Hindustan Lever Limited

Morgan Stanley Asia Pacific Summit
Singapore
November 2005

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- Growth agenda
- 2005 Scenario
- Overview
- India Opportunity
- FMCG markets & strategy

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OVERVIEW

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FMCG markets & strategy

HLL - India's Largest FMCG Company

16,000+ employees *

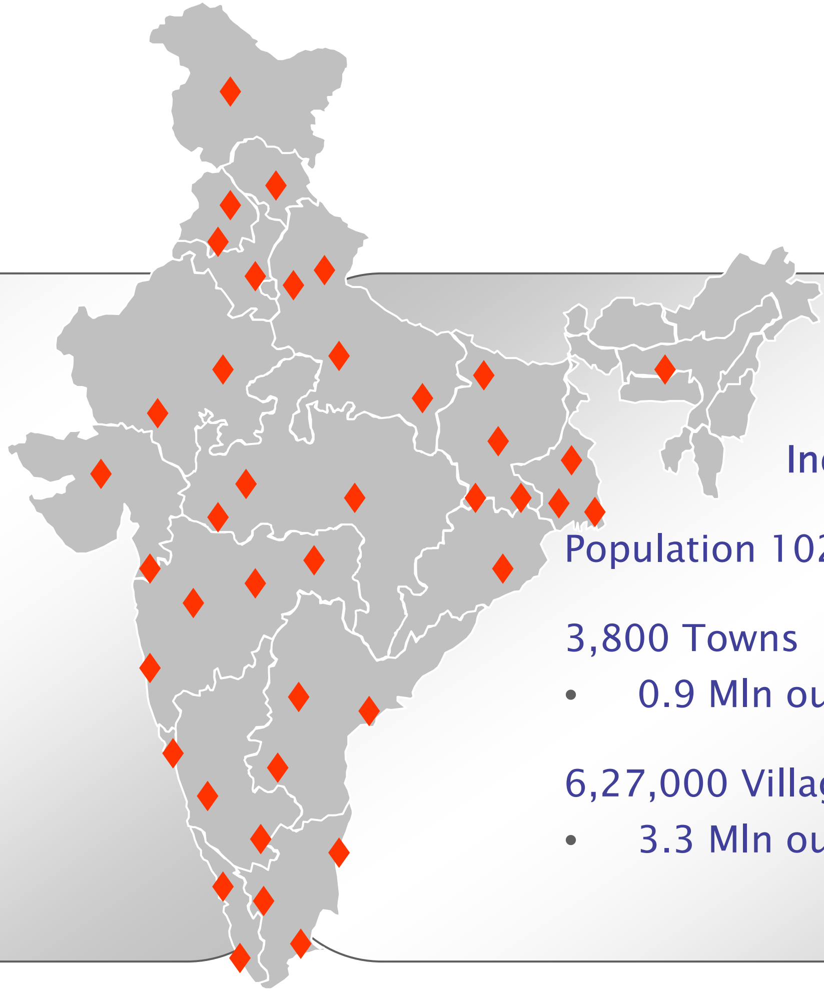
1,200+ managers

2,000+ suppliers & associates

80 company factories

45 C&Fas, 7,000 Stockists

Direct Coverage – 1 Mn outlets



India

Population 1027 Mln

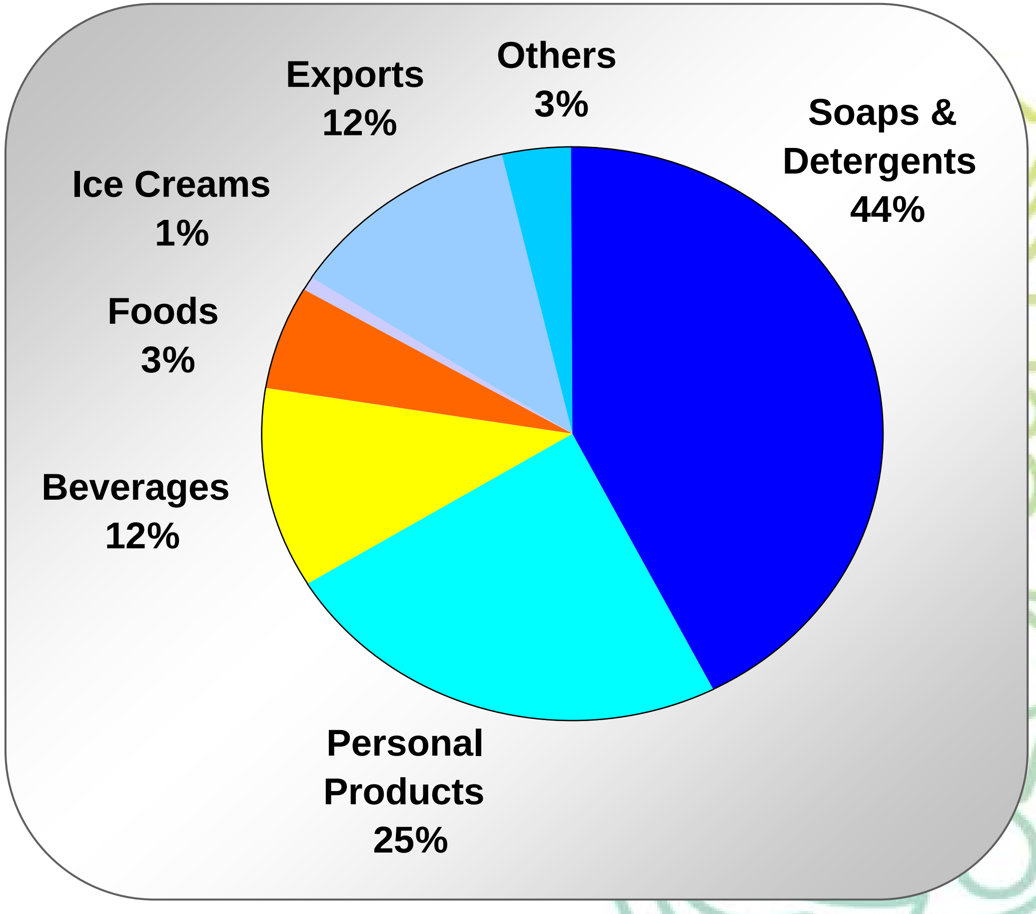
3,800 Towns
- 0.9 Mln outlets

6,27,000 Villages
- 3.3 Mln outlets

*** Excluding Plantations**

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	7,926



** Figures based on FY2004 Audited Results*
++ Market Capitalization as on 1st November '05

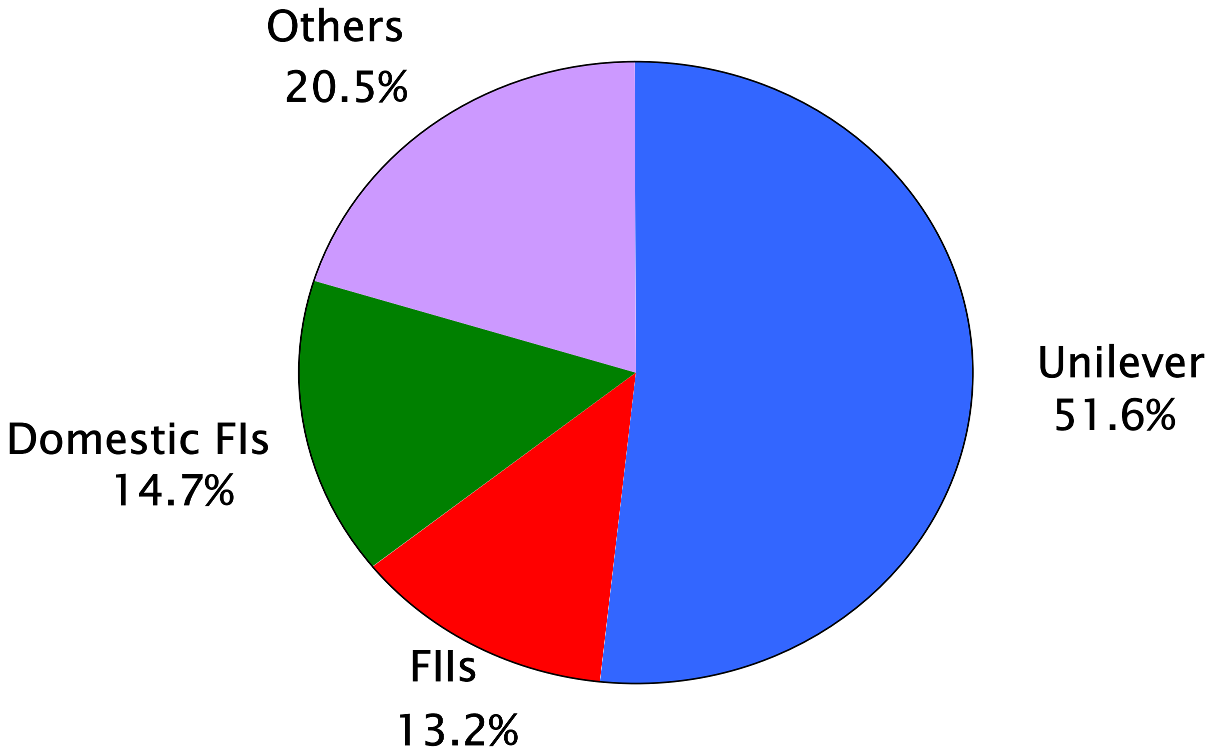
Leadership across categories

	Category	HLL - Market Share (%)	#2 Market Share (%)
Market Leader	Fabric Wash	38.6	17.2
	Personal Wash	54.7	8.7
	Dishwash	56.8	10.5
	Skin	59.1	5.2
	Shampoo	48.4	21.9
	Talcum Powder	61.0	5.1
	Packet Tea	31.6	20.5
	Jams	74.3	5.6

		HLL - Market Share (%)	#1 Market Share (%)
Strong No. 2	Toothpaste	32.5	47.6
	Instant Coffee	44.3	55.7
	Ketchups	26.8	41.3

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

HLL Shareholding Pattern



HLL Equity Capital – 50 Mn $

Market Capitalization – 7,926 Mn $

** Shareholding pattern as on 30th September '05*

++Market Capitalization as on 1st November '05

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Economic Outlook

Growth%

	2002-03	2003-04	2004-05	2005-06 *
Agriculture	(5.2)	9.6	1.1	3.0
Industry	6.2	6.6	7.7	8.7
Services	7.1	9.1	8.7	7.5
GDP	**4.0**	**8.5**	**6.9**	**7.2**

Source : CMIE

** Forecast*

Positives

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

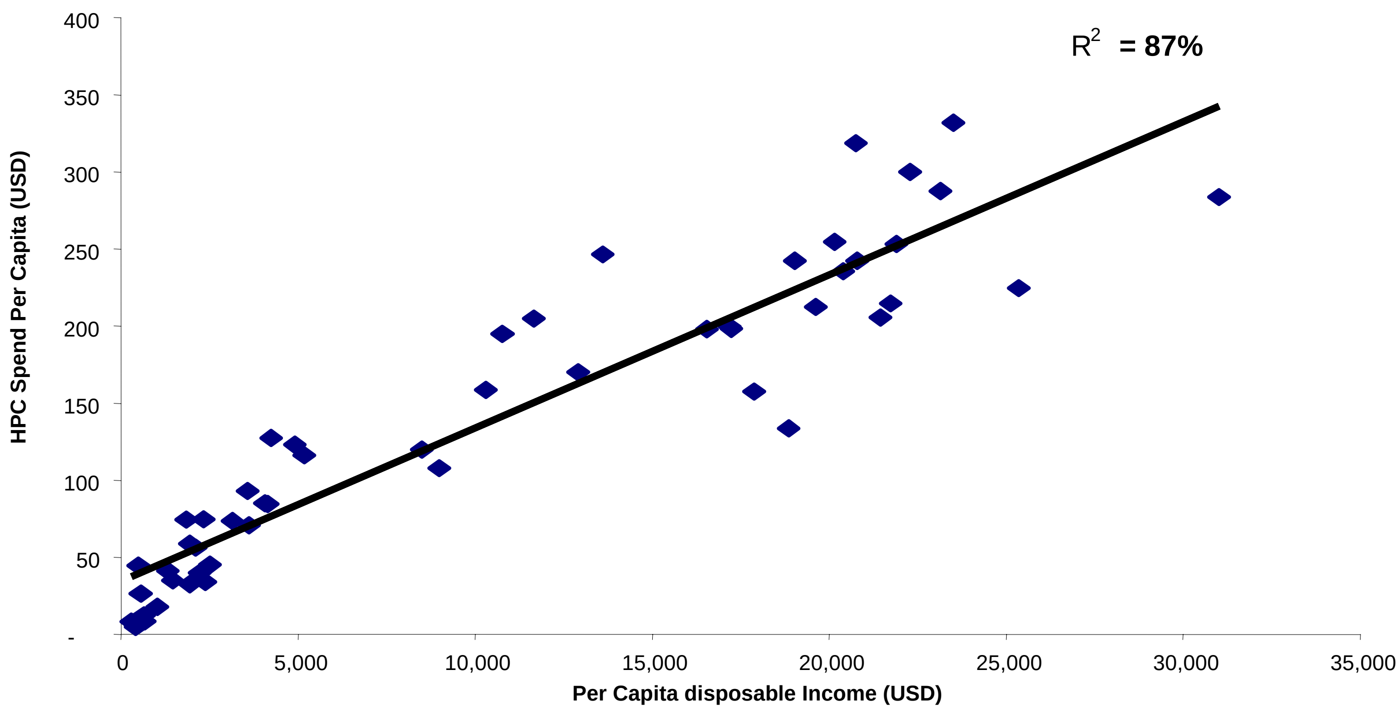
Concerns

- 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)

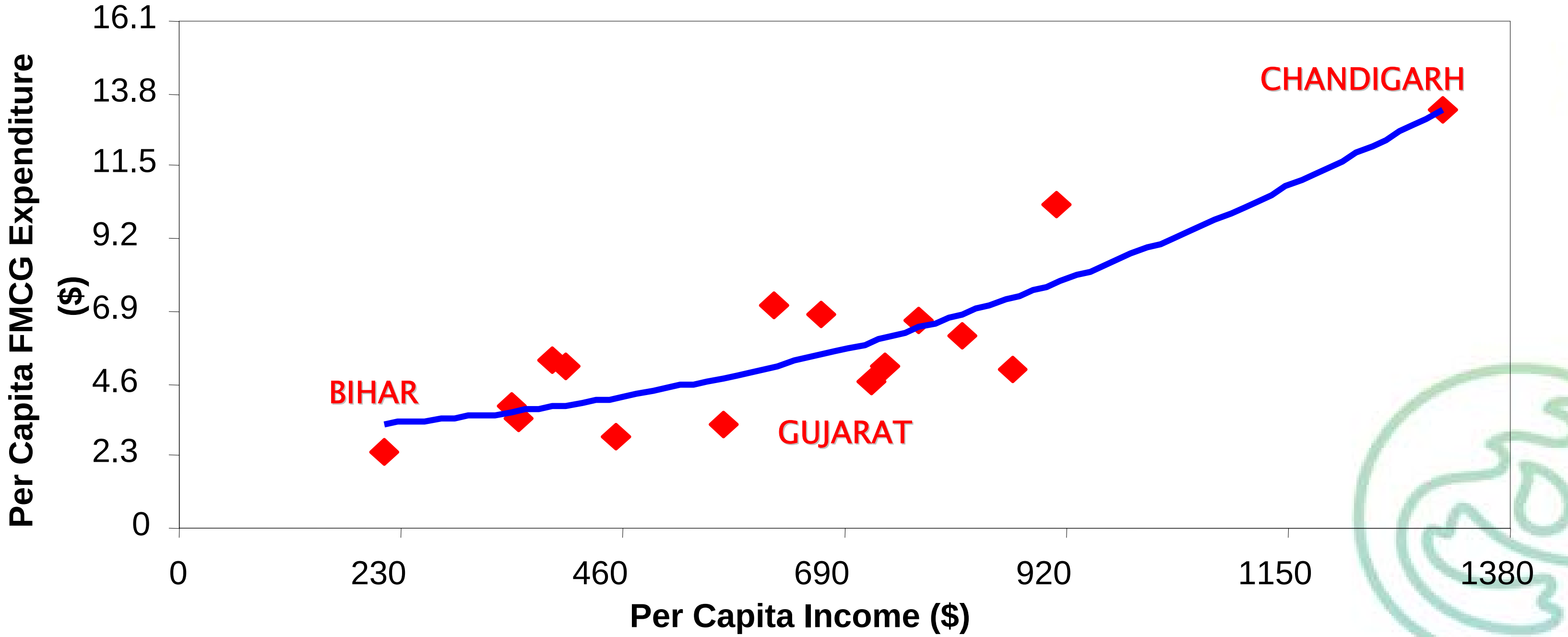


- Per capita incomes in the long term drives consumption
- High R-squared for developed and developing countries
- High income countries have higher consumption

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 and penetration

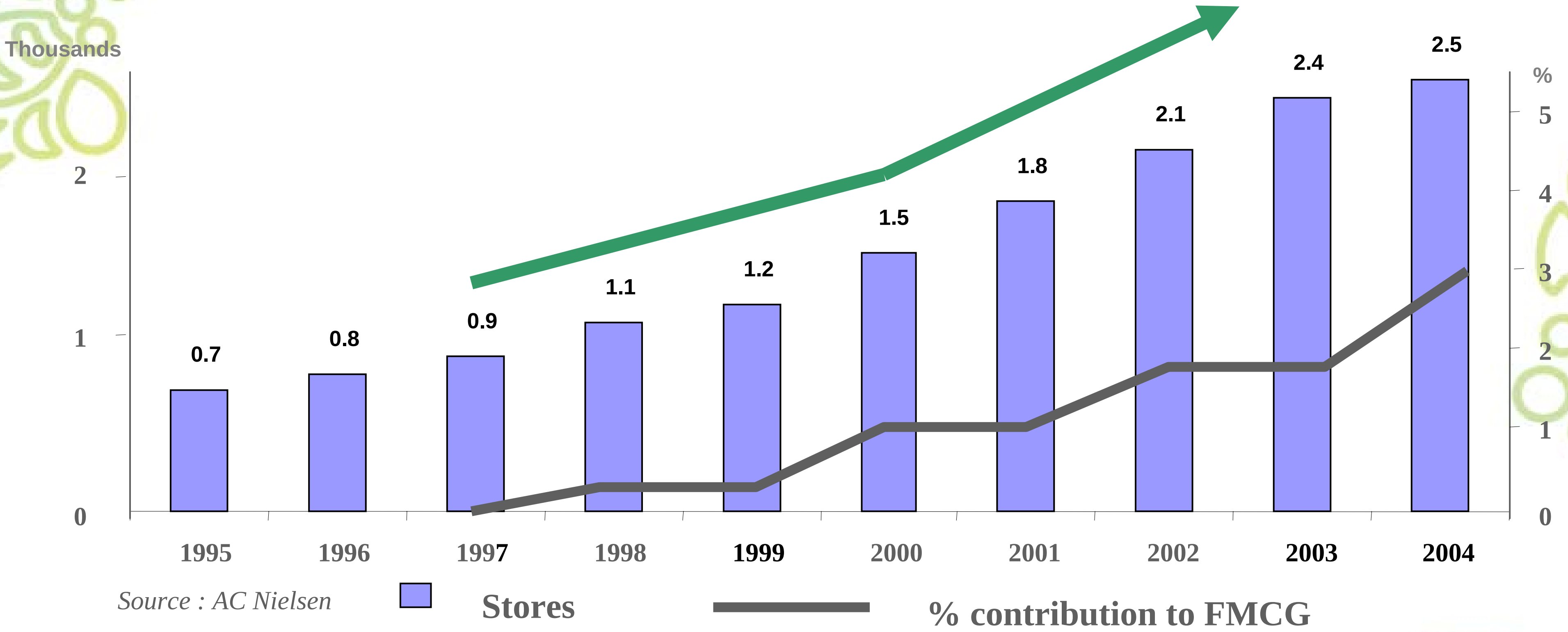
Per Capita Consumption (US $)

	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

- Very low penetration levels in personal product categories

Source : Euromonitor

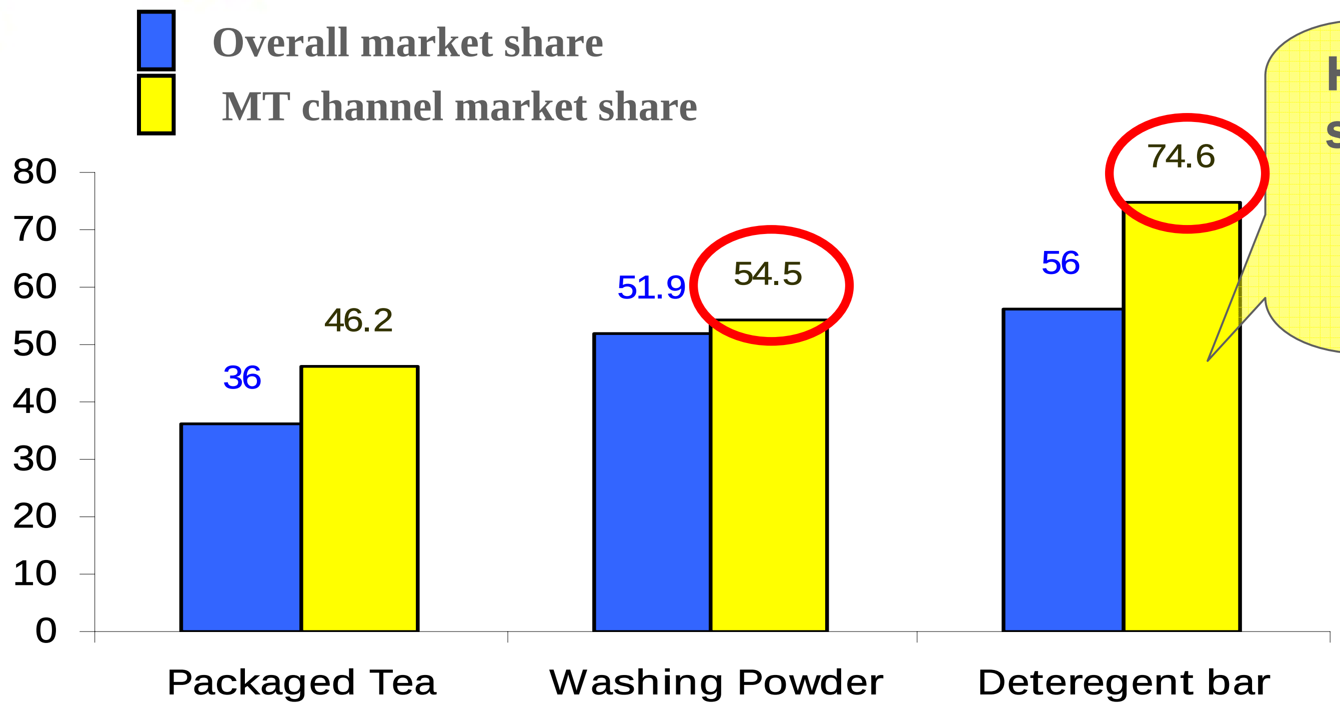
FMCG Modern trade stores



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

HLL view



HLL's market share significantly higher in MT channel in key categories

Source : AC Nielsen . Data as of July 2005 for 13 cities in India which AC Nielsen tracks and reports.

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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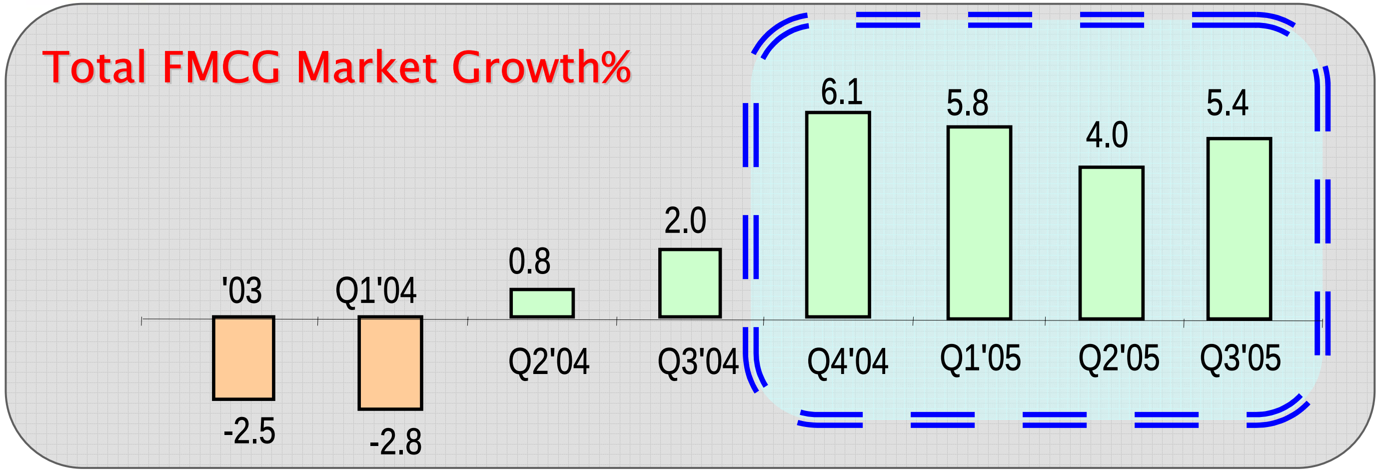
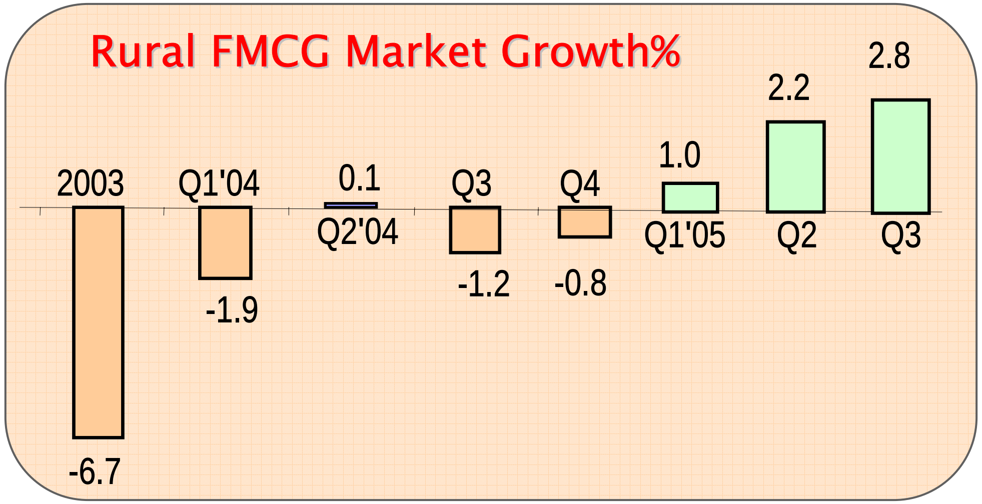
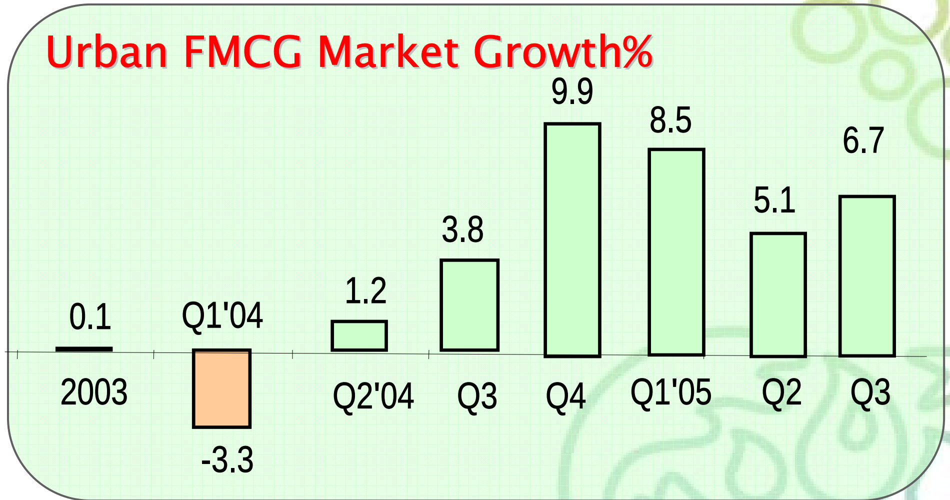
FMCG MARKETS & STRATEGY

FMCG Markets
Revival continuing in 2005







Revival led by growth in urban markets

Source : AC Nielsen

FMCG Markets

- New equilibrium after choice explosion
- Price led local competition
- International companies seeking market position
- High inflation in key raw materials
- Higher levels of brand investments and innovations
- Revival largely urban led
- Rural also gaining growth momentum

HLL Strategy

- Strategic intent to sustain market leadership and grow market positions across our brands and categories
- Invest behind our brands and deliver consumer value
- Drive topline growth with profitable and sustainable margins
- Focus on innovations, product quality and competitiveness of our distribution system
- Achieve cost leadership across the extended supply chain; margin improvements to come by winning in market place, judicious price increases, delivering on ten point program

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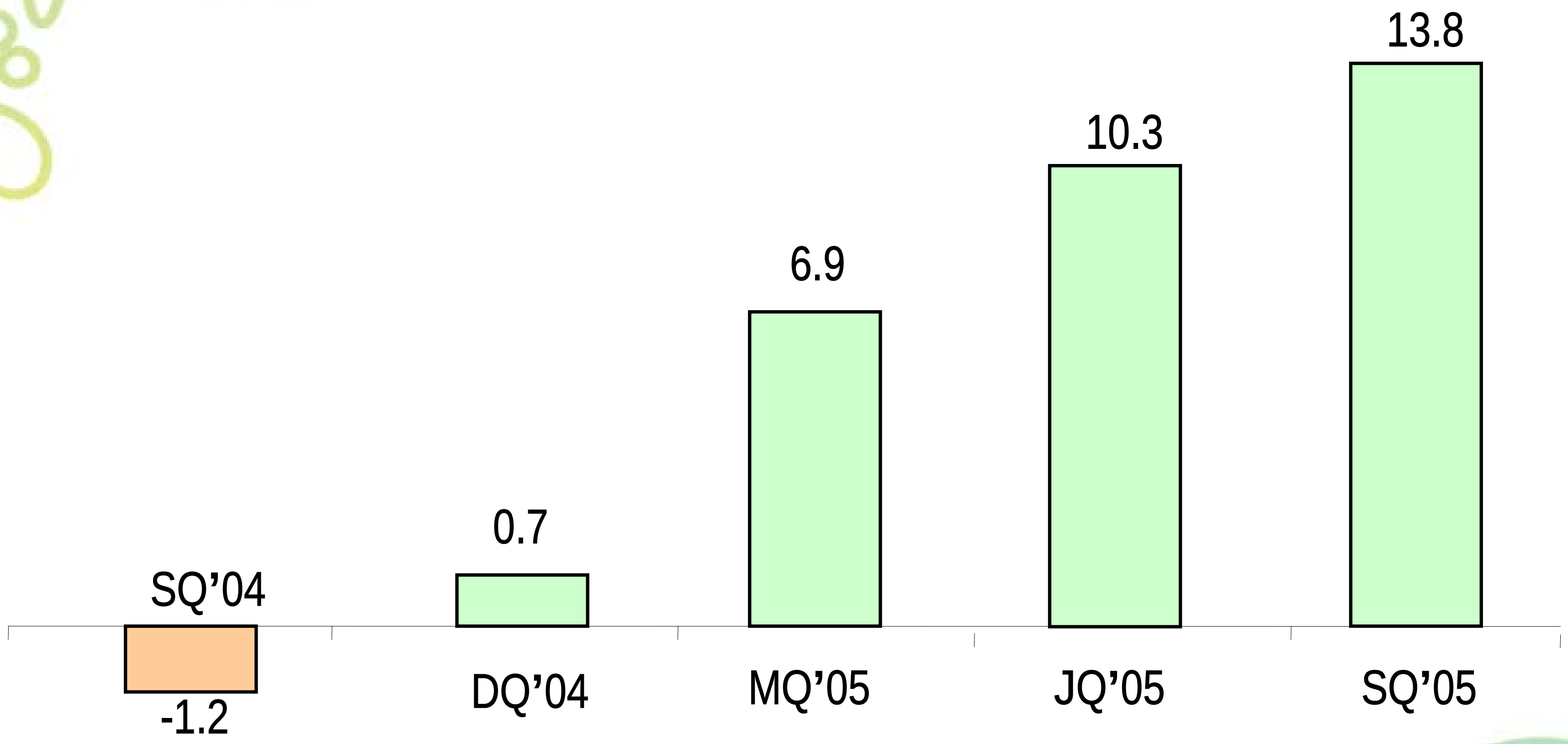
2005 - Scenario

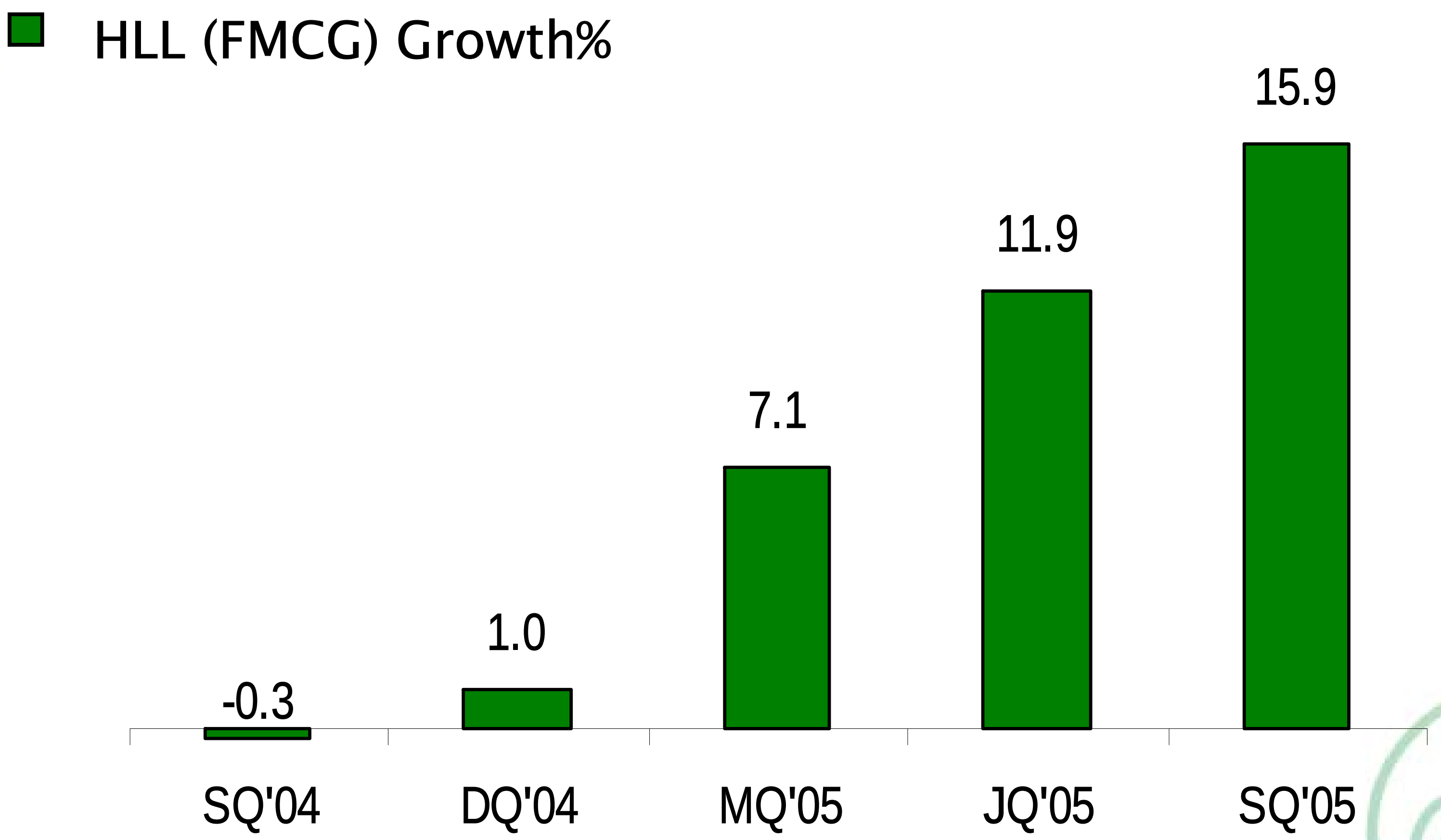
- High input cost escalation particularly in chemicals & packaging materials impact laundry most
- Aggressive cost savings and judicious price increases to partly offset cost pressure
- Growth led by high brand building investments and key innovations
- Market share gains in a competitive context

2005 Highlights
Topline growth accelerating



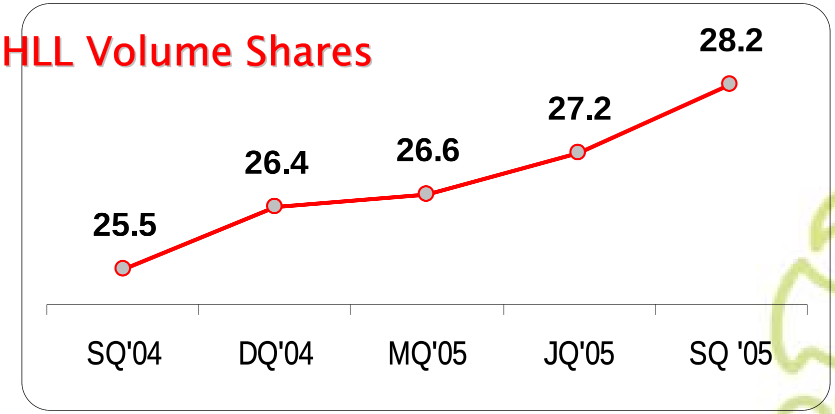
Volume growth at 7.6%

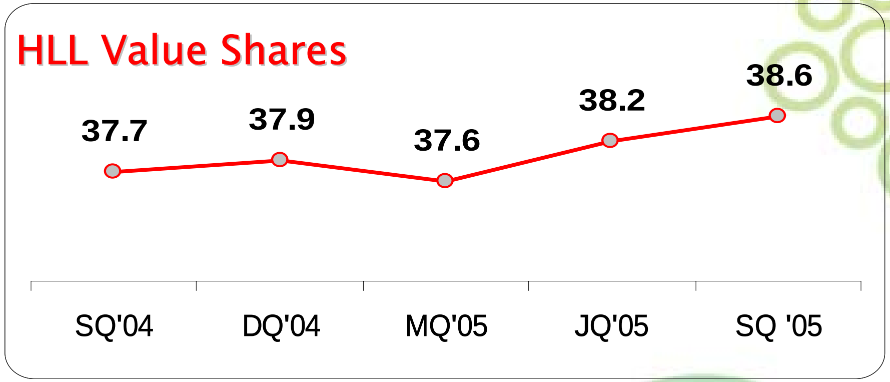
2005 Highlights
FMCG growth



Current Performance
Fabric Wash

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

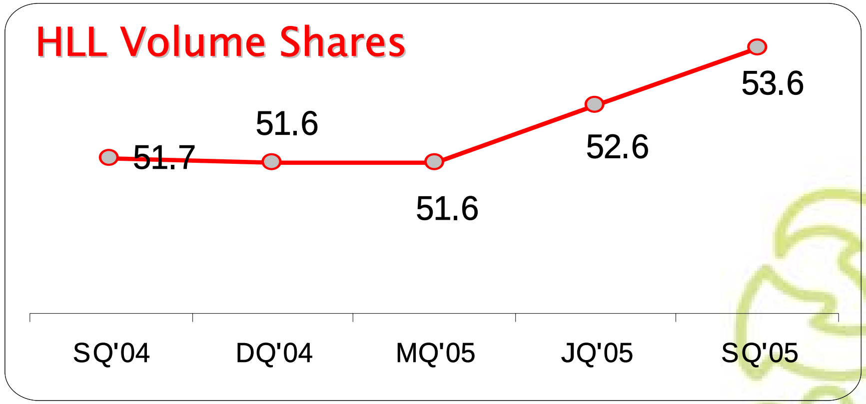


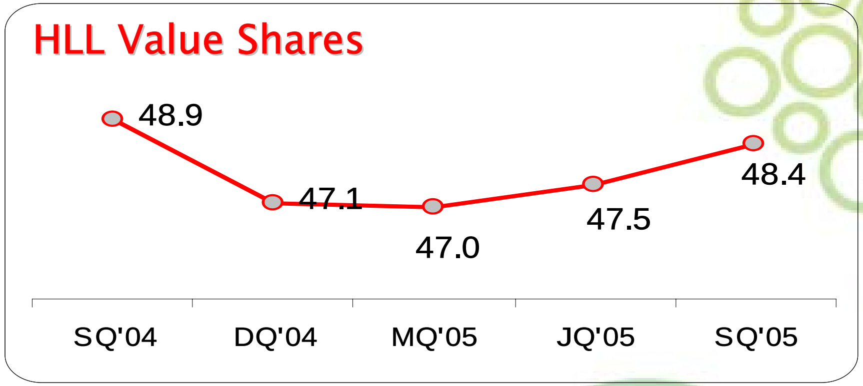


- Double digit growth in Rin and Wheel
- Rin Advanced gain shares in a competitive context

Current Performance
Shampoo

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



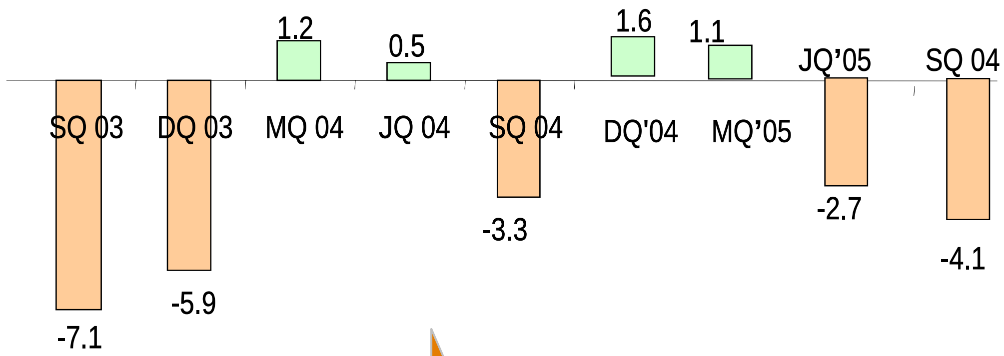


- Strong volume & value growth
- New launches:
  - Clinic All Clear – Black variant, Sunsilk "9 to 9" conditioner and Lakme "Hair Next"

Current Performance
Tea

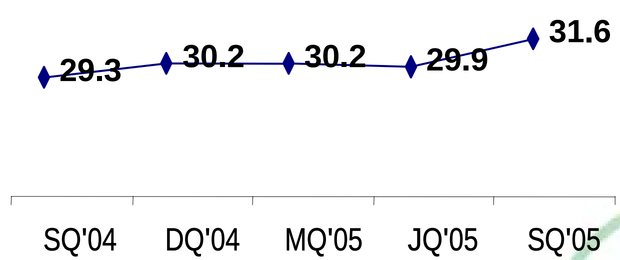
Strong growth in a declining market

Market Growth - Packet Tea



- Two brand strategy
- Double digit growth in both Brookebond and Lipton
- Brooke Bond Red Label– Naturals launched
- High brand investments

HLL Value Shares



230 bps

Opportunities in upgradation and Out of home (OOH) channel

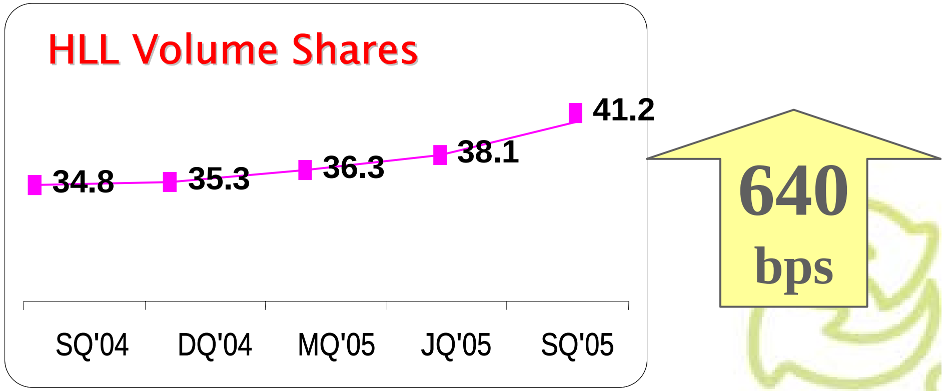
Current Performance
Coffee

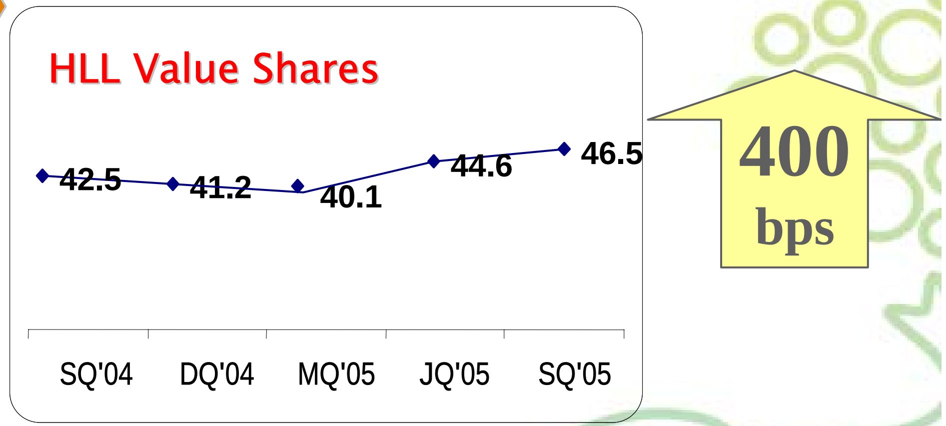
Master brand

Double digit growth in coffee, both Instant and Roast & Ground segments grow strongly

Opportunities for:

- Consumption
- Out of home
- Innovation





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GROWTH AGENDA

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Driving the growth agenda

Delivering Consumer Value

Brand Relevance

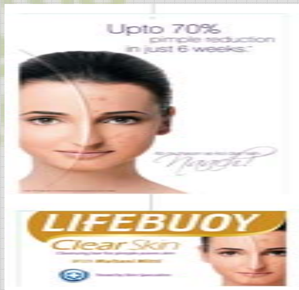
Superior Quality

Strategic Pricing

Ten Point Program to provide fuel

Investments behind Brands

Innovation & Superior quality



Pimple reduction

Quick wash – 50% Water & effort saving

Rin Advanced

Axe Unlimited

Lakme Hairnext Stying range

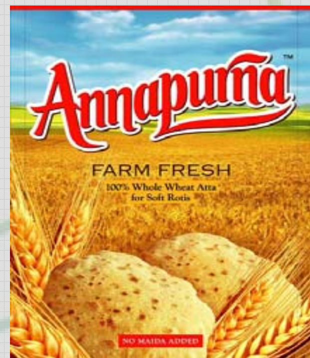
Perfect Radiance

Ayurveda variant

Hairfall Defense

9 to 9 combing lotion

Red Label Naturals



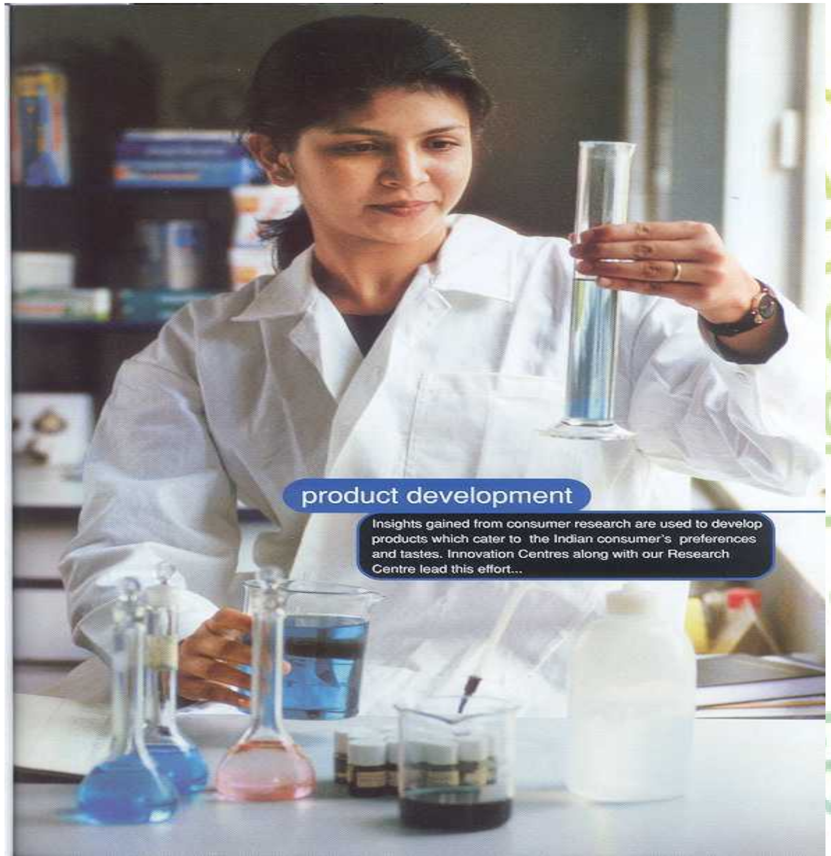
New Annapurna

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



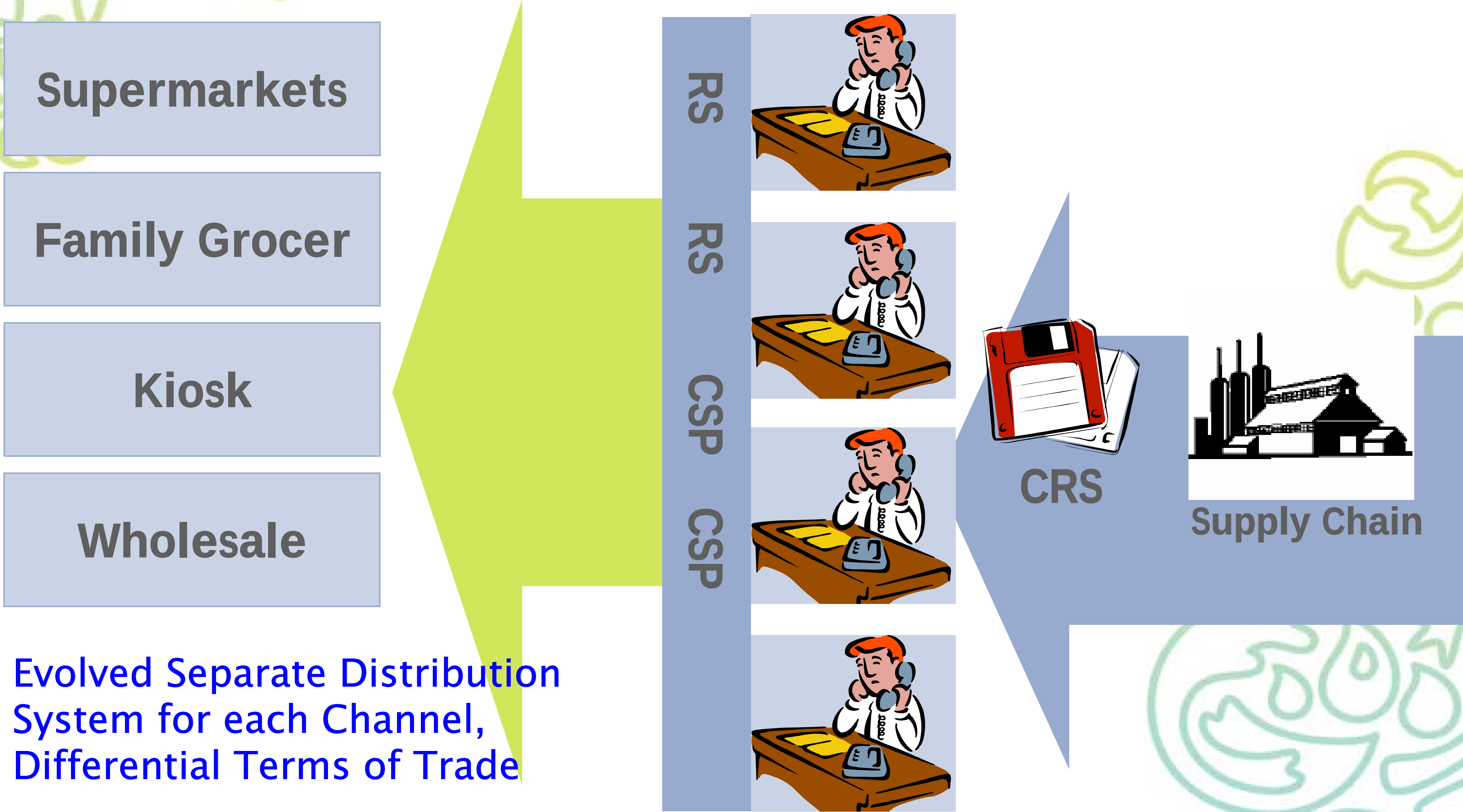
Channel Architecture

Channels Prioritized in 2004-05

Direct coverage
1 mn outlets

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, 340 districts
  - Over 64,740 villages covered

    Touching 73 mn rural lives

Target for 2005

- 12 states
- 80,000 villages
- Touching 80 million 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 growth accelerating
- Input cost escalations presents an important challenge
- Strong brands : Rationalization completed
- Initiatives in channel and customer management
- Sustain market leadership, grow market share and achieve cost leadership through strong capabilities of HLL

Thank You