

Hindustan Lever Limited – September Quarter 2006 Results

- FMCG Sales grow by 14.2%
- Broad based double-digit growth across HPC and Processed Foods categories
- PBIT 19.3% higher; Net profit increases by 59.8%

Mumbai, October 31, 2006: Hindustan Lever Limited (HLL) announced its results for September Quarter 2006. FMCG business grew by 14.2%. Sales growth in continuing businesses i.e. after eliminating impact of disposals, was 13.8%, while total sales grew by 12.2%.

Sales in HPC business grew by 15%, with all categories growing at double digits driven by volume growth and better mix. Consumer relevant innovations, effective market activation and appropriate brand support continued to be the key levers for growth. The innovations during the quarter include launch of Lux Uplifting Firm, Lux White Glow, Fair & Lovely Menz Active, Ponds Face Wash, and the re-launch of Surf Excel and Clinic Plus. The highly competitive Laundry category continued to perform well, particularly in the premium segment. Shampoos had another successful quarter, with all brands growing robustly. Continued strong performance by the premium portfolio lifted growth in Toilet Soaps. All brands in Skin category maintained their growth momentum.

Foods business grew by 10.7%. In Beverages, both Tea and Coffee businesses grew. Brooke Bond Taj Mahal and Red Label led growth in Tea and Bru Instant Coffee had another good quarter. Kissan portfolio and Knorr soups led growth in Processed Foods, and the Icecream business continued its growth momentum.

On-going cost saving initiatives mitigated impact of escalating costs. These savings, together with selective price increases and better product mix improved gross margin. This enabled the business continue its drive to strengthen its brand portfolio and Advertising and Promotion spend moved up from 8.8% of sales in SQ '05 to 11.1% of sales in SQ '06. Profit before Interest and Tax (PBIT) increased by 19.3%, and PBIT margin for the quarter at 13.5% of Sales, improved by 80 bps over SQ '05. Profit after Tax (PAT) grew by 17.7% and Net Profit increased by 59.8%, due to exceptional income.

Mr. Harish Manwani, Chairman commented: FMCG markets continue to grow well, and we have registered robust sales growth across categories. We remain on course to improve the competitiveness of our brands and our sales and operational capabilities. With input inflation as an on-going challenge, the business remains focused on driving cost saving initiatives and effecting selective price increases.

HLL is India's largest Fast Moving Consumer Goods company, touching the lives of two out of three Indians. HLL's mission is to *“add vitality to life”* through its presence in over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. The company meets everyday needs for nutrition, hygiene, and personal care, with brands that help people feel good, look good and get more out of life.

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