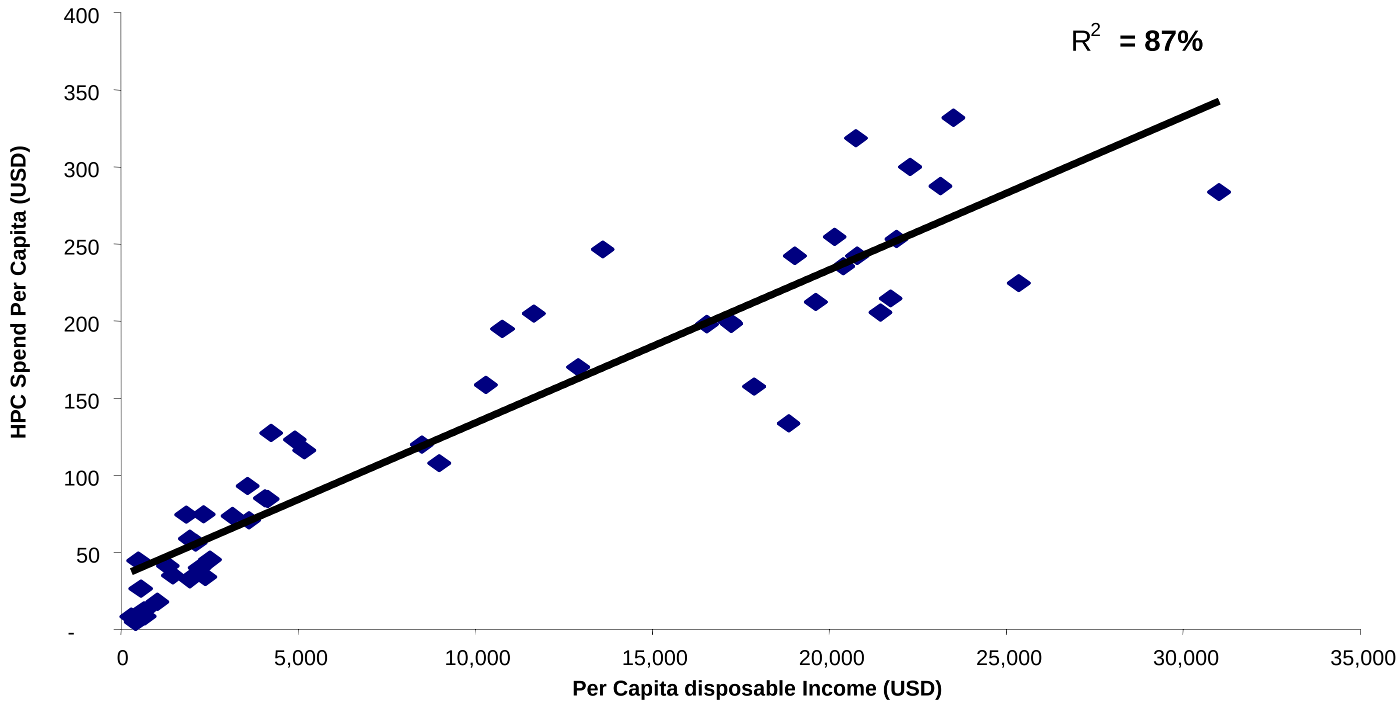
Concerns

- Oil Prices
- Inflation
- Fiscal Deficit
- Agricultural Growth

The India Opportunity

- More than 1 Billion Consumers
- Growing per capita income
- Future of FMCG in India
- Opportunities to drive Consumption
- Value upgradation opportunity
- Growth opportunity in Modern Trade

Disposable income per capita vs HPC spend per capita (2004)

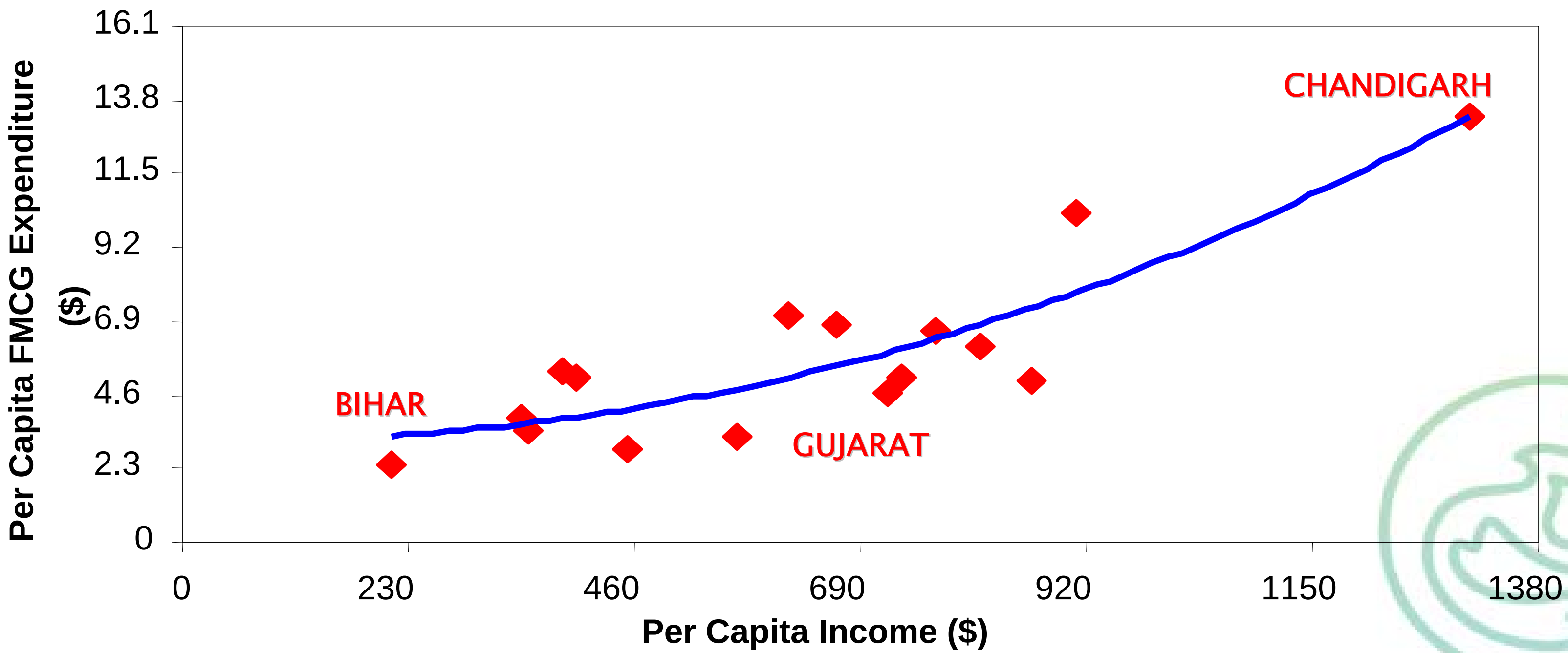


- Per capita incomes in the long term drives consumption
- High R-squared for developed and developing countries
- High income countries have higher consumption

Source: Euromonitor, Morgan Stanley Research

Increasing Per capita income drives FMCG growth

- Correlation of above 0.8 between FMCG consumption and PCI
- Growth in income is a good indicator of growth in FMCG consumption.
- As India's real income continues to grow at 7% + levels FMCG will benefit.



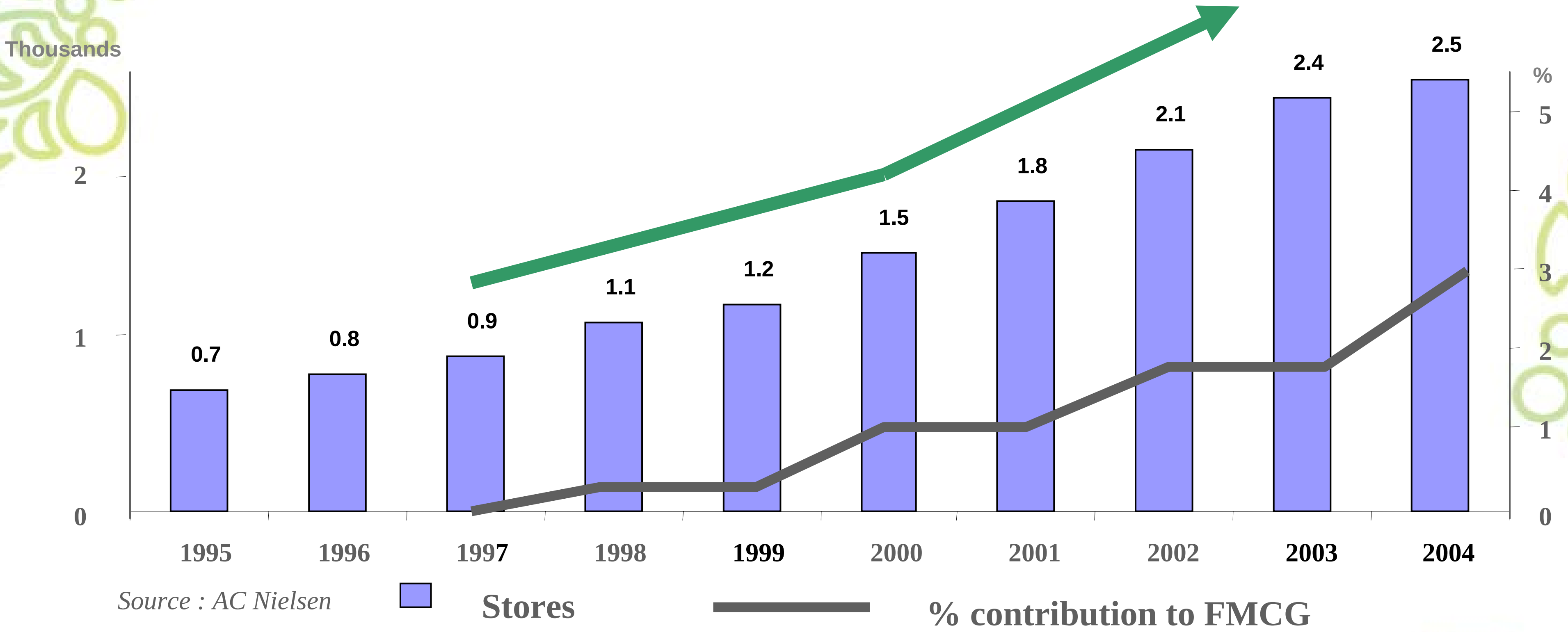
Opportunity to grow consumption

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

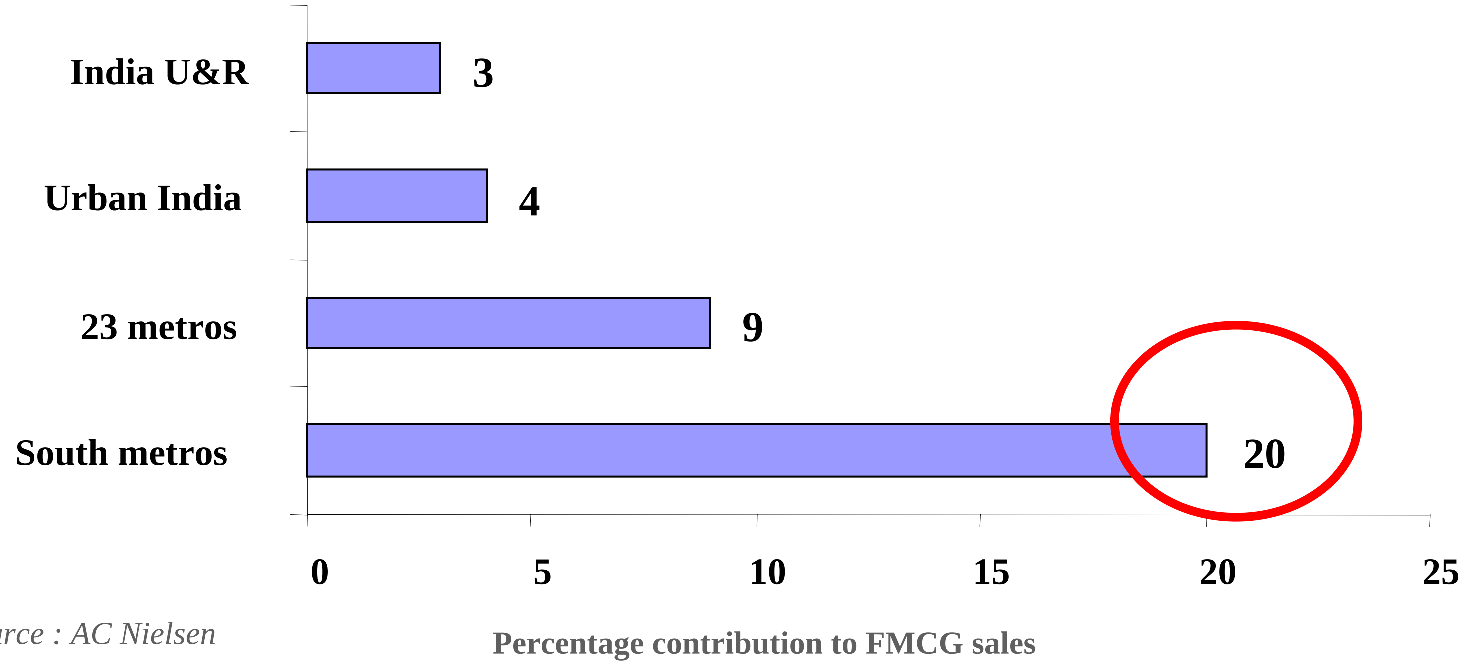
FMCG Modern trade stores



Source : AC Nielsen

- FMCG modern trade stores increasing at a CAGR of 15% in the last 5 years
- They account for 3% of FMCG today

FMCG Modern trade stores



Source : AC Nielsen

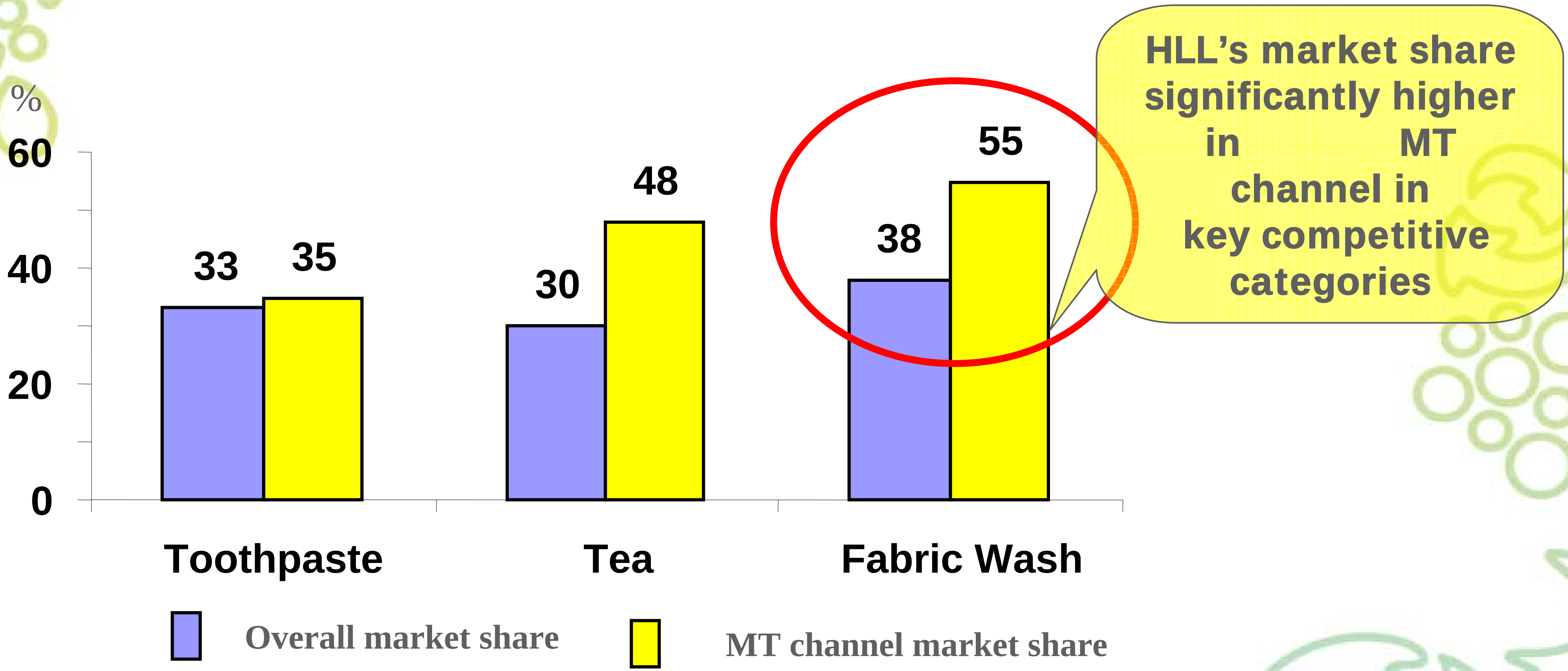
- Modern trade accounts for 9% of FMCG in metros, 20% in South Indian metros

Retail industry outlook

- One Big Bazaar to open every fotnight
- Wal-Mart keen to open stores as soon as FDI is allowed
- BPCL to open 700 convenience stores every year
- Metro to spend $400 mn in the next 5 years
- 22 new malls to open up in Mumbai this year !
- Barista to open 1000 outlets by 2010

Source : AC Nielsen

HLL view



HLL is uniquely positioned to take advantage of bringing in the Unilever worldwide best practices in MT and the localized experience that we have of India.

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FMCG MARKETS & STRATEGY

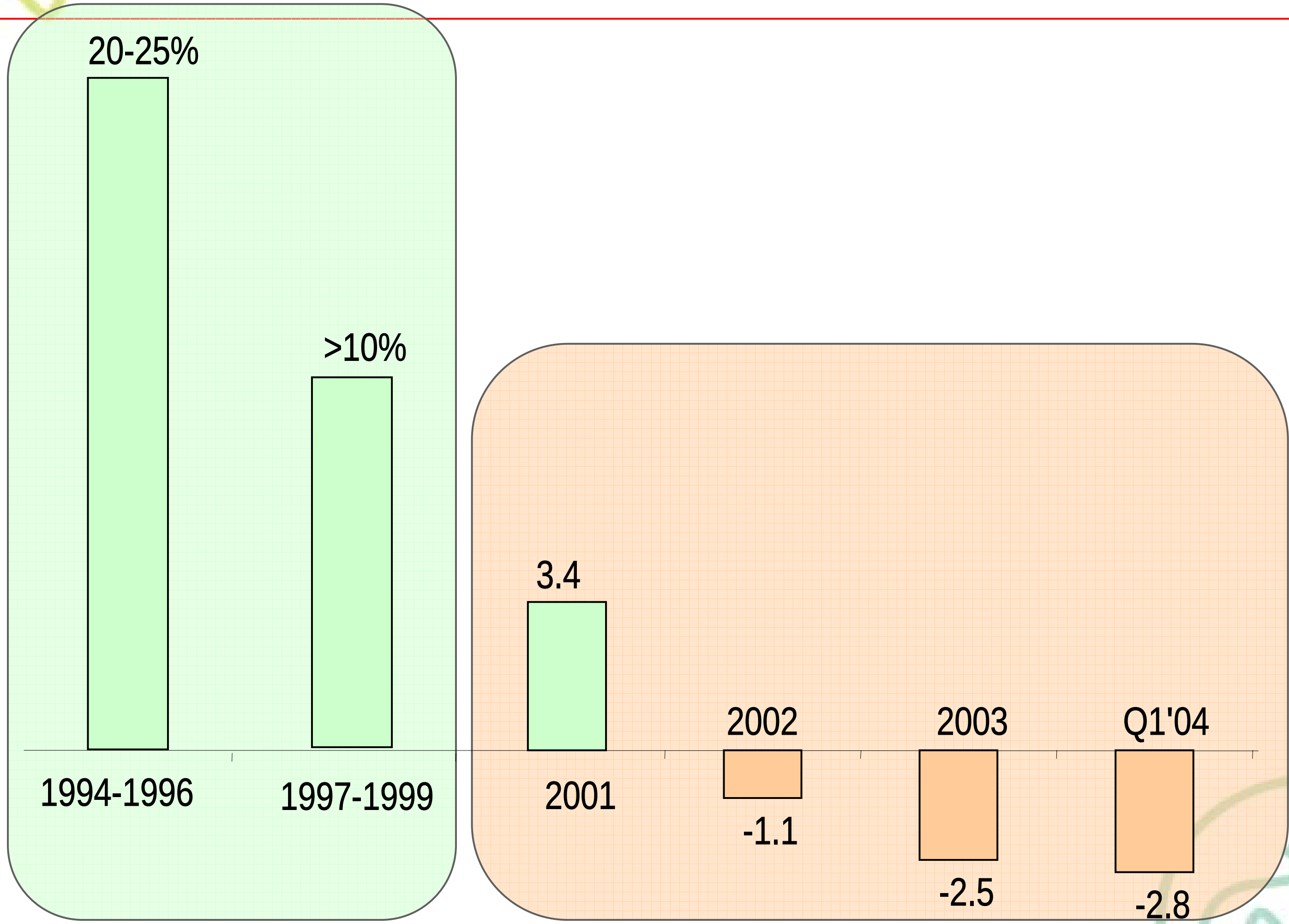
HLL : Three Pronged Strategy

2000-2004

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



From Double Digit growth rates to declines

Source : AC Nielsen ORG Marg Retail Audit

Challenges

- Price Led Local Competition
- Increasing competition for share of wallet (durables,homes, auto,services)
- International companies seeking market position
- Driving Penetration & Consumption

Down-trading in most FMCG categories

FMCG Markets

Steps

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

Actions

- Laundry : Price Reduction
- Shampoos: Value Improvement & Lower Price Points
- Toothpaste: Value Corrections & SKU rationalization

$ 115 mn brand investments in 4 years

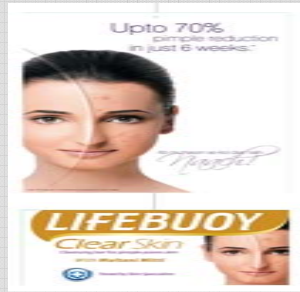
45% increase in A&P over 2003-05

Investments behind Brands

Innovation & Superior quality

Family – safe from germs

Petal-soft



Pimple reduction

Quick wash – 50% Water & effort saving

Rin Advanced

Perfect Radiance

"5 in 1" hair health benefits

Total Care

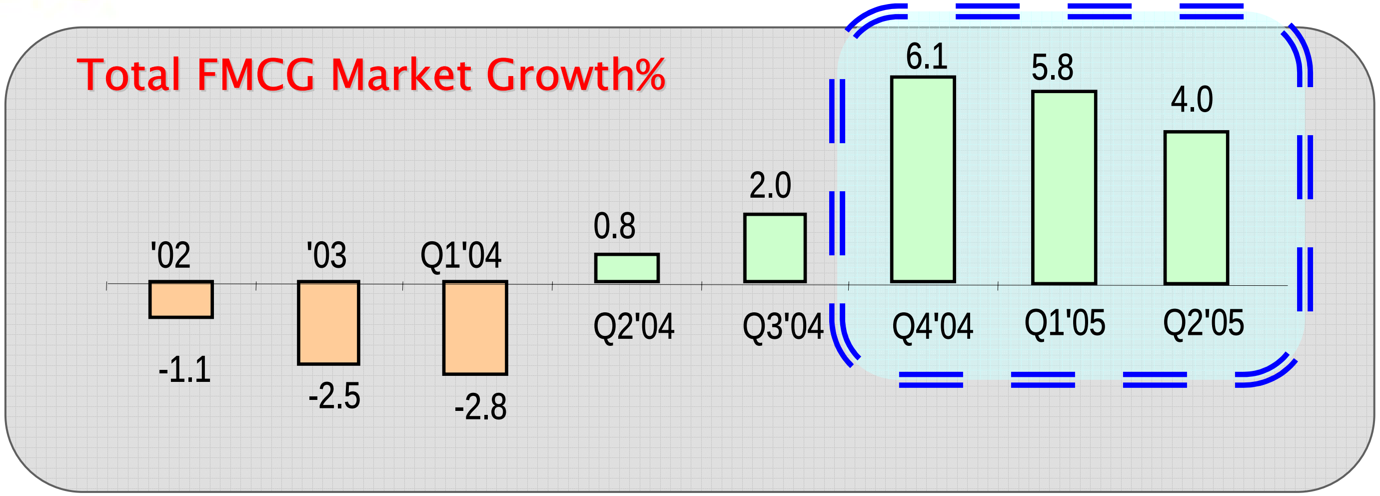
Velvety soft

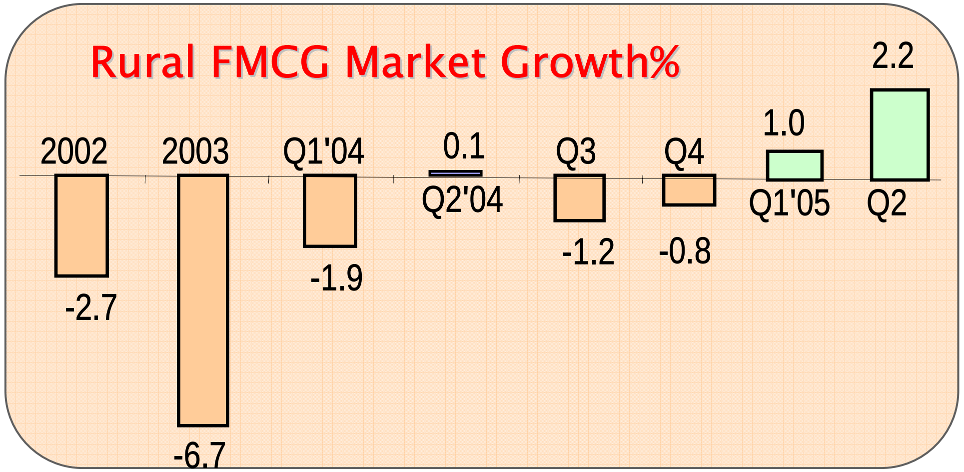
Whiter teeth

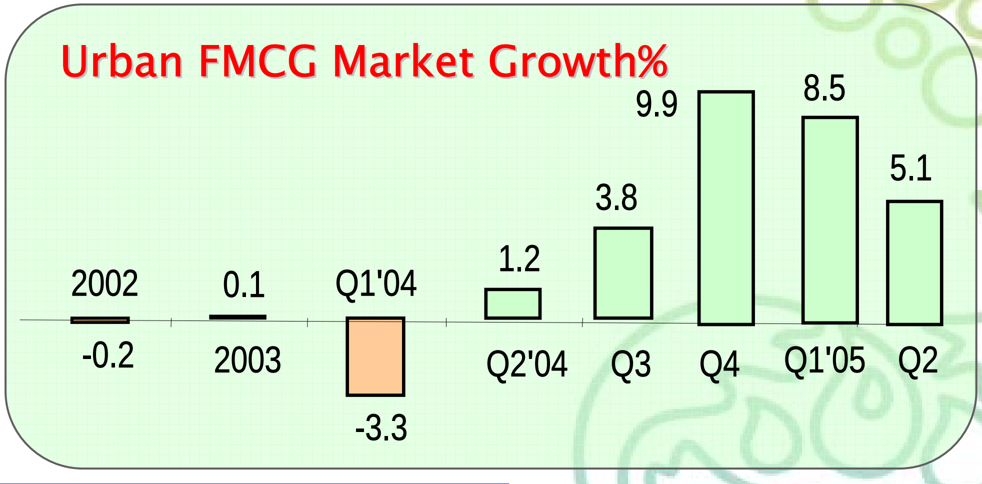
Fresher breath

FMCG Markets

2004 - Revival after 2 years of decline







Revival led by growth in urban markets

Source : AC Nielsen ORG Marg Retail Audit

FMCG Markets

- New equilibrium after choice explosion
- Higher levels of brand investments and innovations
- Revival largely urban led
- Rural no longer declining

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2005 SCENARIO

FMCG markets & strategy

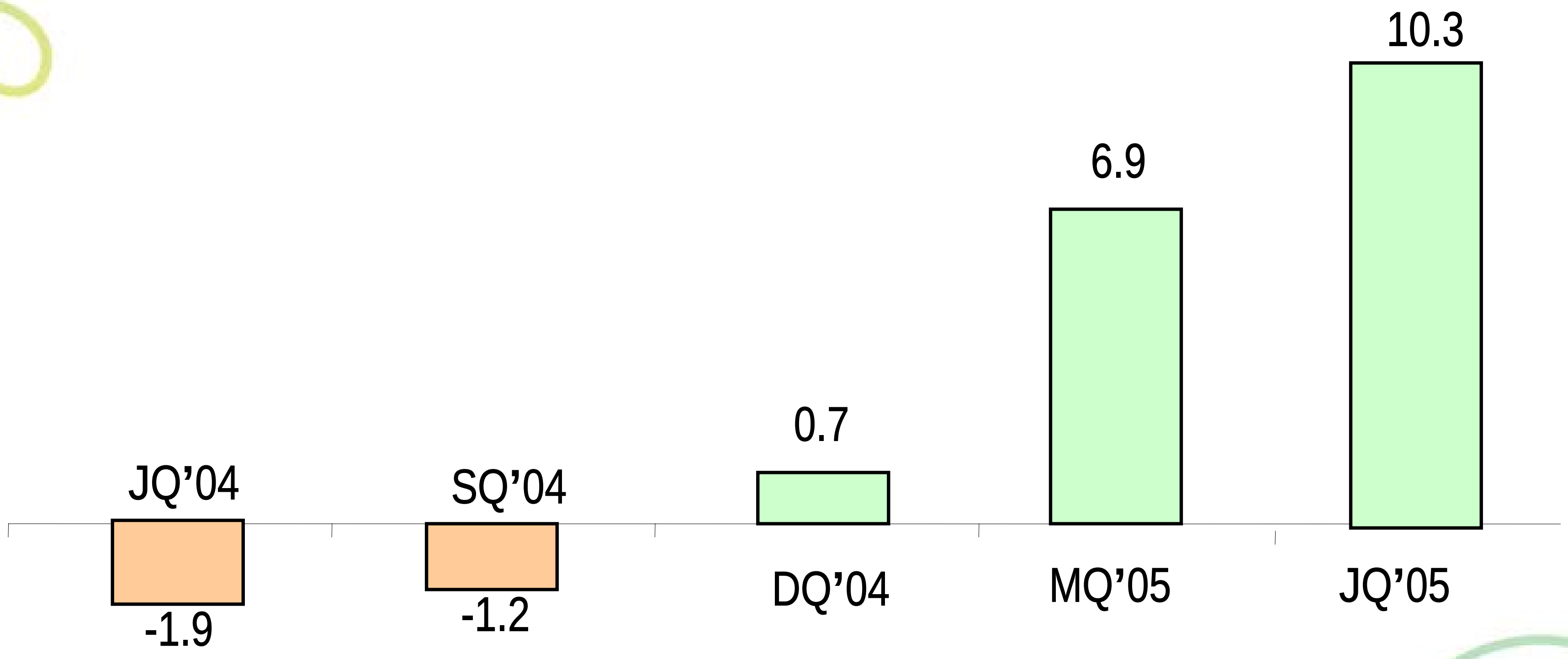
2005 - Scenario

•High input cost escalation particularly in chemicals & packaging materials impact laundry most

•Aggressive cost savings and judicious price increases to partly offset cost pressur

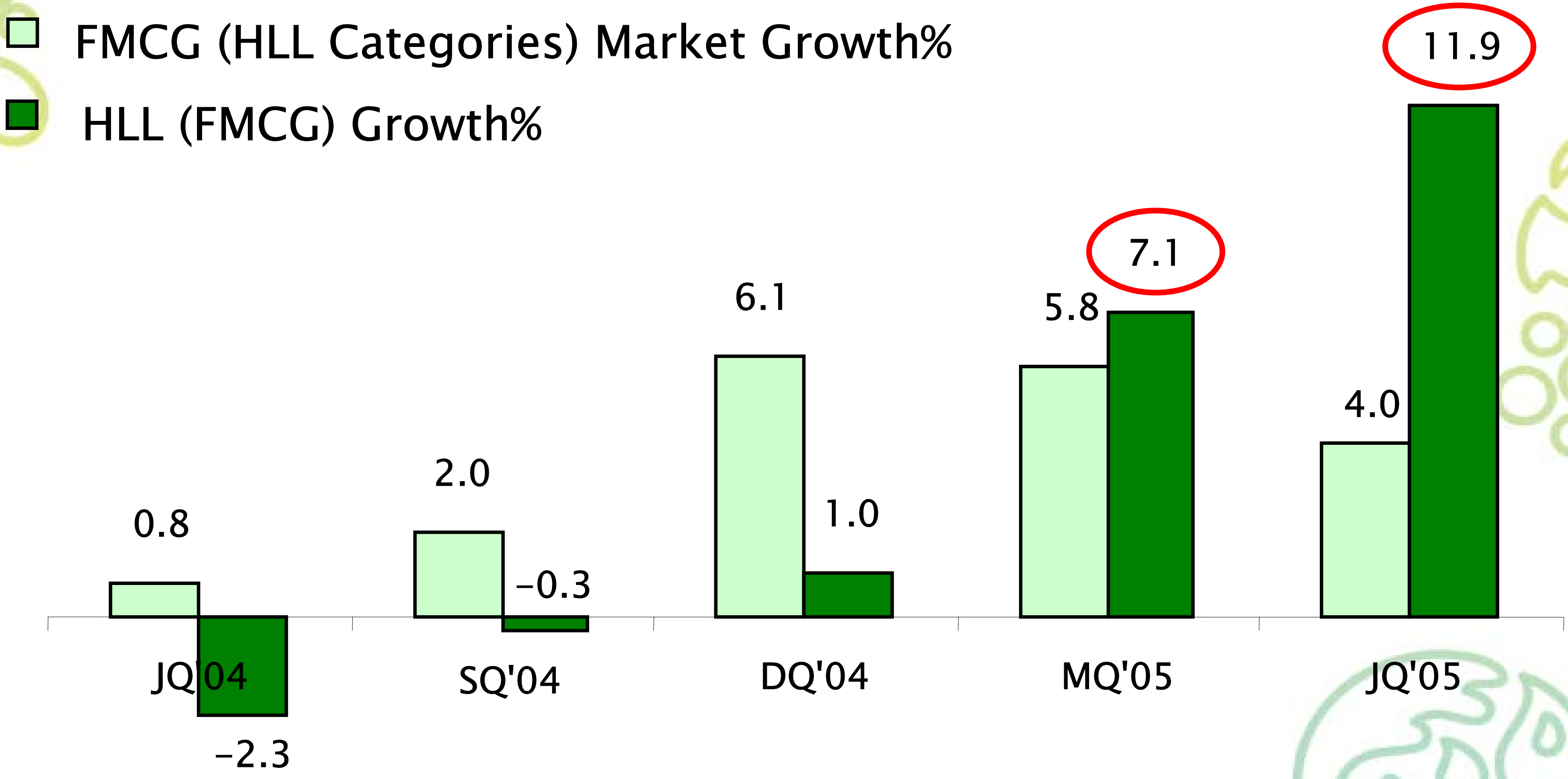
•High brand building investments will continue

2005 Highlights
Double digit topline growth



Volume growth at 7%

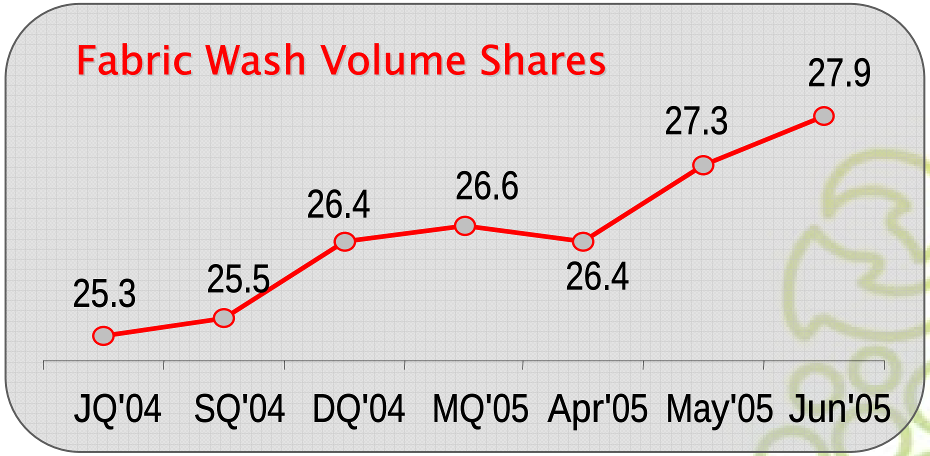
2005 Highlights
Growth ahead of market

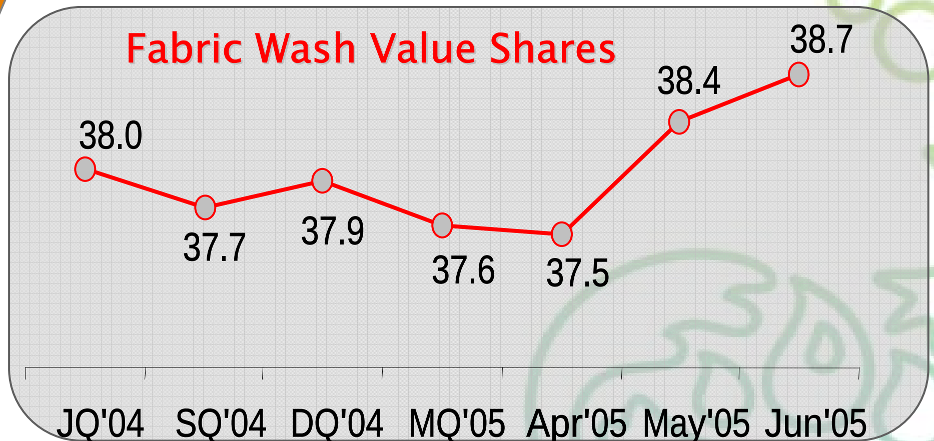


Current Performance
Fabric Wash

Actions taken

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

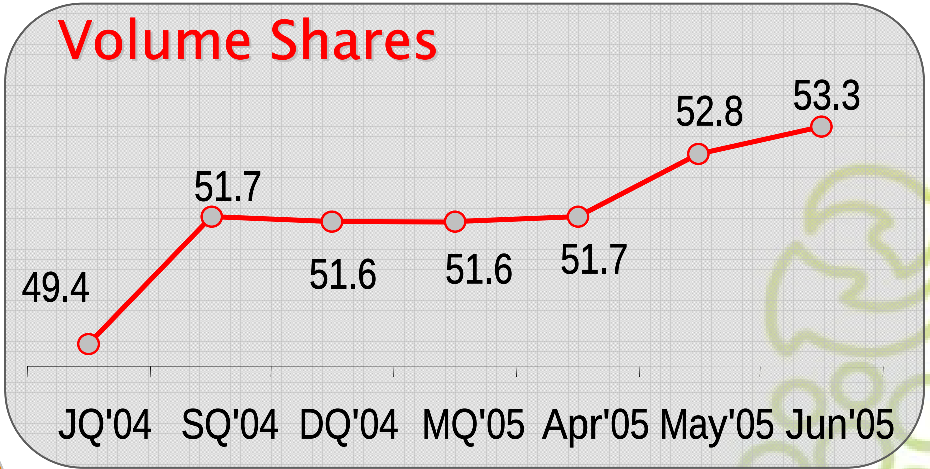


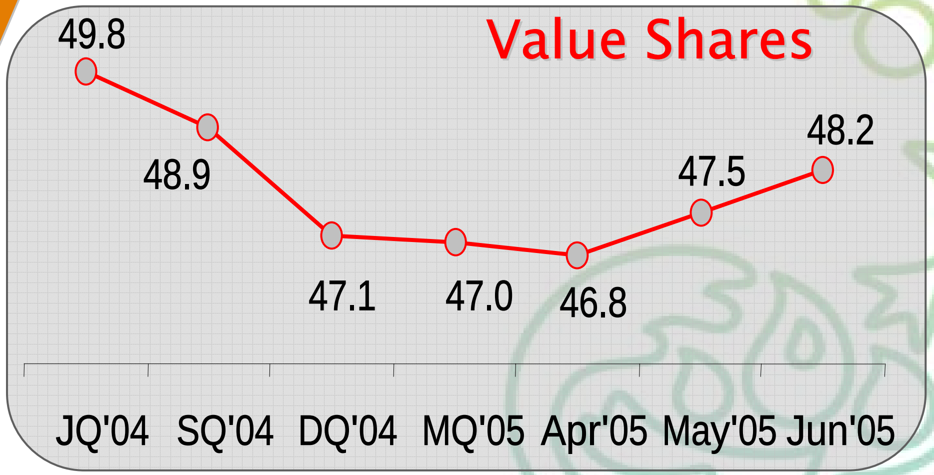


Current Performance
Shampoo

Actions taken

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





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GROWTH AGENDA

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Key agenda will continue to be

- Topline Growth
- Competitiveness of brands and business systems

Driving the growth agenda

Delivering Consumer Value

Brand Relevance

Superior Quality

Strategic Pricing

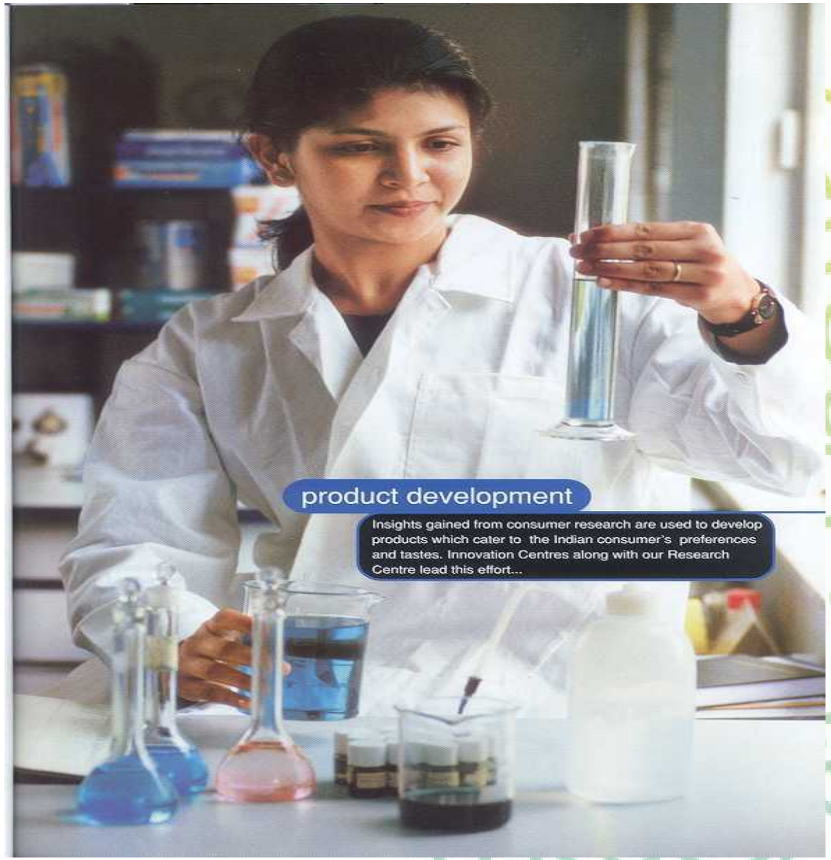
Ten Point Program to provide fuel

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



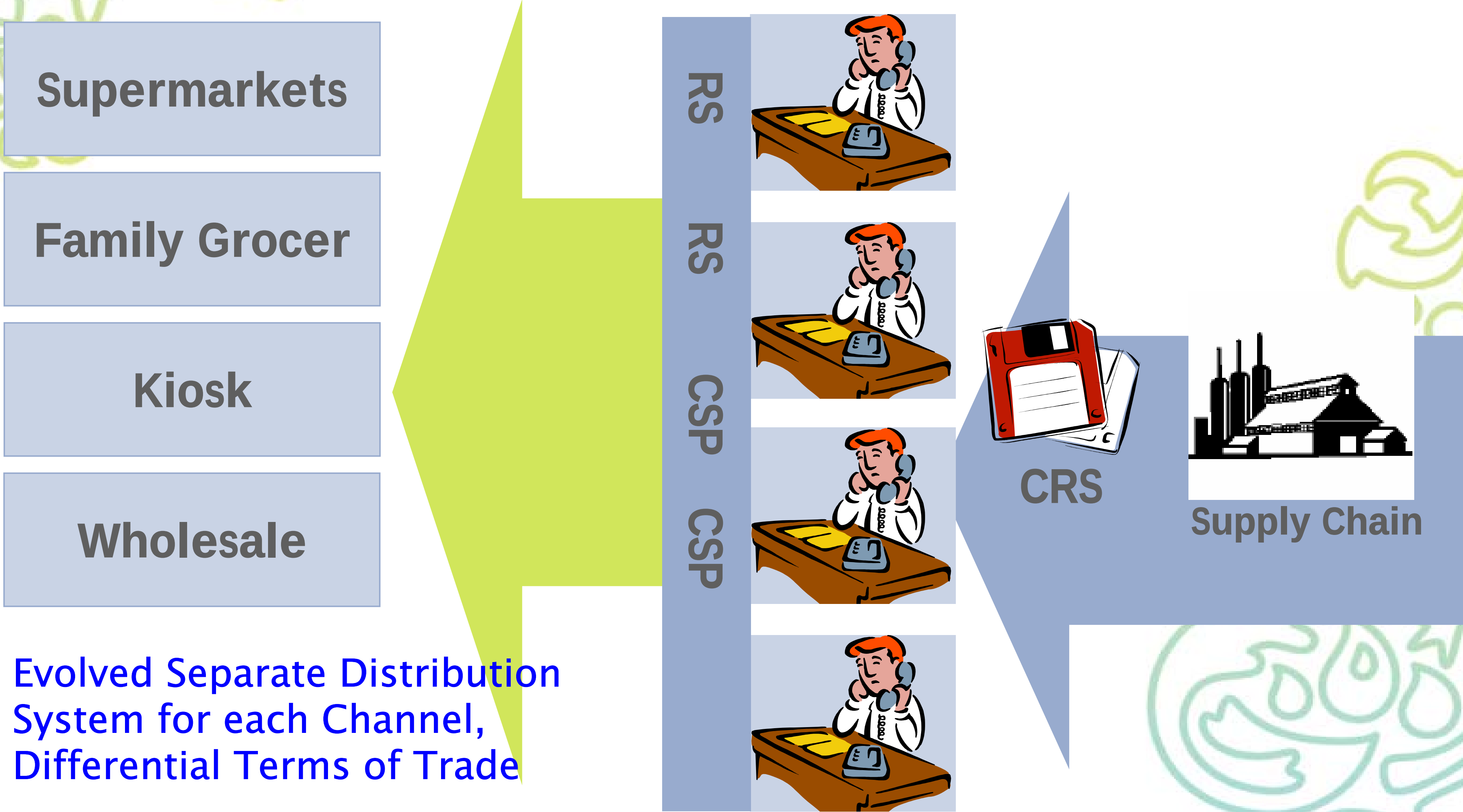
Channel Architecture

Channels Prioritized in 2004-05

Direct coverage
1 mn outlets

Channel	Description
Supermarkets	Self-service store where there is room for shoppers to browse and interact with the products.
Family Grocer	Over the counter store mainly for monthly household shopping.
Kiosk	A tiny over the counter store, easily accessible for emergency purchases. It stocks solely low unit packs.
Wholesale	Route to Market

Channel Structure - Current



Evolved Separate Distribution
System for each Channel,
Differential Terms of Trade

Initiatives in channel & customer management

•New sales organisation in place.

•Greater focus on activation and point of sale demand creation

•Segmented approach to general trade and modern trade

•Improved customer service:

- Continuous replenishment operational
- Lower trade stock
- Improved stock freshness

•Information Technology for business advantage

New Ventures and channels

Water

- Launched ‘PUREIT’, the most advanced in-home water purifier in the world.
- Only purifier that gives water that is ‘as safe as boiled water'

> without boiling

> without needing electricity

> without needing continuous tap water supply

COST
17 paise per liter
or
260 liters of pure water for $ 1

Chennai on plan, being extended in Tamilnadu (South Indian state)

New Ventures and 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, 336 districts
  - Over 61,000 villages covered

    Touching 71 mn rural lives

VISION 2010

- 1,00 K Shakti entrepreneurs
- 5,00 K villages
- 600 mn rural lives

New Ventures and 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

- India : A buoyant economy with huge opportunity
- Big Opportunity to grow Penetration & Consumption
- FMCG markets are reviving
- Input cost escalations presents an important challenge
- Strong brands : Rationalization completed
- Initiatives in channel and customer management
- Strong Capabilities of HLL

Thank You