Hindustan Lever Limited

Kotak Investor conference

September 2005

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2005 Scenario

OVERVIEW

India Opportunity

FMCG markets & strategy

HLL - India's Largest FMCG Company

16,000+ employees *

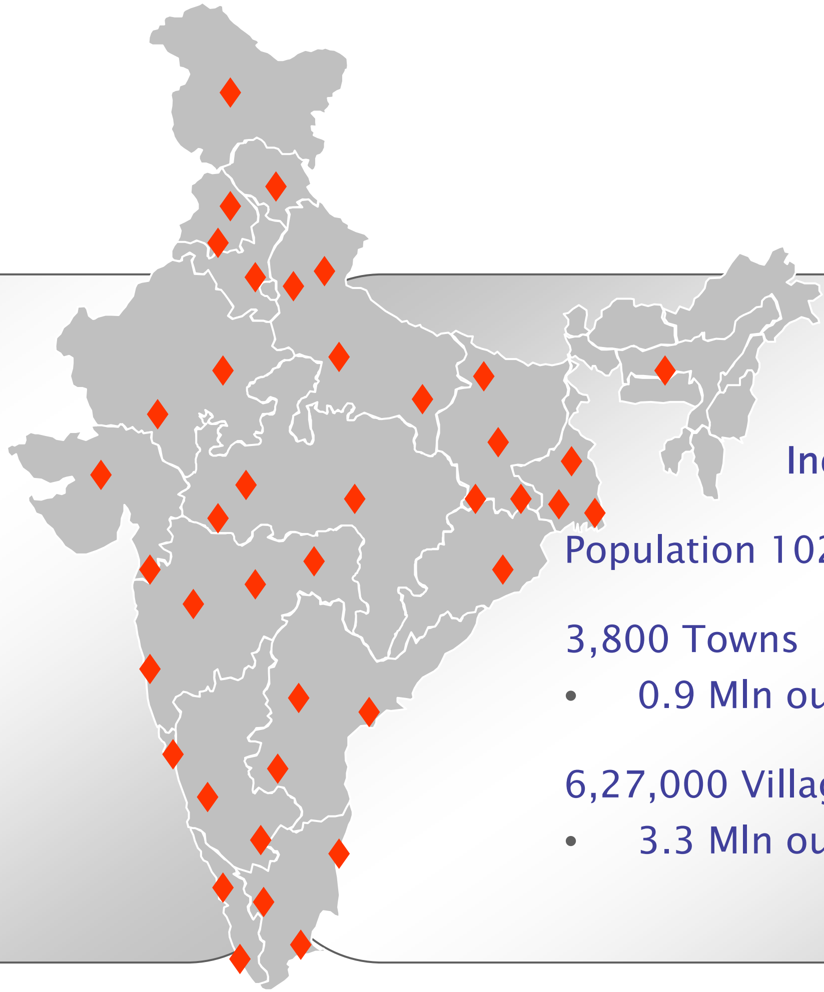
1,200+ managers

2,000+ suppliers & associates

80 company factories

45 C&Fas, 7,000 Stockists

Direct Coverage – 1 Mn outlets



India

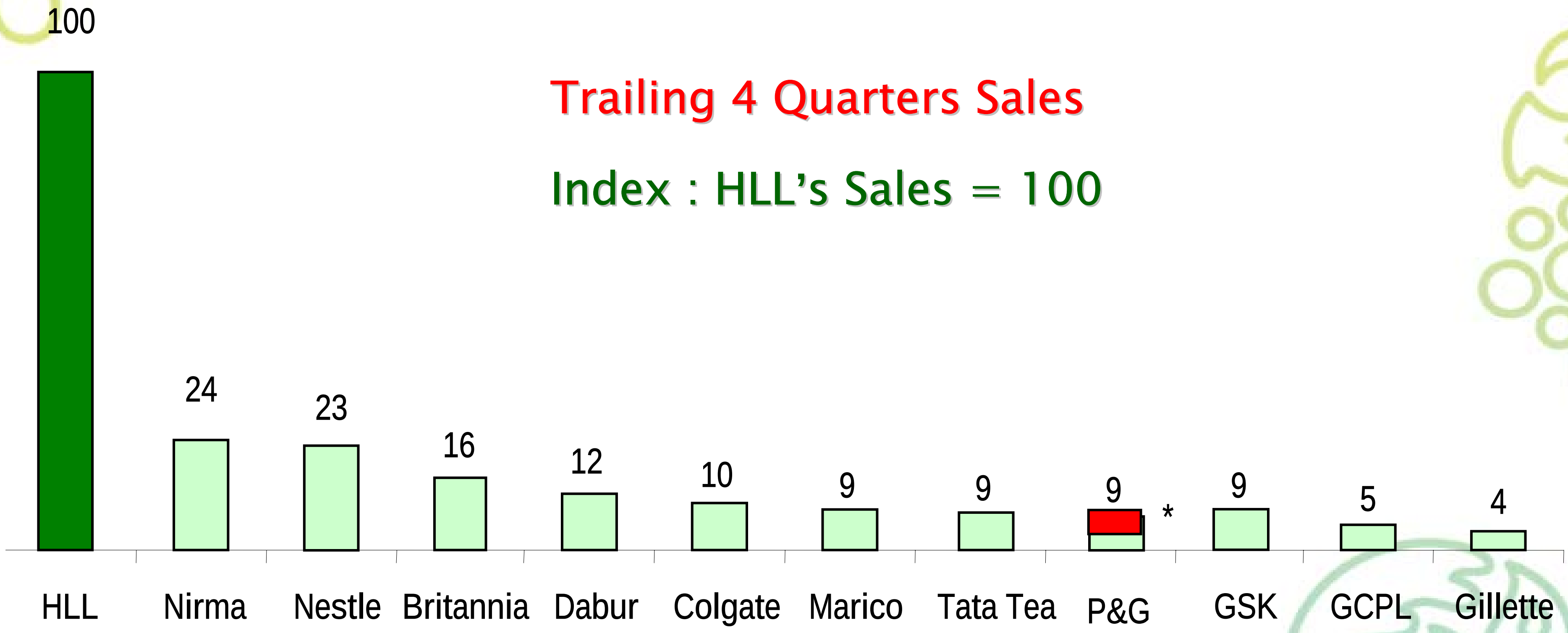
Population 1027 Mln

3,800 Towns
- 0.9 Mln outlets

6,27,000 Villages
- 3.3 Mln outlets

*** Excluding Plantations***

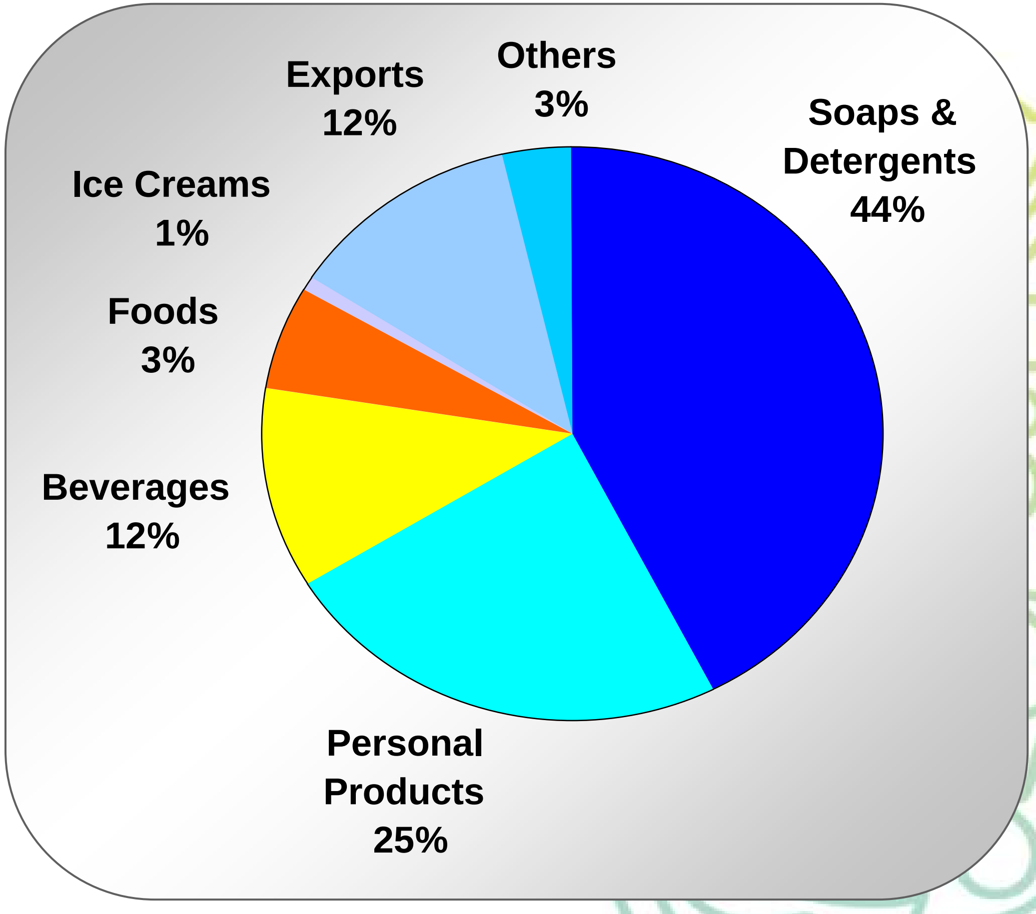
HLL - India's Largest FMCG Company



*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

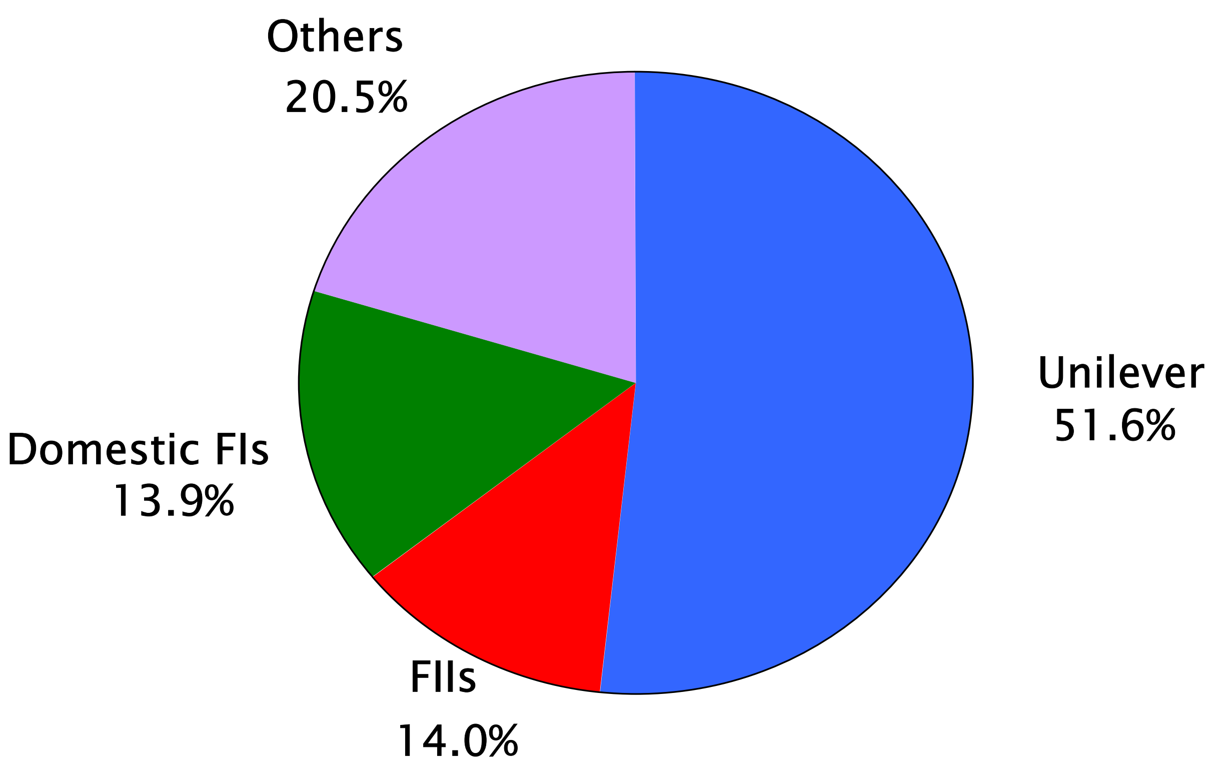
Leadership across categories

	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

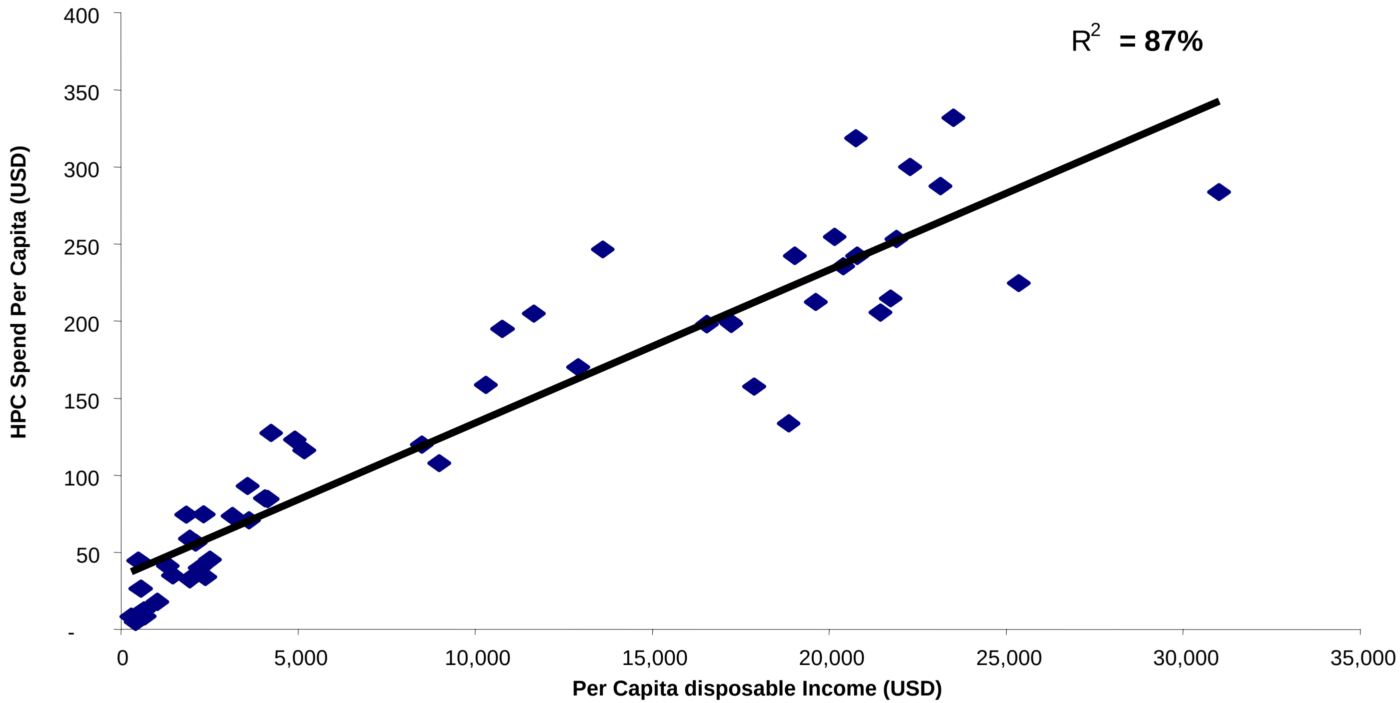
Concerns

- 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)

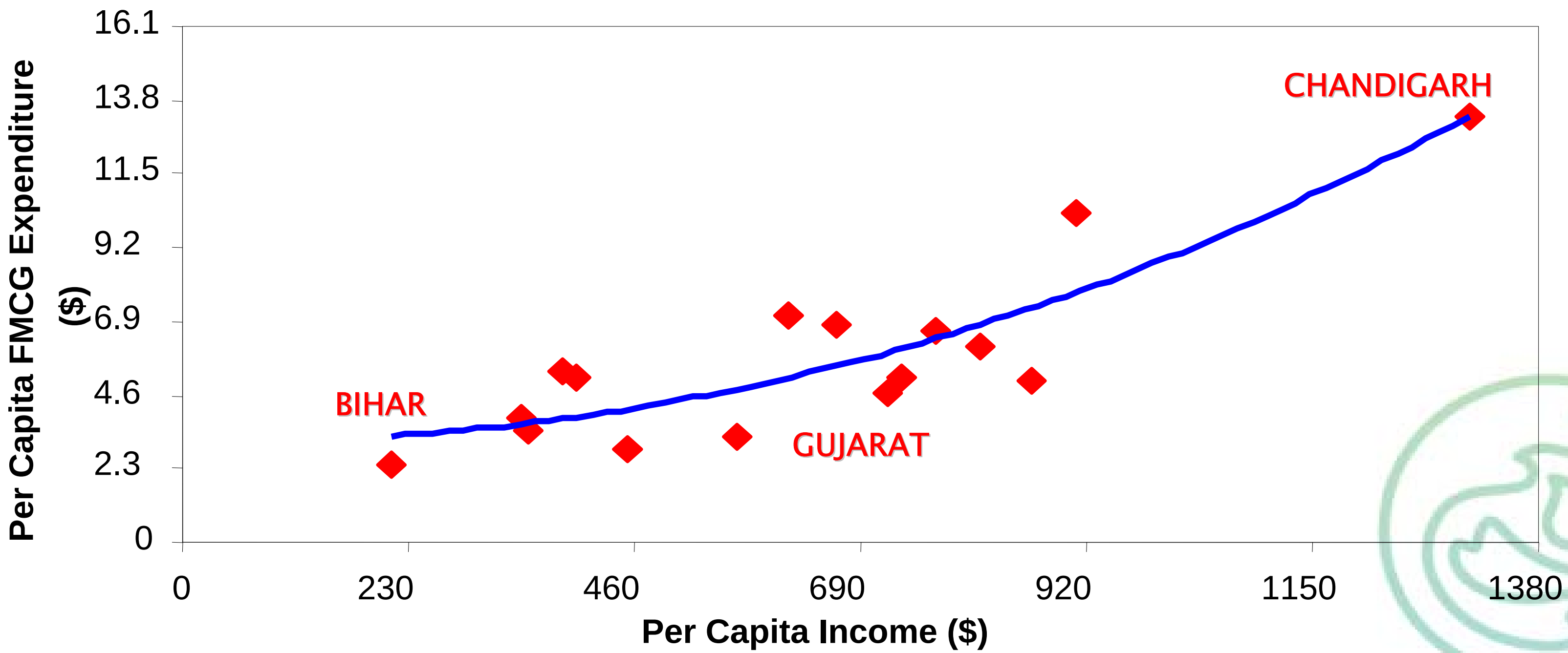


- Per capita incomes in the long term drives consumption
- High R-squared for developed and developing countries
- High income countries have higher consumption

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.



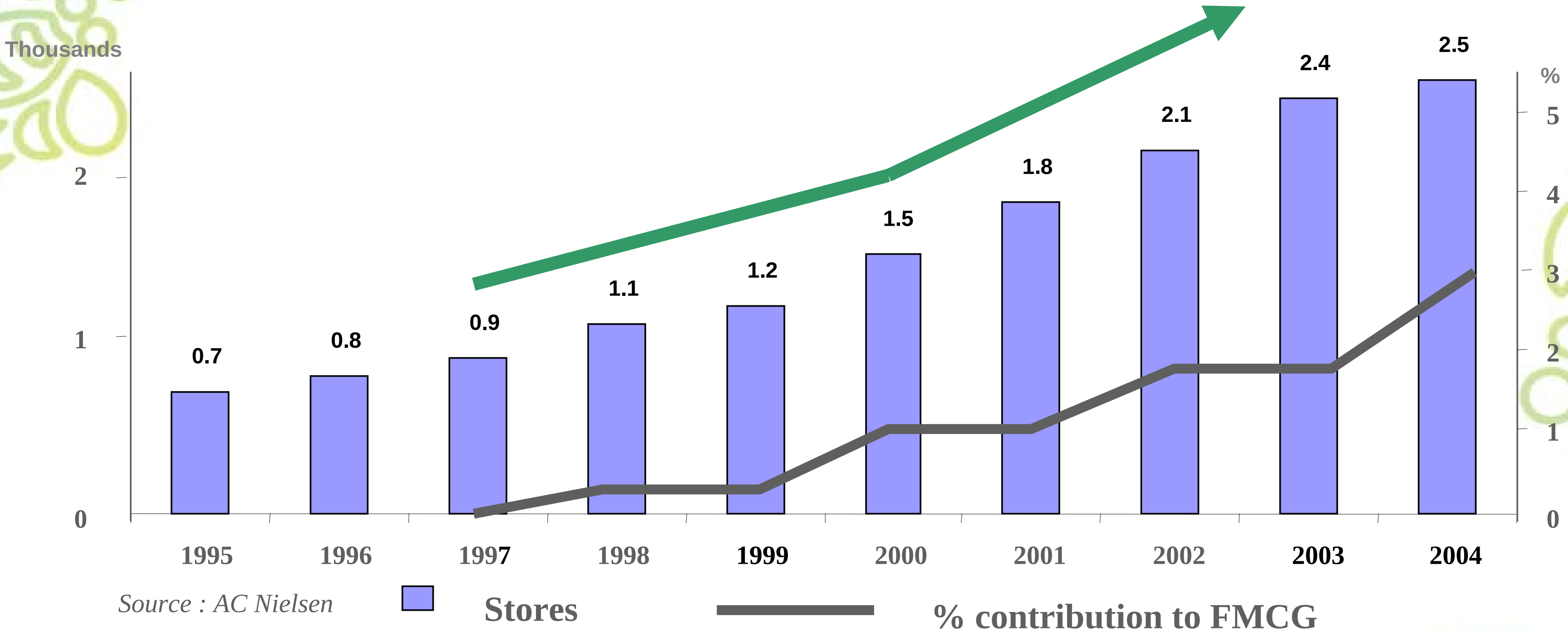
Opportunity to grow consumption

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

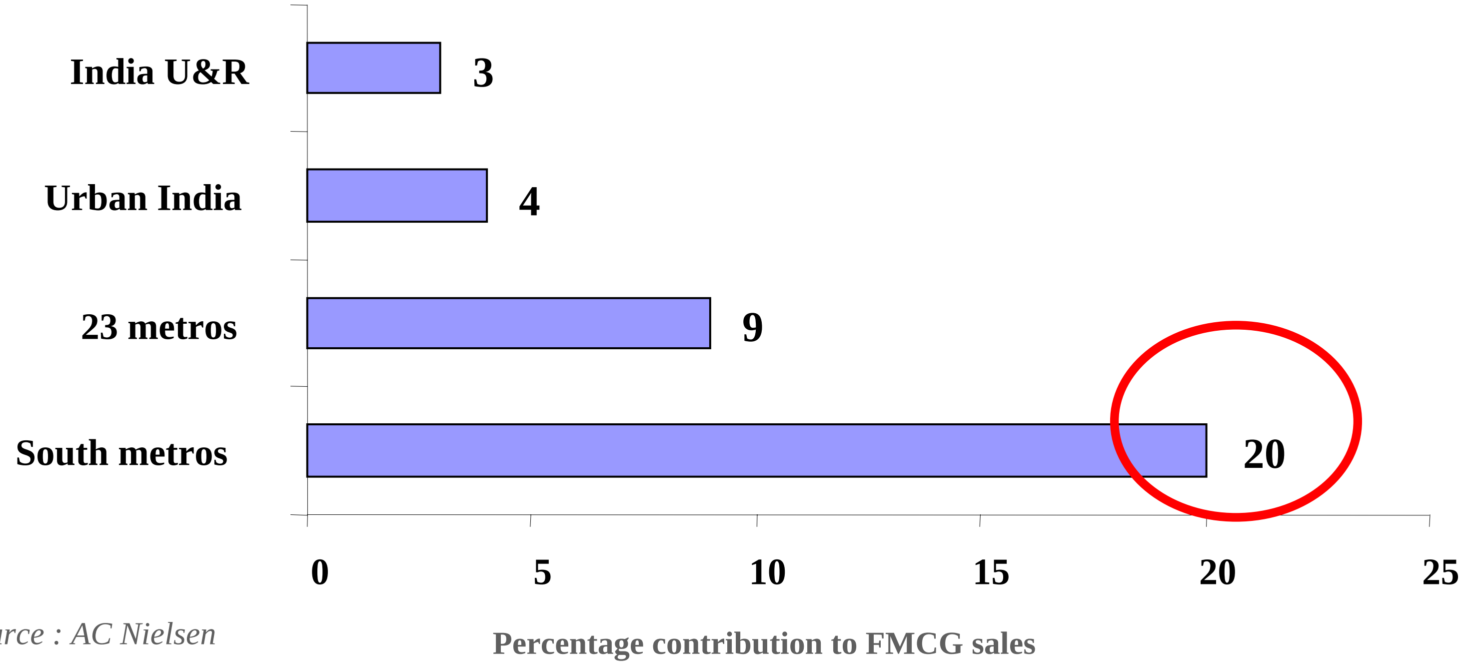
FMCG Modern trade stores



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

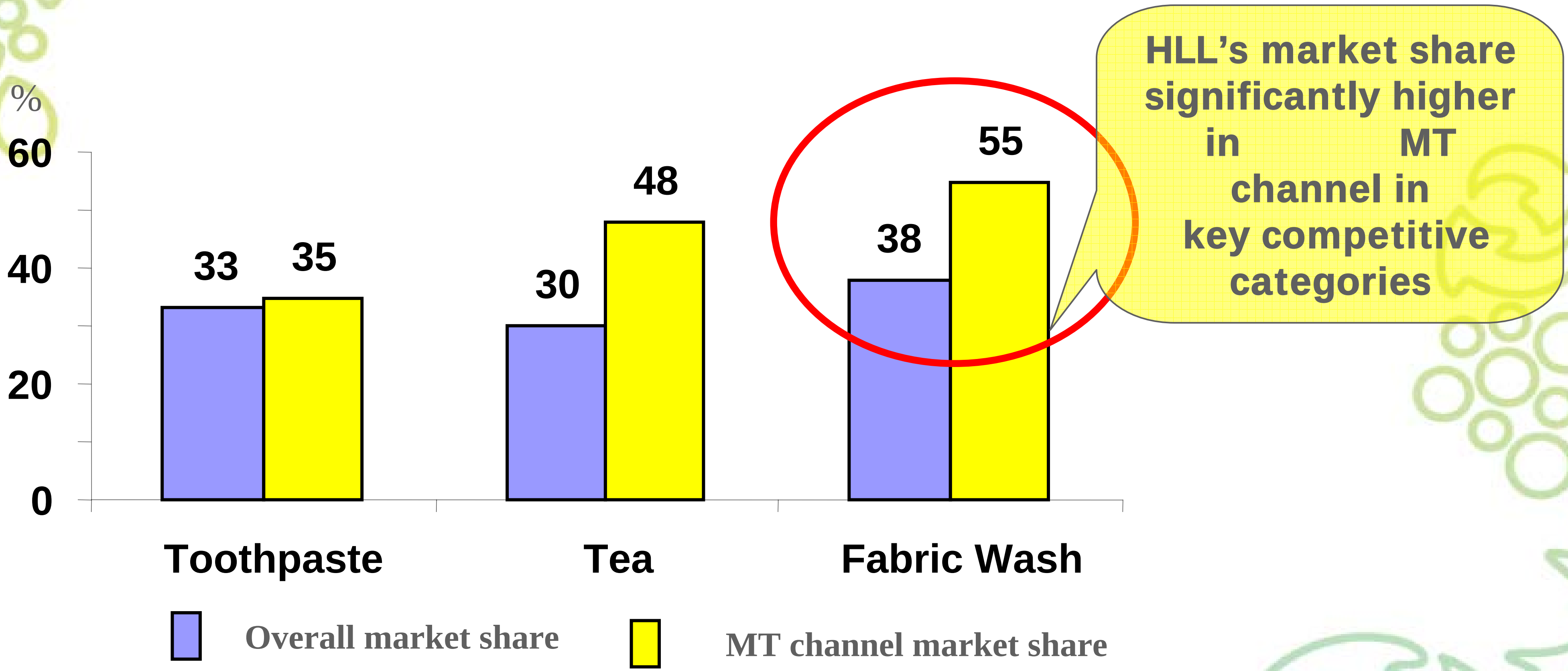
- Modern trade accounts for 9% of FMCG in metros, 20% in South Indian metros

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

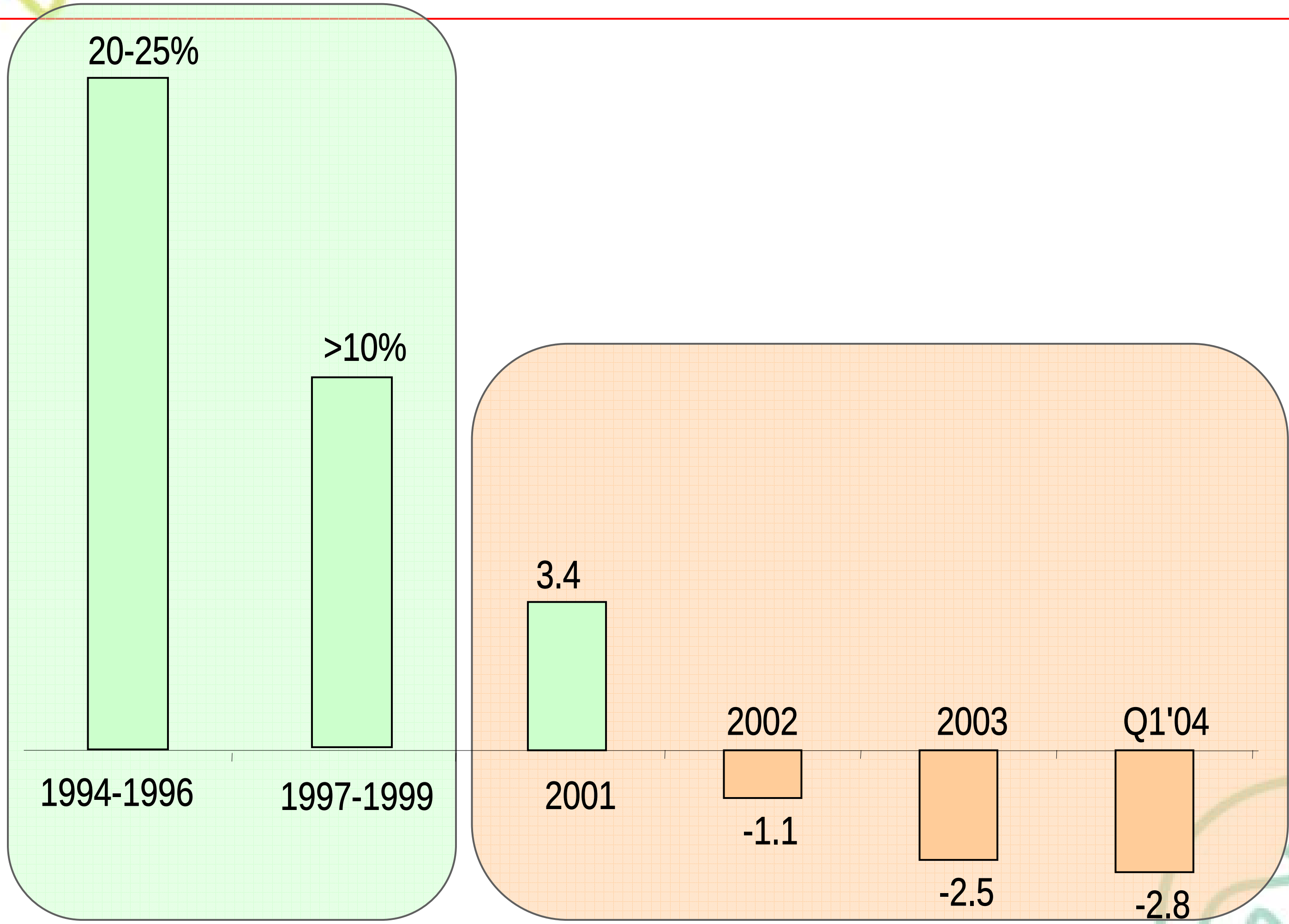
HLL : Three Pronged Strategy

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

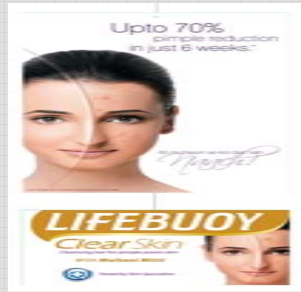
45% increase in A&P over 2003-05

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

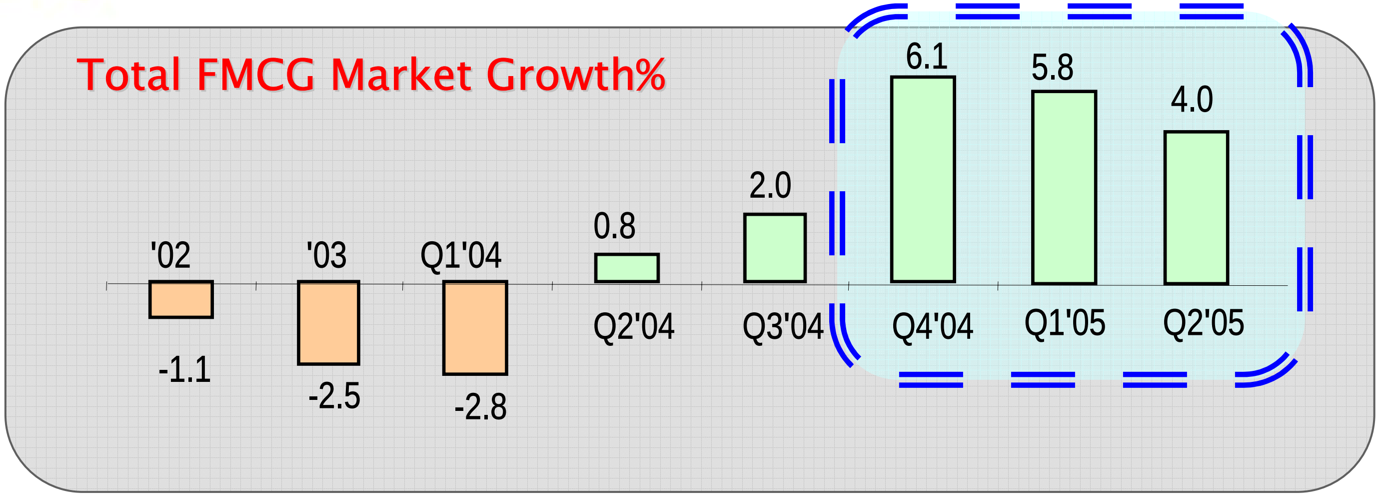
Velvety soft

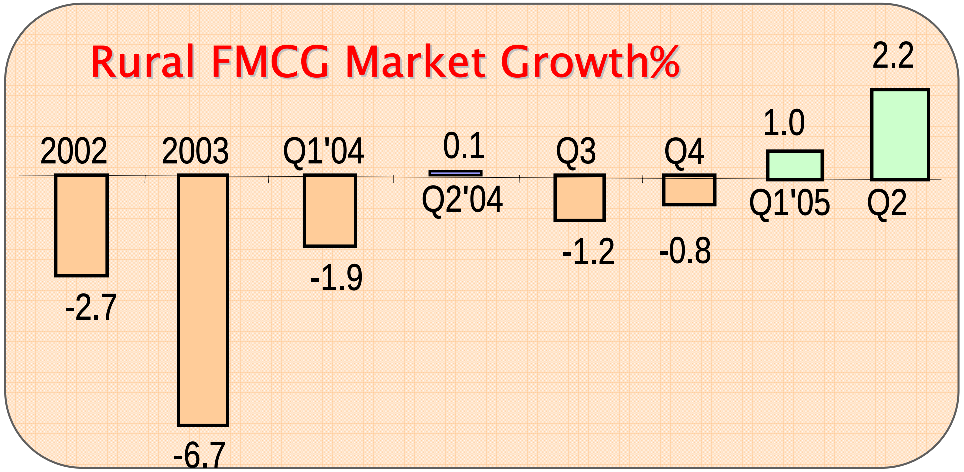
Whiter teeth

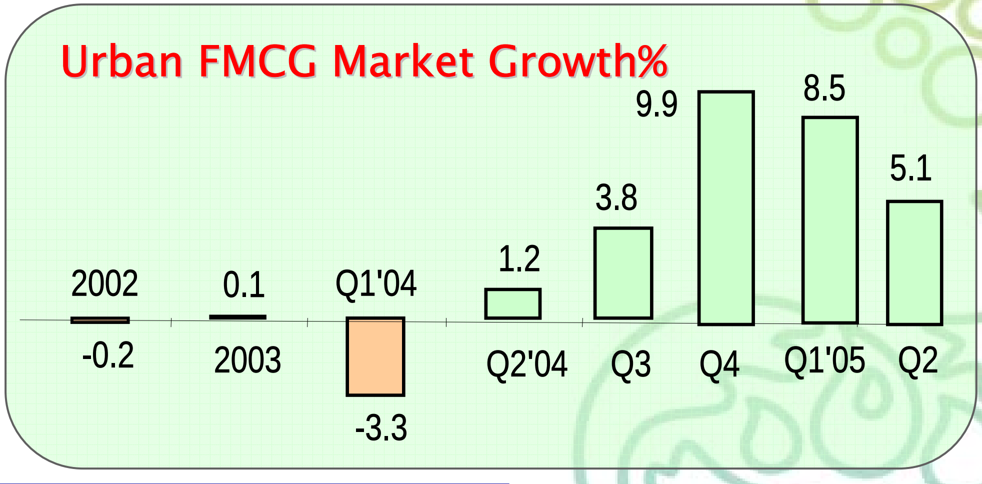
Fresher breath

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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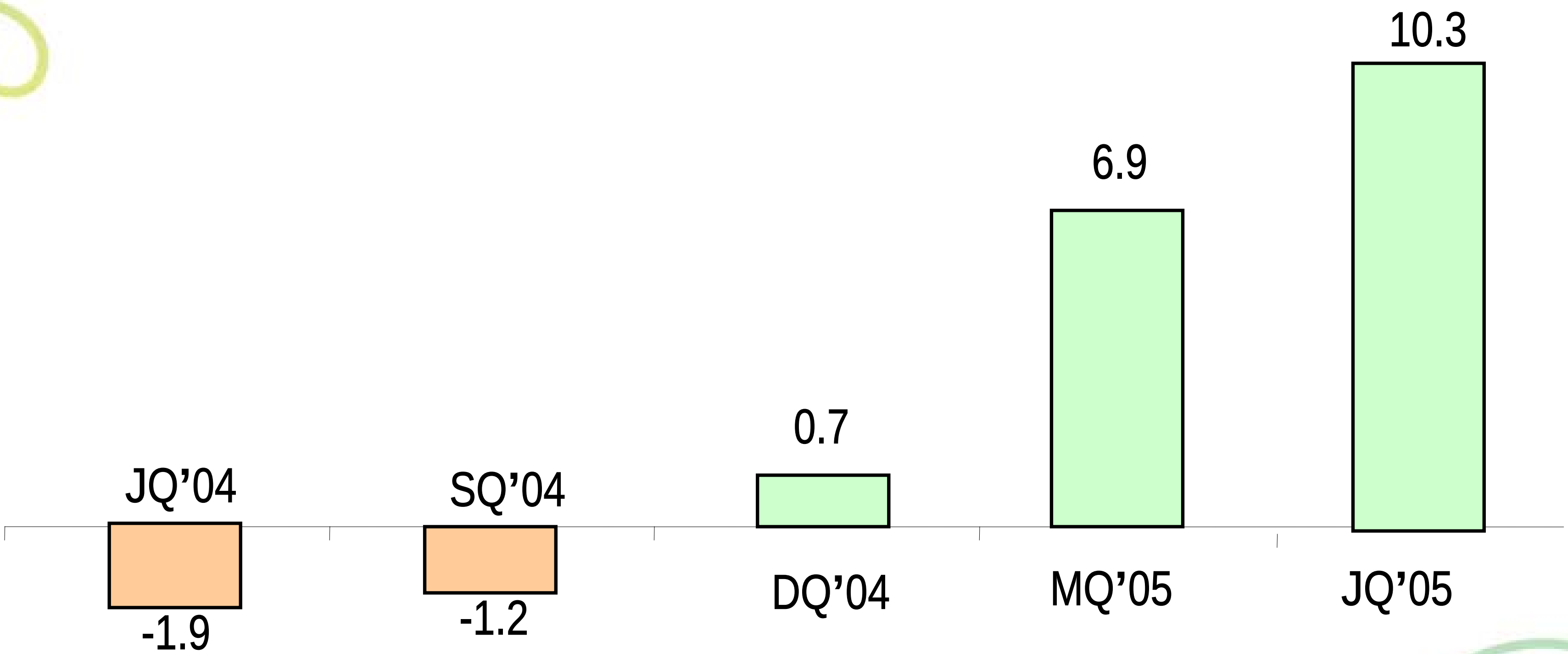
2005 SCENARIO

FMCG markets & strategy

2005 - Scenario

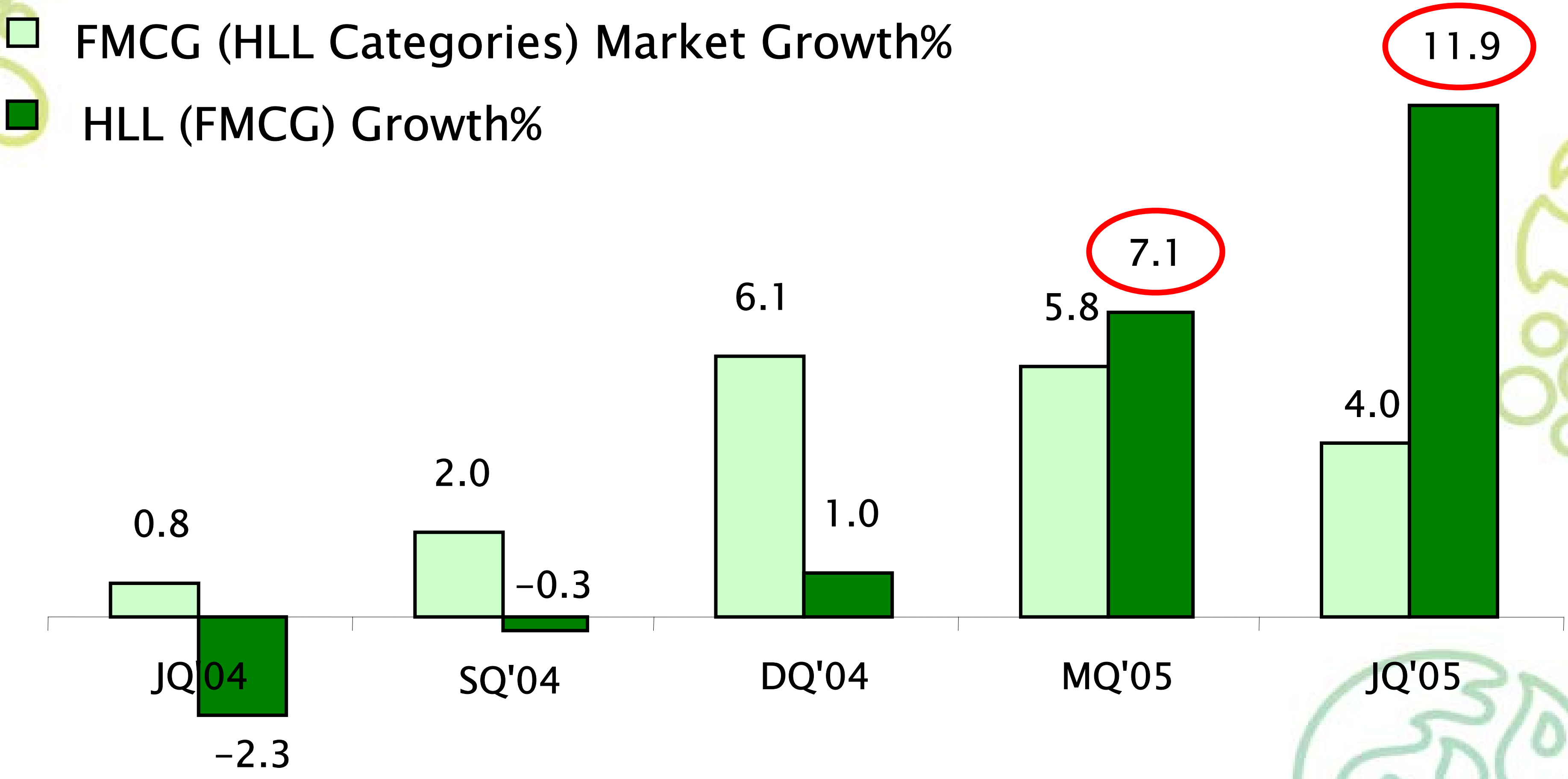
- High input cost escalation particularly in chemicals & packaging materials impact laundry most
- Aggressive cost savings and judicious price increases to partly offset cost pressure
- High brand building investments will continue

2005 Highlights
Double digit topline growth



Volume growth at 7%

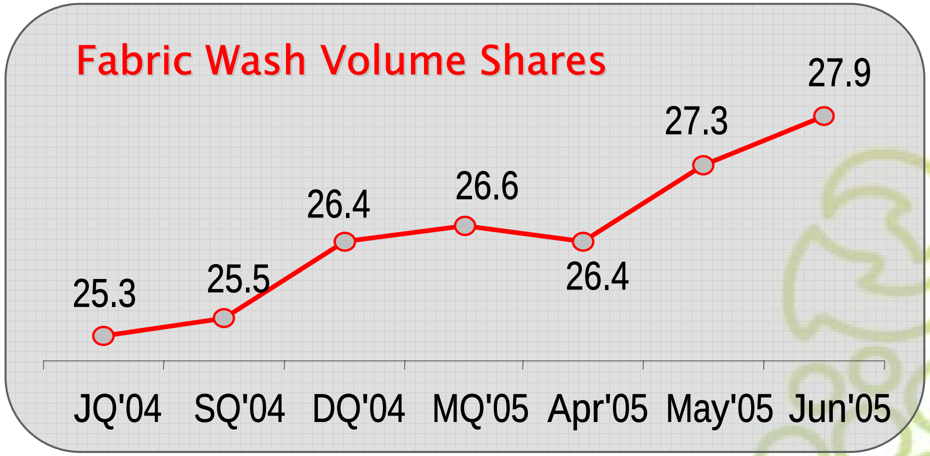
2005 Highlights
Growth ahead of market

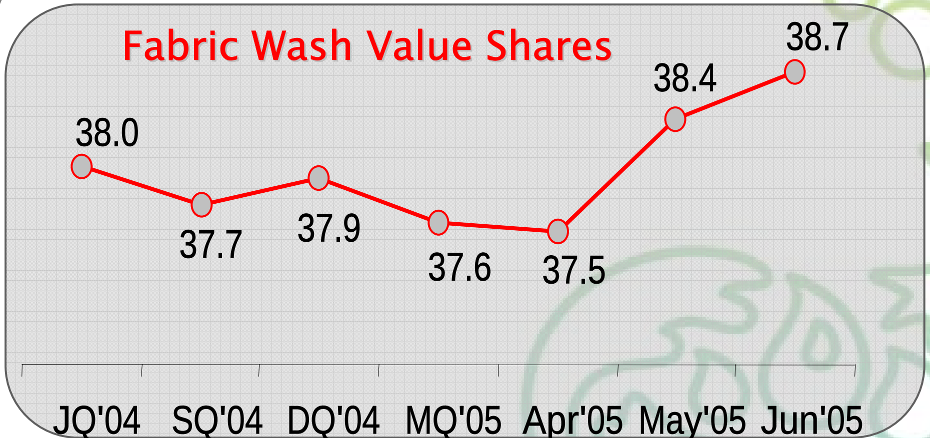


Current Performance
Fabric Wash

Actions taken

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

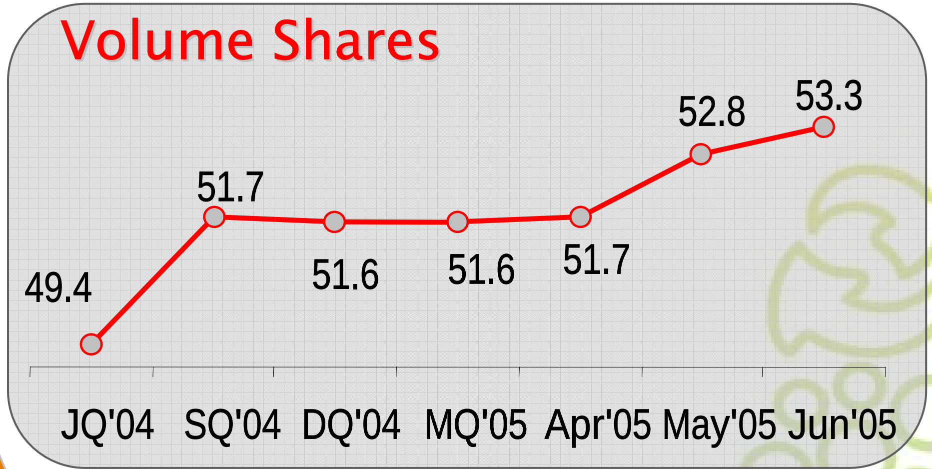


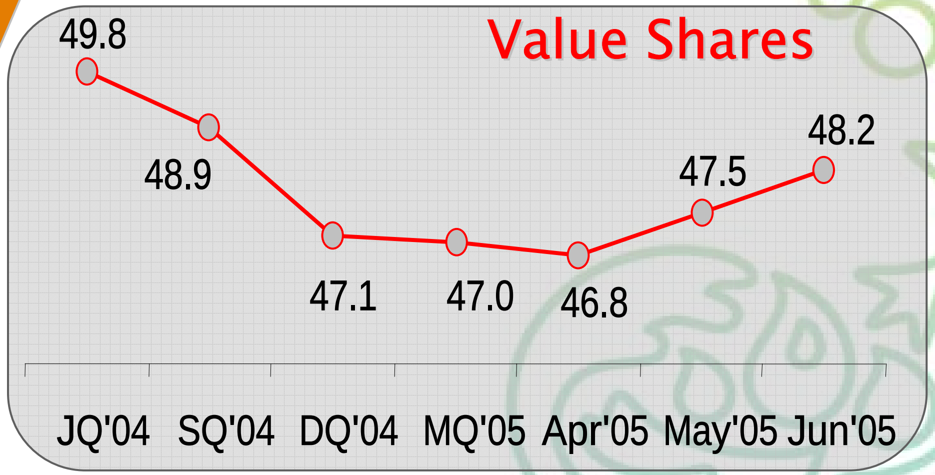


Current Performance
Shampoo

<u>Actions taken</u>

- 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

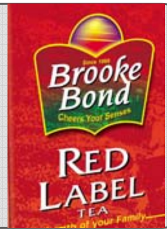
Strategic Pricing

Ten Point Program to provide fuel

Strategic Pricing

Rs 5 & 2


Rs 10


Rs 2


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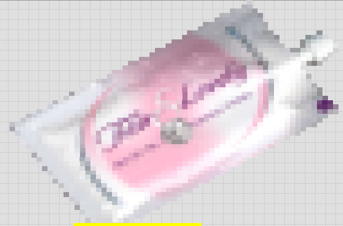

Rs 5


Rs 5

Rs.5


Rs 25


Rs 2, Rs 4.50

Rs 5
Rs 10
Rs 20
Rs 40

Rs 5

Rs.1.50


Rs.1


Rs.5

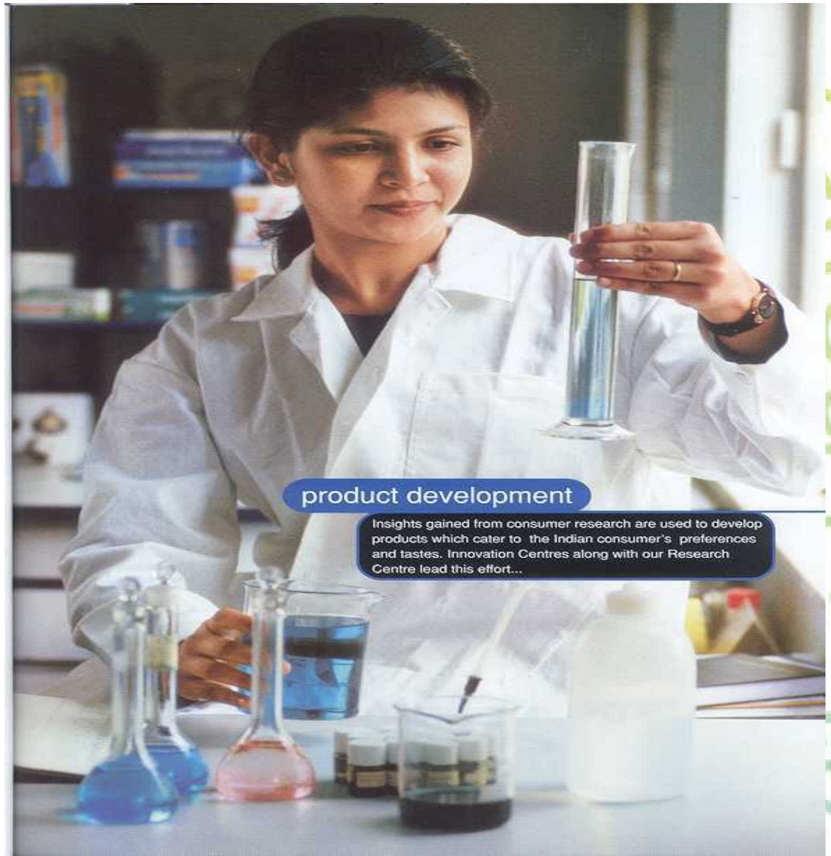
Rs 0.50


Rs 5

- 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



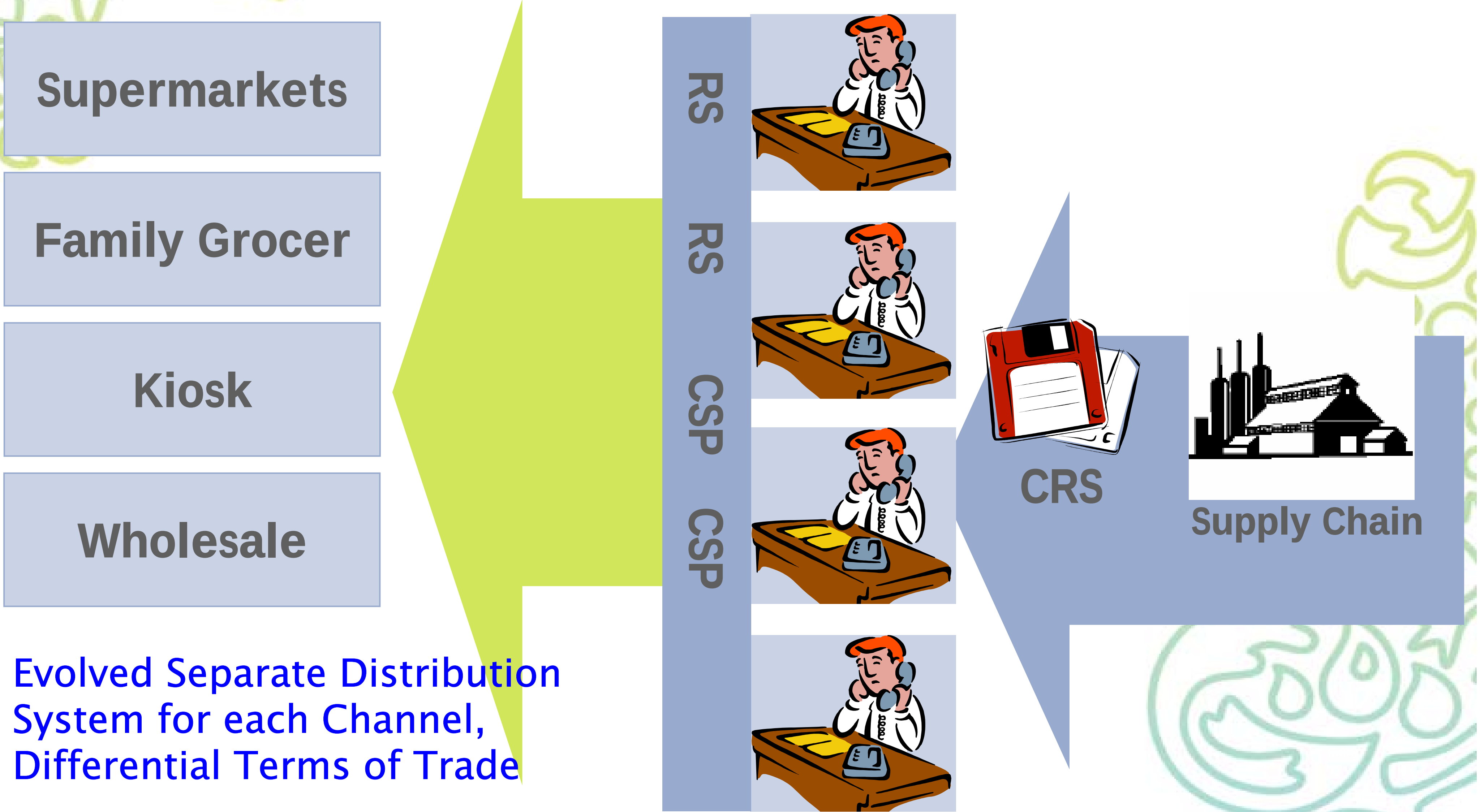
Channel Architecture

Channels Prioritized in 2004-05

Direct coverage
1 mn outlets

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