



Hindustan Lever Limited

Presentation at ICICI Securities' - "India Unlimited"
Second Annual Investor Conference

New York, September 8-10, 2003



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Economy

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Strategy

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2003 and beyond...



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Economic Outlook

	2001-02	2002-03	2003-04 (E)*	<i>Growth%</i>
Agriculture	5.7	(3.2) ↓	7.5	
Industry	3.3	6.0 ↑	5.0	
Services	6.8	7.1 ↑	7.5	
GDP	5.6	4.3 ↓	6.5	

* CMIE Estimates

- Fourth Largest economy in PPP terms
- GDP growth second only to China among Asian Economies
- Strong Revival expected in Agricultural growth
- Resurgence of manufacturing sector
- Strong performance of services sector



Indian Economy - Snapshot

Positives

- Favorable monsoons
- Healthy GDP growth at 6.5% estimated for 2003-04 (*CMIE estimates*)
- Revival of industrial growth to 6% in 2002-03
- Strong forex reserves at 81 bn \$
- Current account surplus at 2.8 bn \$ (Apr - Dec '02)
- Upturn noticed in broadbased demand conditions
(Non food credit expected to rise by 16.0% in 2003-04)
- Robust growth of 17.8% in exports in 2002-2003
- Low inflation 3-4%
- Rapid development of infrastructure

Concern

- Fiscal deficit at 9.3% in 2002-03 and expected to rise in 2003-04
- Lag effect of poor agri-output in 2002-03
- Total foodgrains production drop of 13.9% in 2002-03



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Hindustan Lever Corporate Purpose



Our purpose is to meet the
everyday needs of people everywhere -
to anticipate the aspirations of our
customers and consumers and to
respond creatively and competitively
with branded products and services
which raises the quality of life

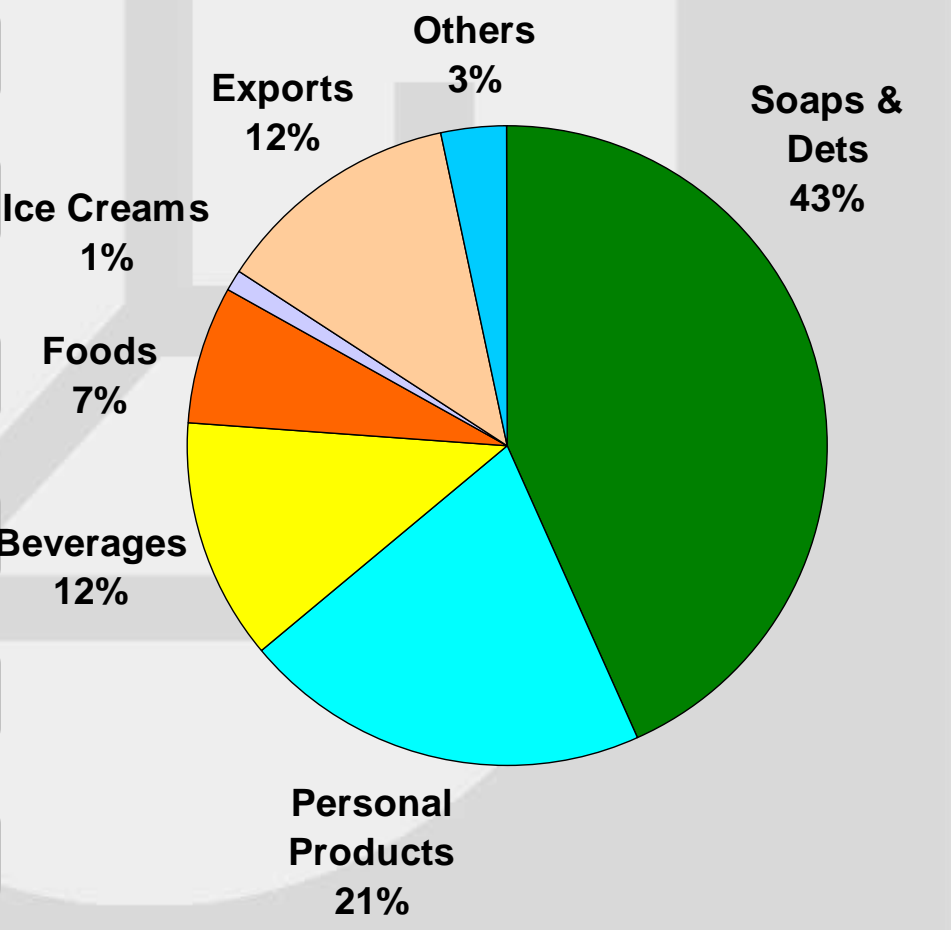




Hindustan Lever

.... India's largest & leading FMCG company

	Rs Bln	US \$ Mn
Turnover	100	2193
EBITDA (Operational)	21	461
Net Profit (bei)	17	373
EPS	7.98 (Rs)	18c
Economic Value Added	12	263
Market Capitalisation	412	9035

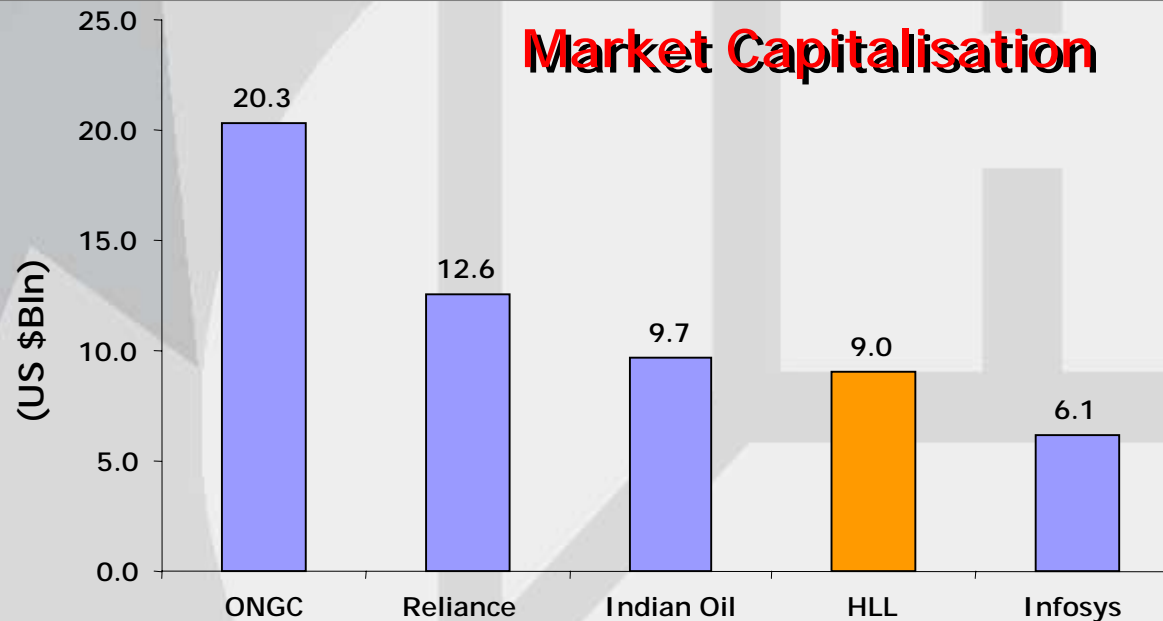


* Figures based on FY2002 Audited Results

* Based on FY2002 segmental revenues



Hindustan Lever ...on the Indian Bourses



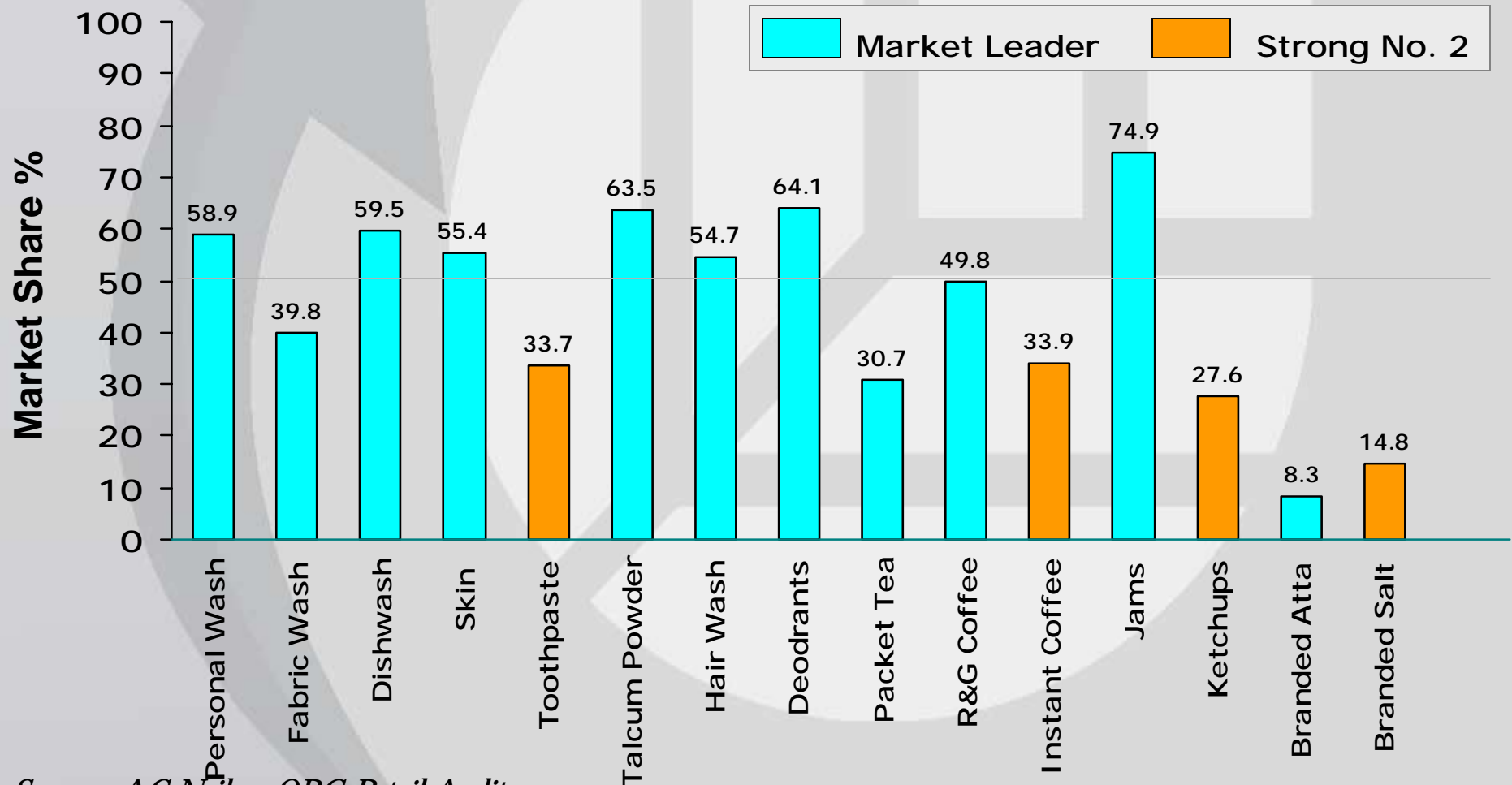
	ONGC	Reliance	Indian Oil	HLL	Infosys
Market Cap (US \$Bln)	20.3	12.6	9.7	9.0	6.1
% of Total Market	10.3	6.4	4.9	4.6	3.1
% Wt in Sensex		15.0		9.0	9.7
% Wt in Nifty		12.4		8.9	6.0

Source : Mkt Capitalisation at BSE (4th September 2003)



Hindustan Lever

....dominant player across FMCG categories



Source : AC Neilson ORG Retail Audit



...Opportunities in India

Category	Market Size (US \$Mn)	HLL - Market Share (%)	Urban Penetration (%)	Rural Penetration (%)	Total Penetration (%)
Fabric Wash	1210	39.8	89.6	82.9	84.9
Personal Wash	938	58.9	97.9	90.7	92.8
Packet Tea	635	30.7	91.2	82.2	84.9
Toothpaste	409	33.7	69.8	32.3	43.5
Skin	312	55.4	36.6	19.8	24.7
Hair Wash	230	54.7	40.1	16.3	23.3
Talcum Powder	148	63.5	66	36.8	45.1
Branded Atta	107	8.3	44	30.2	34.3
Dishwash	102	59.5	54.6	11.5	24.4
Instant Coffee	55	33.9	N.A.	N.A.	N.A.
R&G Coffee	30	49.8	N.A.	N.A.	N.A.
Ketchups	25	27.6	12.5	0.7	4.2
Deodorants	19	64.1	N.A.	N.A.	N.A.
Jams	13	74.9	N.A.	N.A.	N.A.

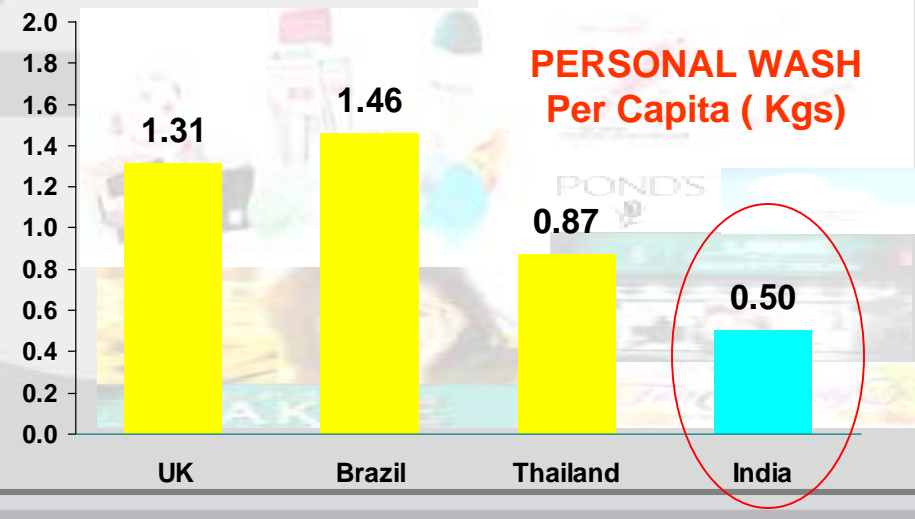
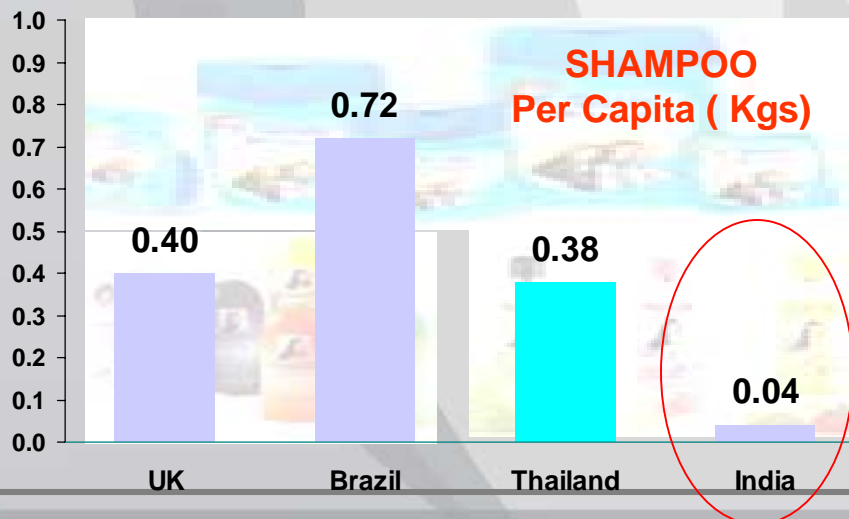
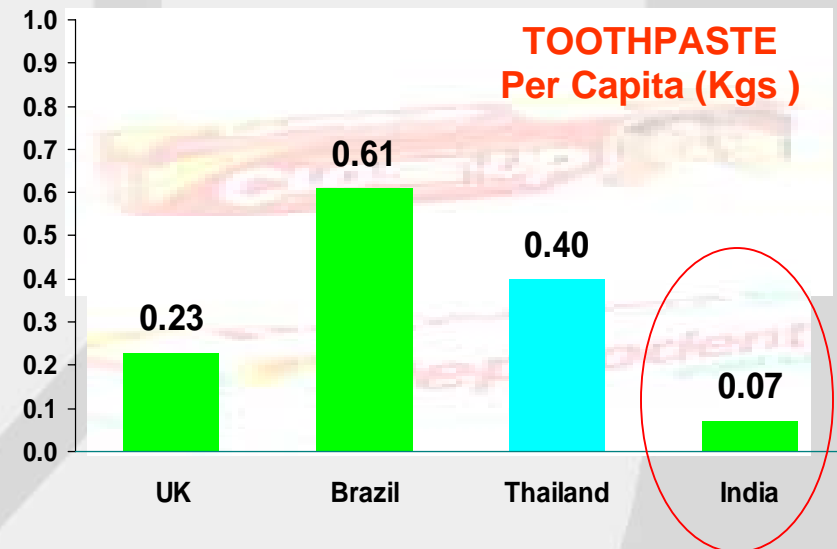
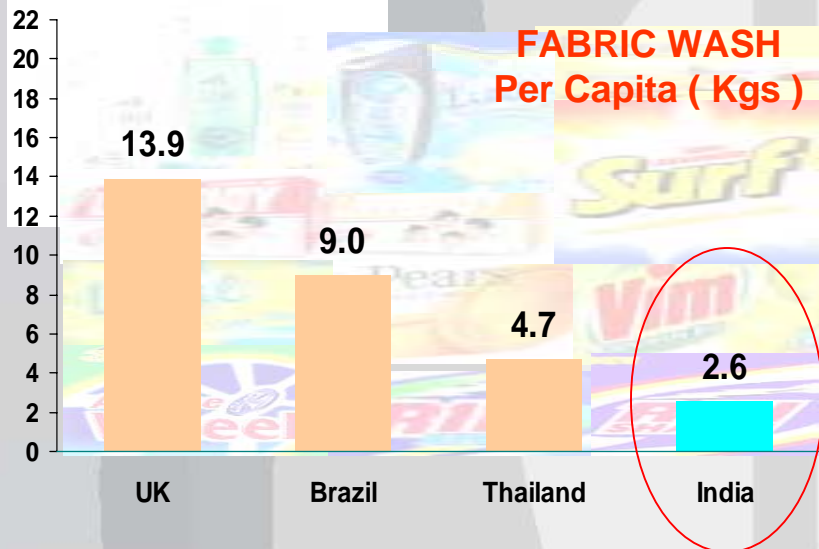
- Significant scope for growth
- Clearly differentiated strategies for :
 - High penetration categories > 50%: Drive upgradation / consumption
 - Low penetration categories : Drive penetration

Source : Indian Readership Survey 2002



FMCG

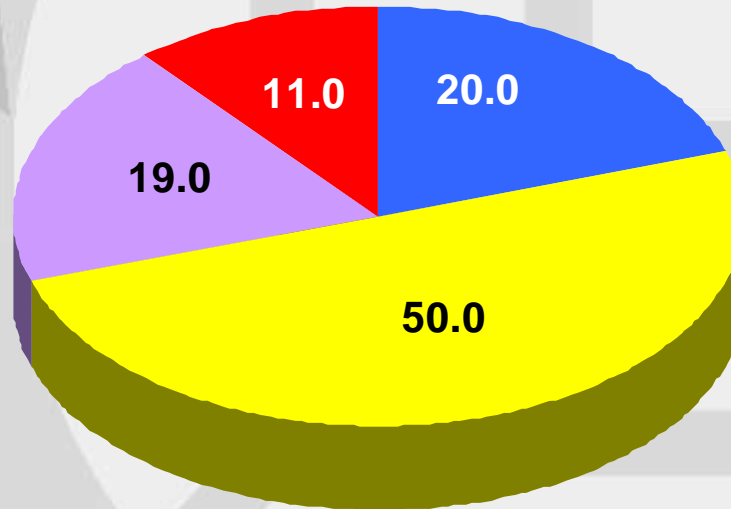
...Opportunities in India





Share of Hair wash occasions

HLL Share of
Shampoos
60%



HLL Share of
Hair Wash
7%

■ Water ■ Soap ■ Naturals ■ Shampoo

Redefine potential for growth



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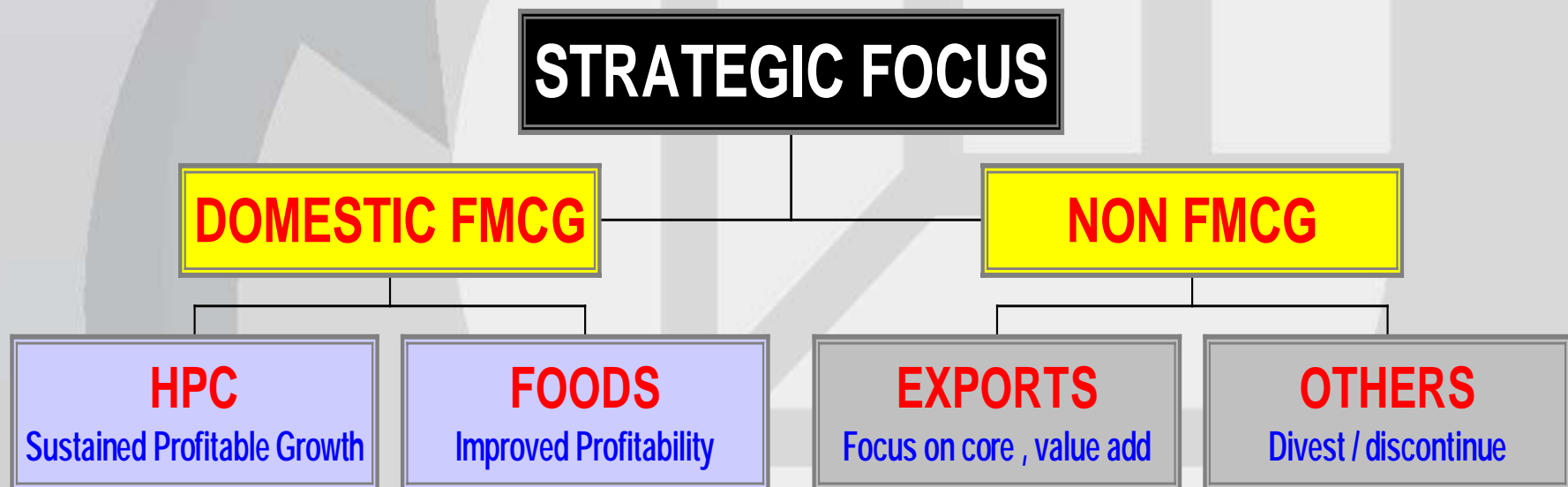
Strategy

FH'03 Performance Highlights

2003 and beyond...



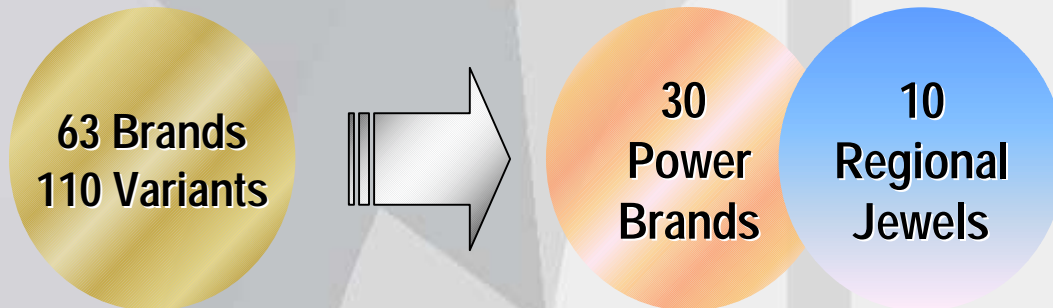
Recap





Strategic Focus

Power Brands



less
more is

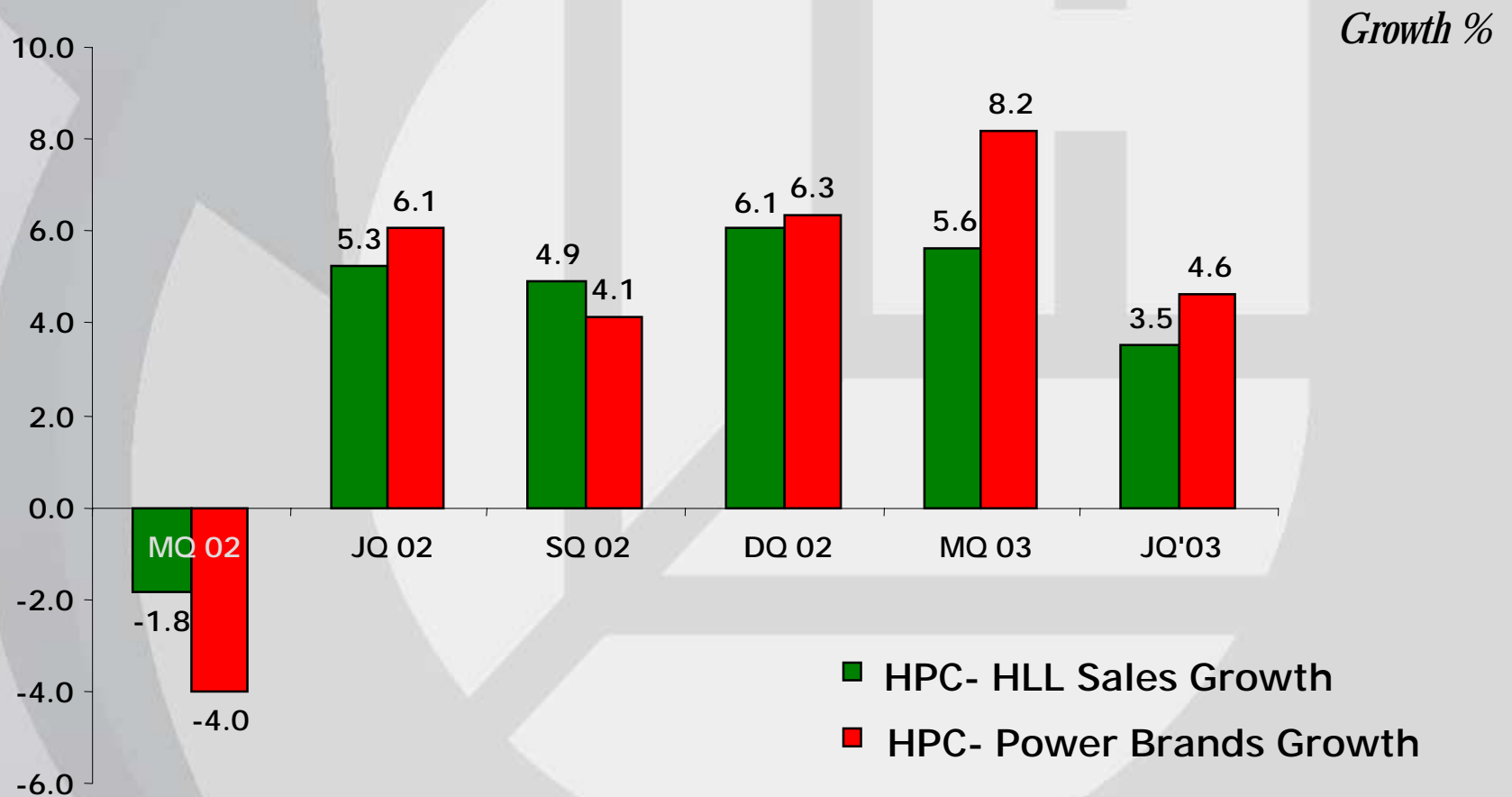
- Focus resources on 30 Power brands
- Power brands selected to occupy all relevant consumer appeal & price segments
- Marketing spend, level of innovation supported by consumer insight & new technology platforms
- Grow Power Brands by
 - consumer relevant innovation
 - cross category extensions
 - leveraging channel opportunities

- ✓ Greater rigour
- ✓ Focused advertising and promotion spend
- ✓ Reduction in brand cannibalization
- ✓ Efficient supply chain
- ✓ Effective market activation



HPC

...Power Brands Drive Growth





HPC Power Brands

...Delivering strong growth - FH'03



Lakme : 53%



Lifebuoy : 33%



Ponds : 22%



FAL : 16%



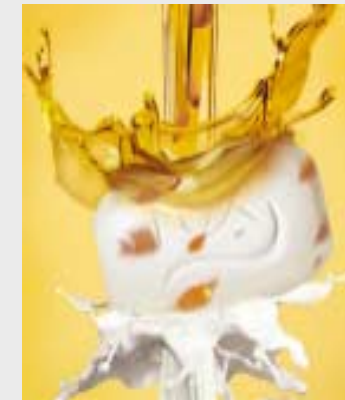
Pepsodent : 15%



Nihar : 11%



Sunsilk : 6%



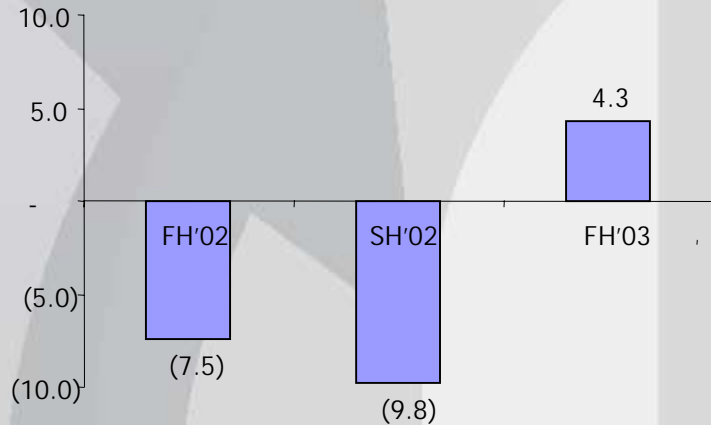
Lux : 7%

* Group Basis

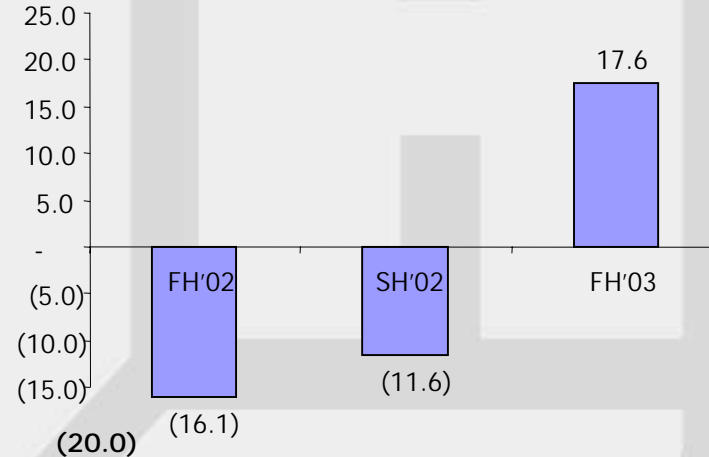


Strong growth in Foods Power Brands

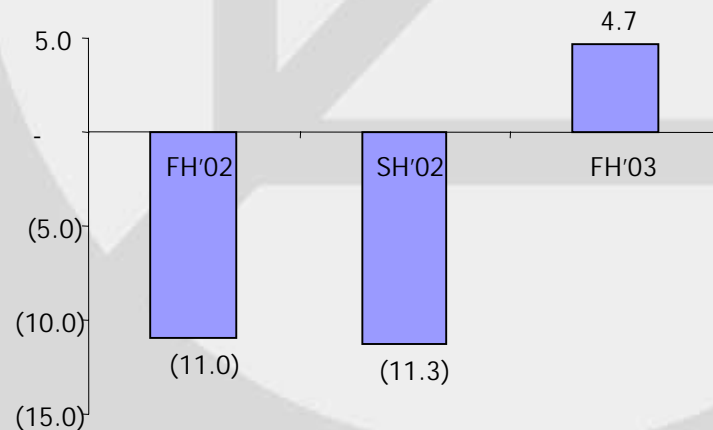
...Strategy shows results



Power Brands Beverages



Power Brand Processed Foods



Power Brand Total Foods

* Processed Foods and Total Foods exclude Edible Oils and Fats business



Foods Power Brands

...Delivering strong growth - FH'03



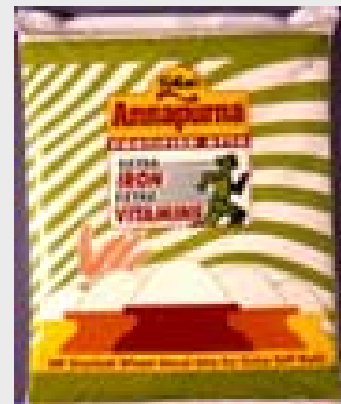
Bru : 17%



Taaza : 11%



3 Roses : 10%



Annapurna : 26%



Kissan : 11%

* Group Basis

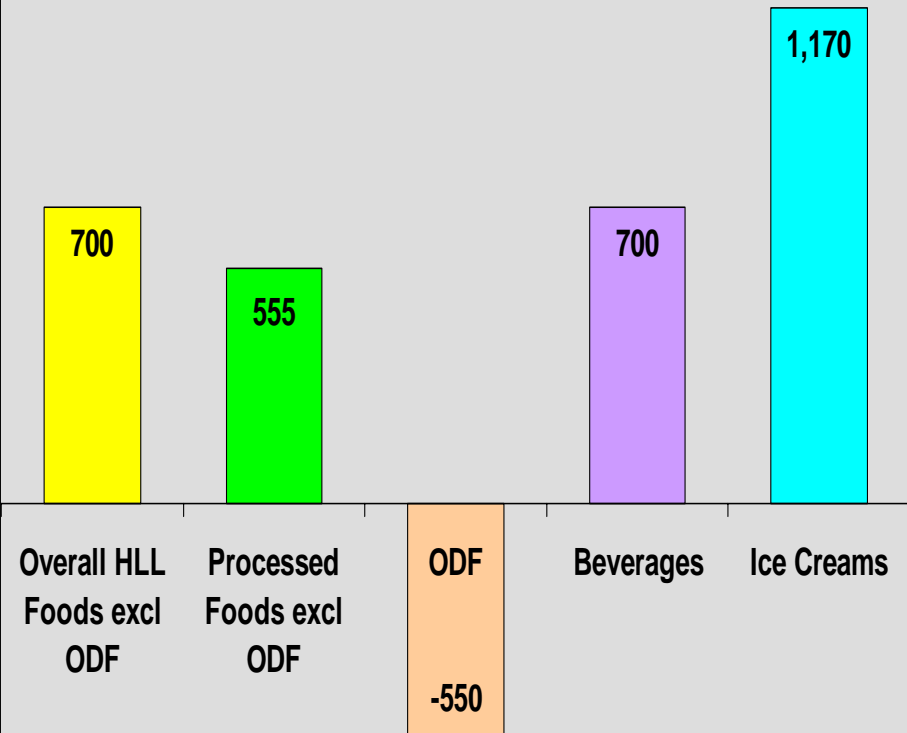


Strategic Focus

Foods : Underlying Profitability

- Reasonable scales of operations achieved
- Focus now on improving profitability
 - Portfolio rationalization
 - Value added innovation
 - Re-engineering the supply chain
 - Improve margins on traditional portfolios -Tea, Oils
- Stop value destruction in Ice Creams - new strategy formulated
 - Focus on premium products in 6 citadel cities
- Turnaround Modern Foods
- Aggressive investments in brand building & developing new categories

Bps change in Gross Margins in 2002



"strategy delivers step change in margin profile"

Foods business to be "fit for growth & scale"



Strategic Focus

Non FMCG Businesses

- Exports

- Discontinue non value-adding exports
- Focus on core categories - position as Preferred Competitive Source
- Non Core : Build only on Country / Company strengths; exit others

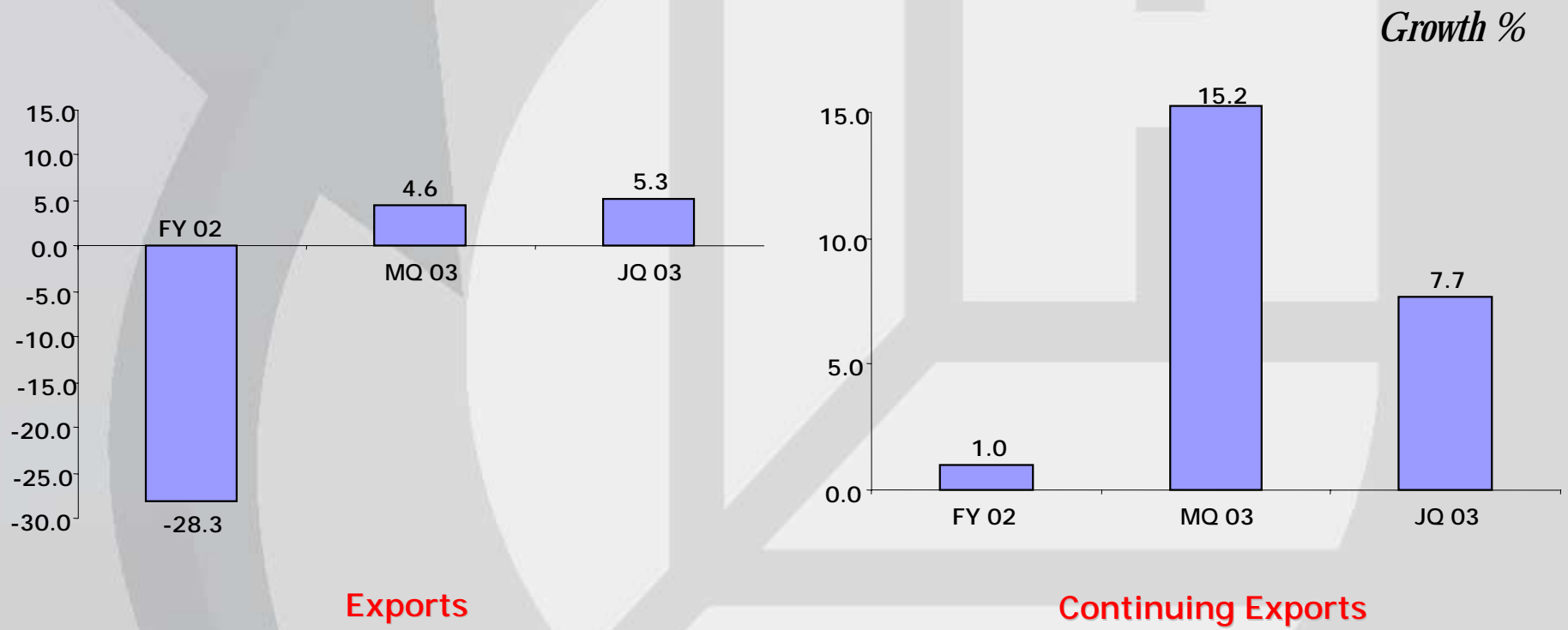
- Other Non FMCG Businesses

- Opening up of the economy & access to world class technology
 - Need to focus on core businesses
- Variety of options actively reviewed - best solution for each business
- Seek players with global expertise who are able to support future growth



Strategic Focus

Core - Value added Exports

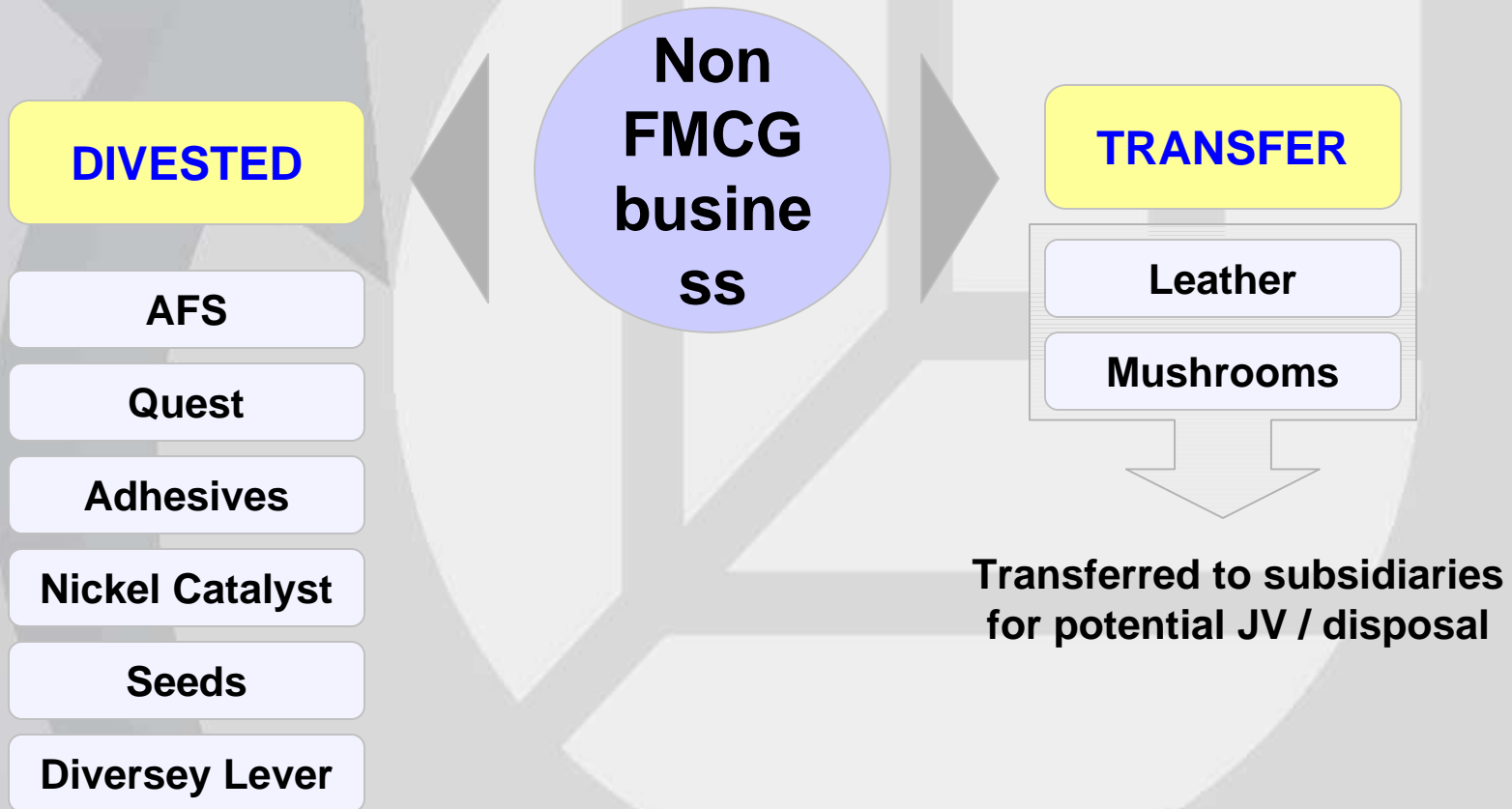


Core Value added portfolio drives growth



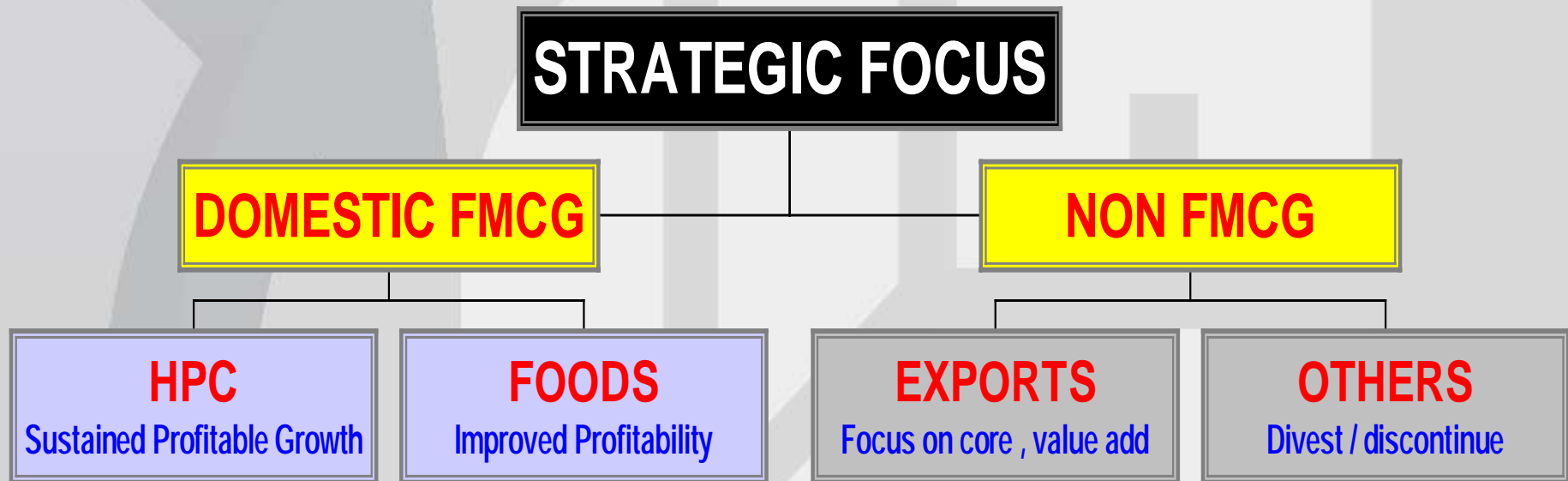
Strategic Focus

Securing the future of Non FMCG





Effective execution of strategy



- HPC records all round performance - profitable growth
- Step change in profitability of Foods business - "Fit for Growth"
- Ice Cream strategy halves losses
- Exports portfolio rationalised - core exports do well
- Significant progress on divestment of non-core businesses



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Market Growth

Growth %	2000	2001	2002	FH - 2003
Personal Wash	6.1	-9.9	-6.1	-1.6 ↓
Fabric Wash	5.7	-2.9	-2.1	-4.6 ↓
Dishwash	19.2	11.1	-1.8	-2.9 ↓
Toothpaste	10	2	-5.5	-11.8 ↓
Shampoo	12.5	10.7	7.8	-5.2 ↓
Skin Products	12.9	2.6	0.6	4.3
Packaged Tea	0.3	2.4	-9.7	-14.1 ↓
HPC	7.6	-2.3	-3.1	-3.3 ↓
FMCG	6.7	-1.5	-3.5	-2.8 ↓

... key categories decline in 2002, depressed trend continues in FH'03

Source : AC Neilson ORG Retail Audit



FH 2003 Results

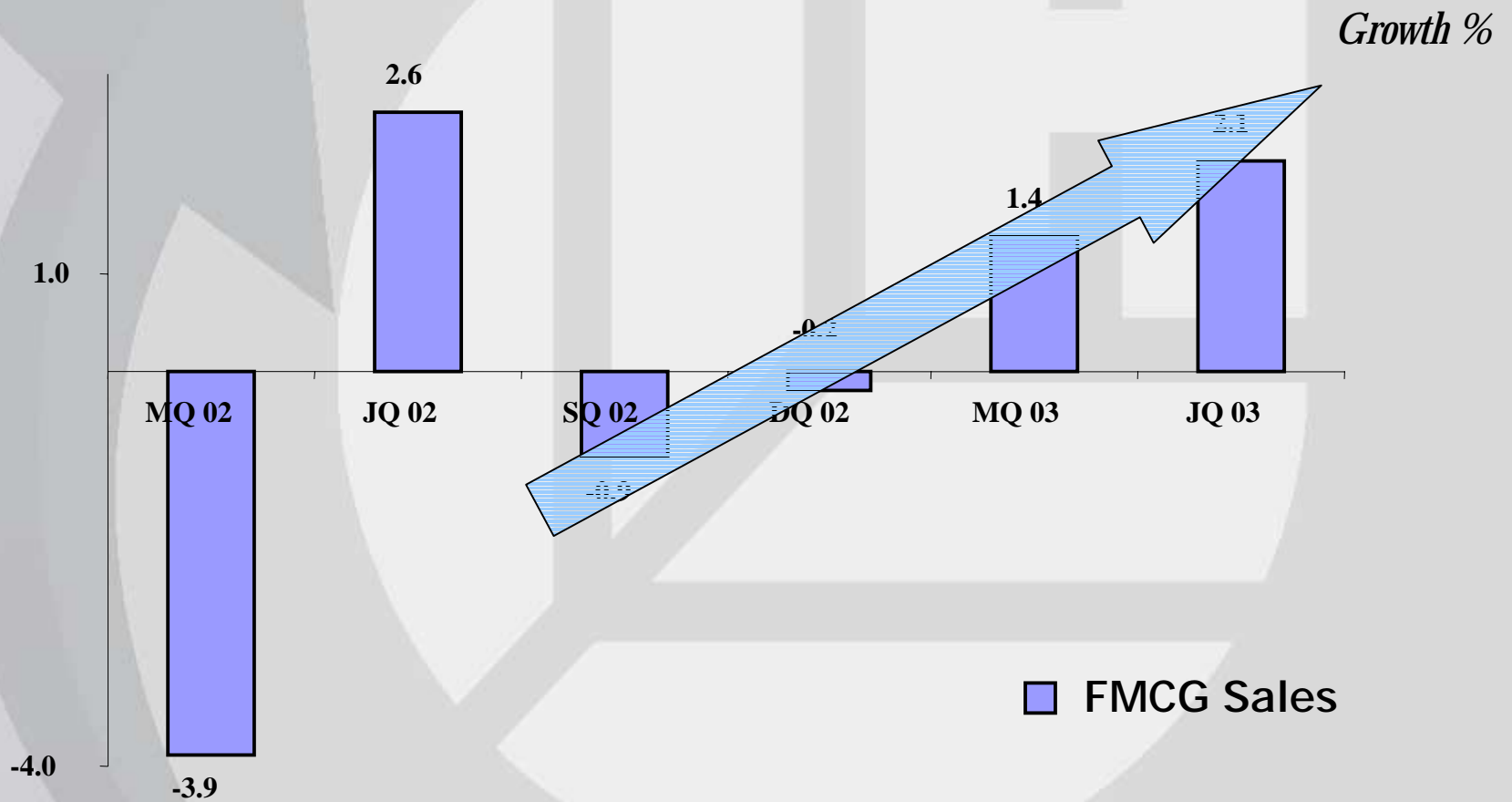
Highlights

- Overall sales grows by 2.2%, Continuing businesses grow by 3.2%
- HPC FMCG grows by 4.5% with power brands growing by 6.2%
- Good improvement in foods sales performance
- Sales impacted by
 - Uncertainty in VAT implementation
 - Truckers' strike
- Operating profit improves by 9%, margins up 114 bps
- PAT (bei) improves by 10.5%



FMCG Sales

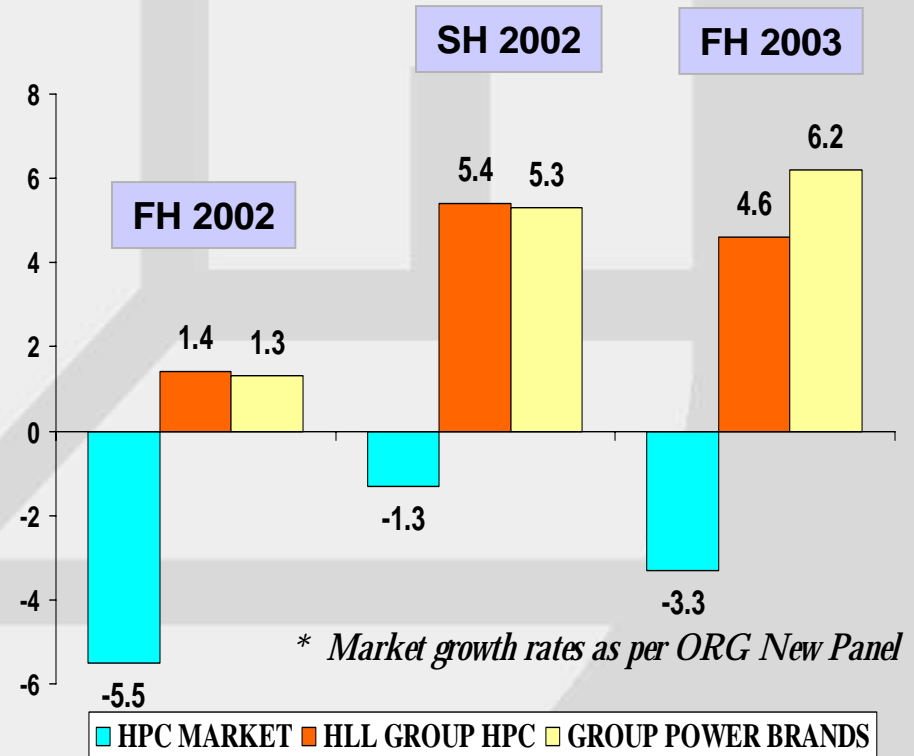
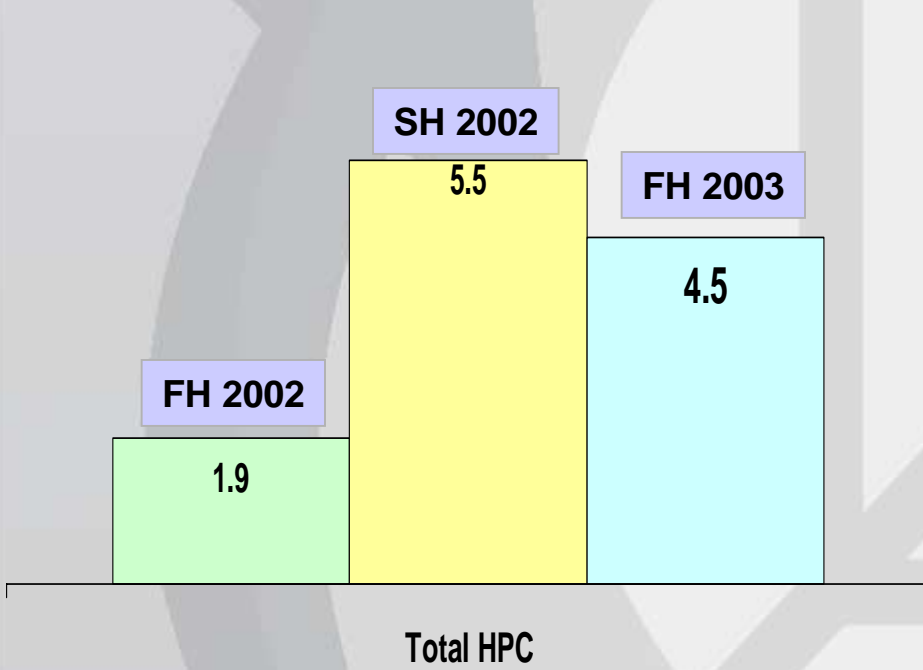
Growth Momentum Picks up





HPC Performance

Growth %



"HPC sustains growth momentum"

"HPC Category and Power Brands beat the market"

...accounts for 65% of revenue & 85% of profits



Soaps & Detergents

Performance Highlights

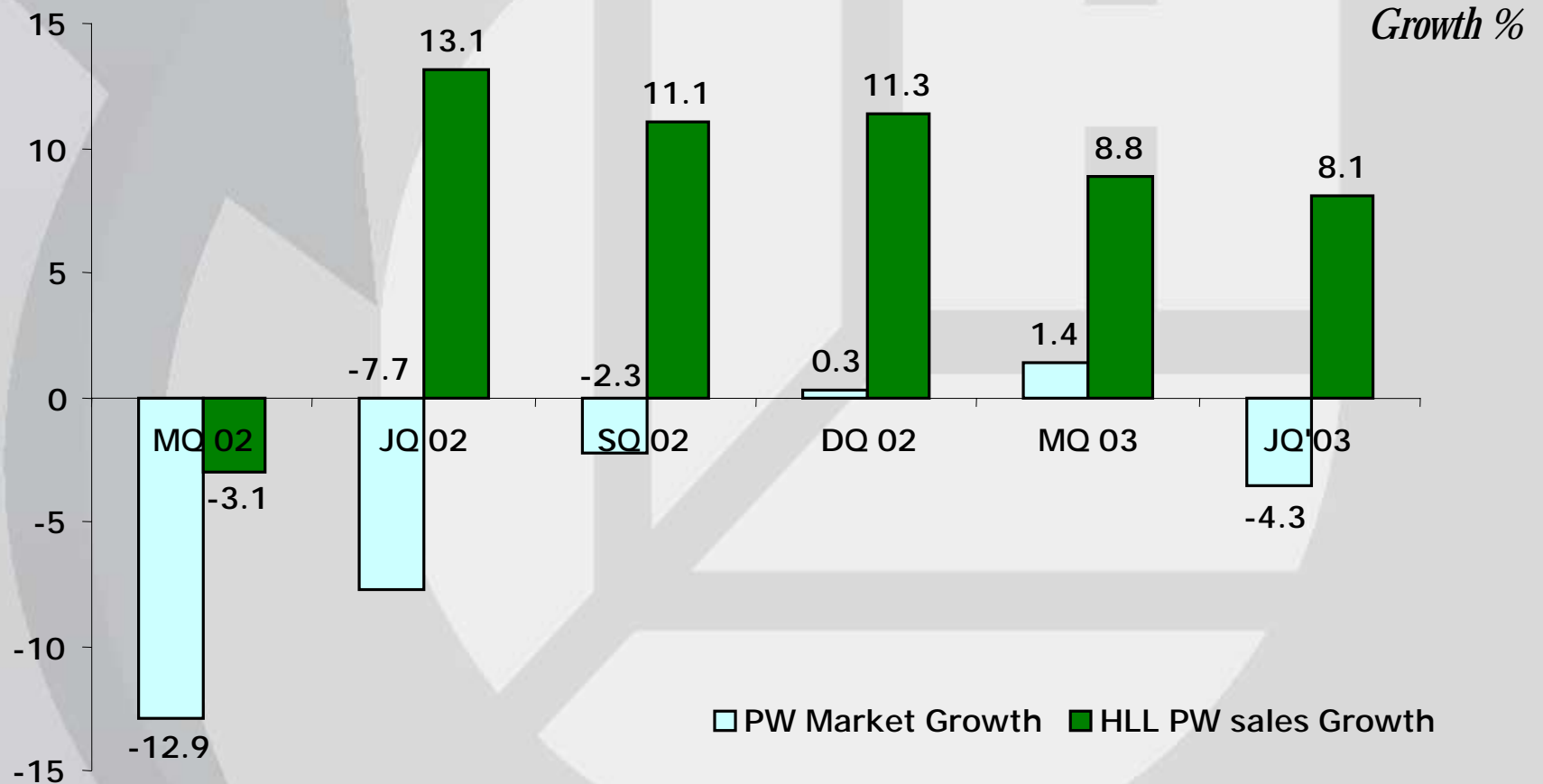
- **Innovation led growth in Personal wash**
 - Strong growth inspite of truckers' strike
 - Growth momentum in Lux and Lifebuoy sustained
 - Slew of launches/relaunches in the category
- **Laundry Market impacted adversely with continued downtrading.**
 - Pressure on the mid price and premium segments of the portfolio
 - Rin re-formulated and launched with patented "Nil Mineral Bar" technology
 - Surf Excel prices reduced and brand relaunched in JQ'03; volumes surge
- **Dishwash grows by 8.3% in JQ'03 in a declining market (-)2.7%**
 - Vim Polycoat launched





Personal Wash

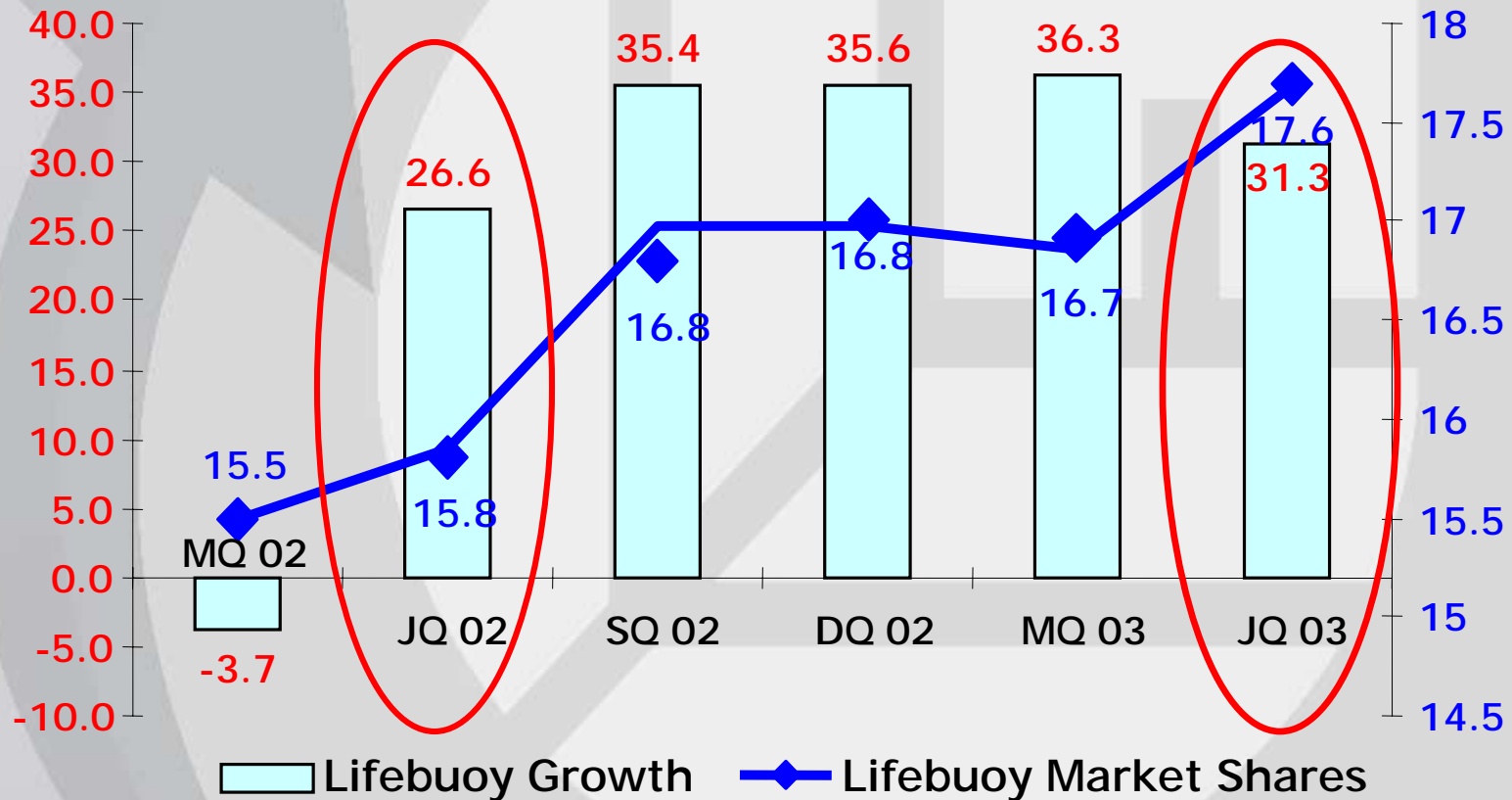
...Innovation led growth





Lifebuoy

...Excellent innovation led performance



- Strong double digit growth for 5 consecutive quarters
- >30 % growth for 4 consecutive quarters.



Soaps and Detergents

Recent Innovations





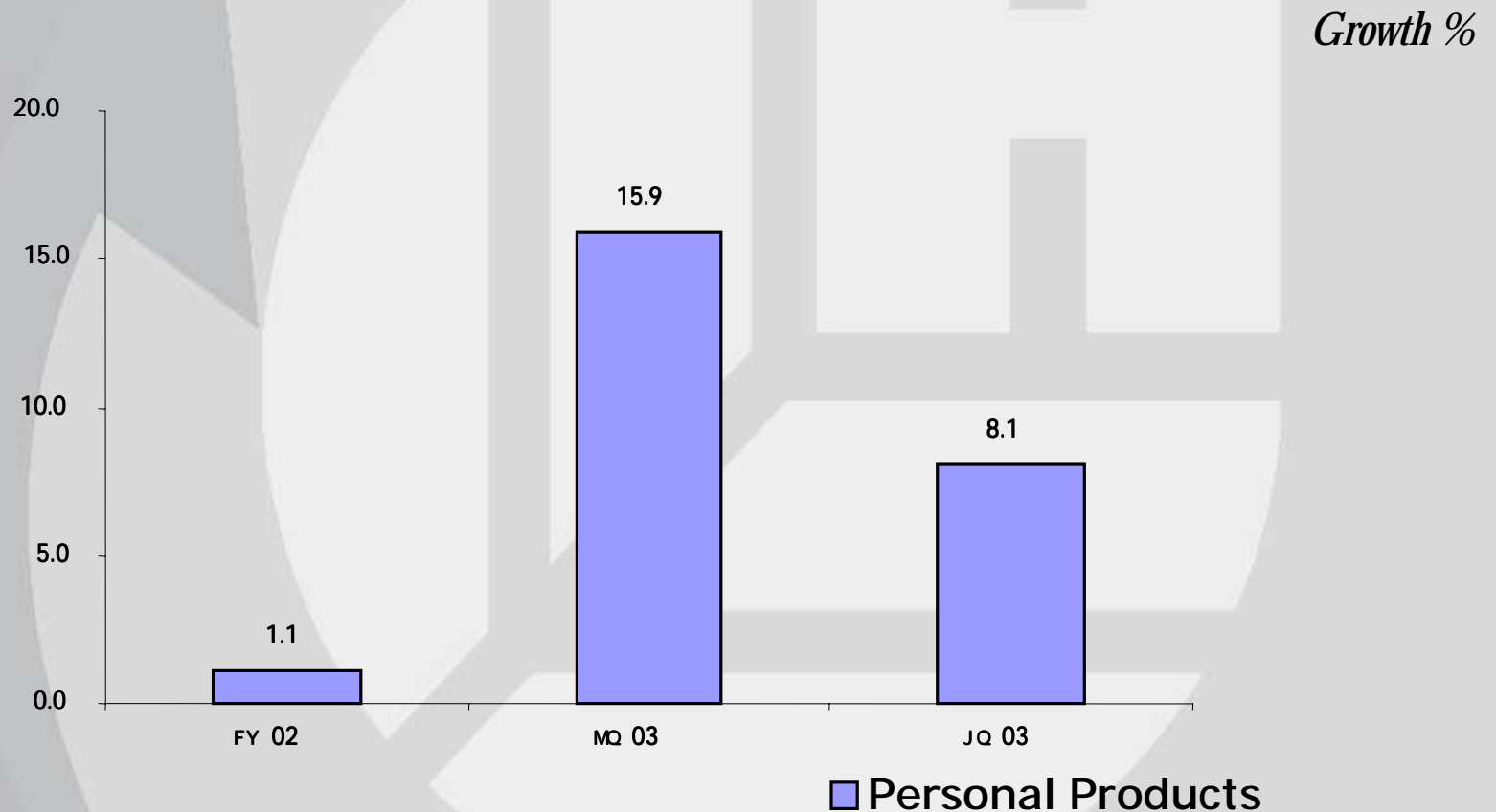
Personal Products Performance Highlights

- **Growth sustained in JQ'03**
 - Growth led by Skin, Talc, Hair Oil and Shampoos
- **Strong double digit growth in Skin for 5 consecutive quarters**
 - FAL, Lakme and Ponds show high growths
- **Oral performance better than market decline**
 - Value proposition redefined
 - New SKUs launched at convenient price points
 - Share gain from low price competition
- **Shampoo sales growth driven by volume growth**
 - Market Value decline continues
 - Sunsilk registers strong growth of 8% in JQ'03
 - New SKUs launched at convenient price points in MQ'03
 - Value proposition redefined
- **Hair oils deliver double digit growth for 3 consecutive quarters**





PP shows strong growth for the second consecutive quarter ...

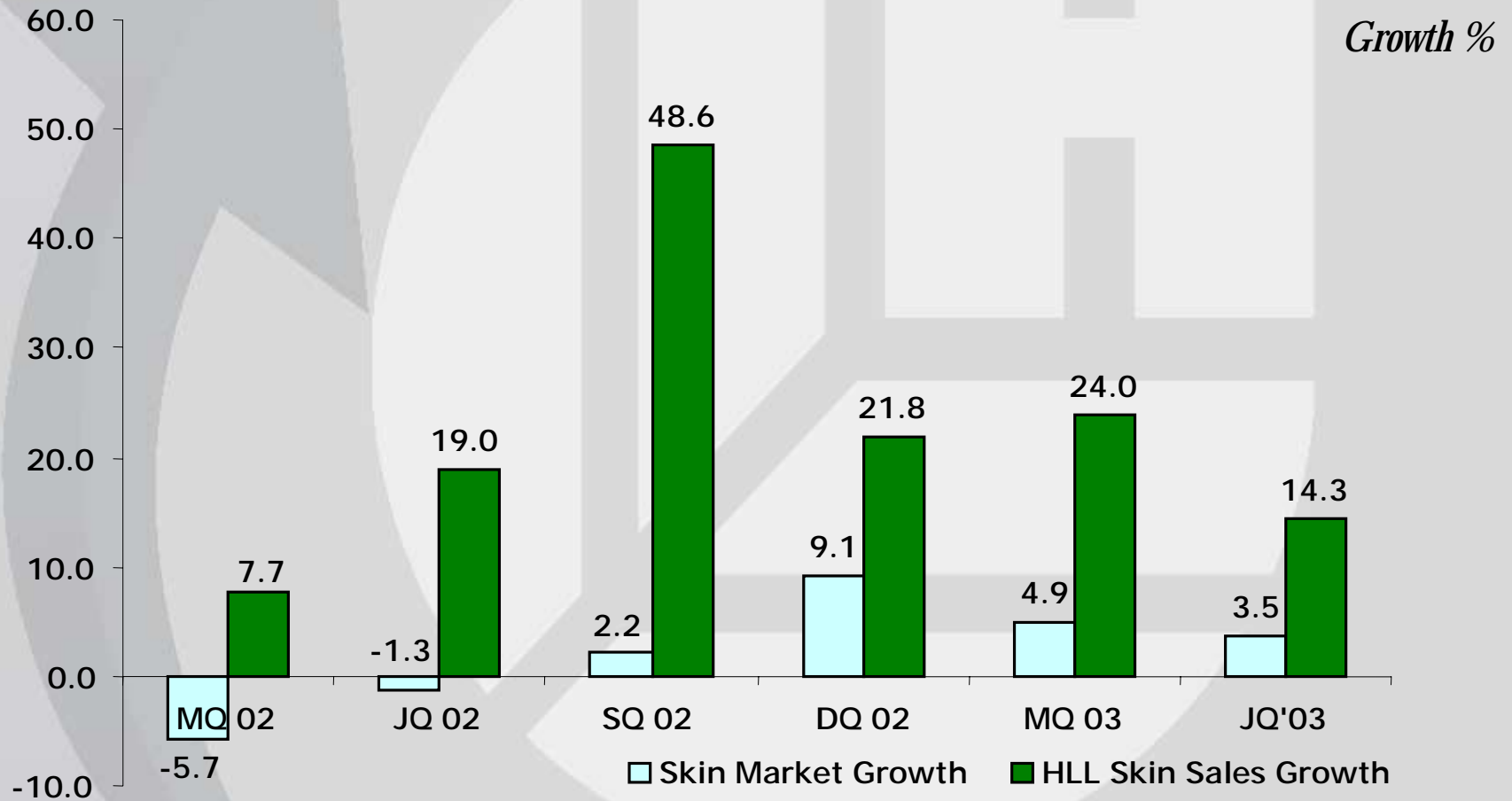


MQ'03 growth sustained



Skin-Consistently beating the market

...Backed by volume growth

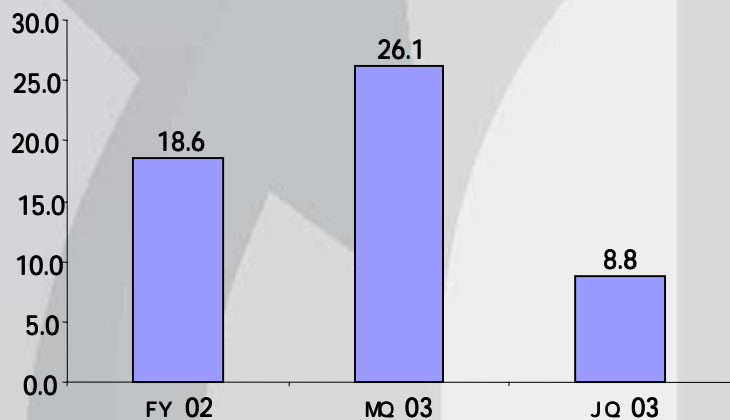


Strong growth for six consecutive quarters
Double digit growth for 5 consecutive quarters

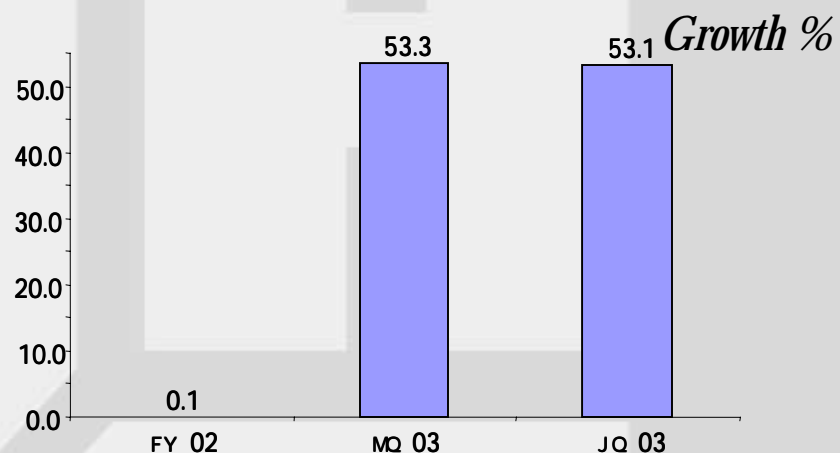


Skin Power Brands

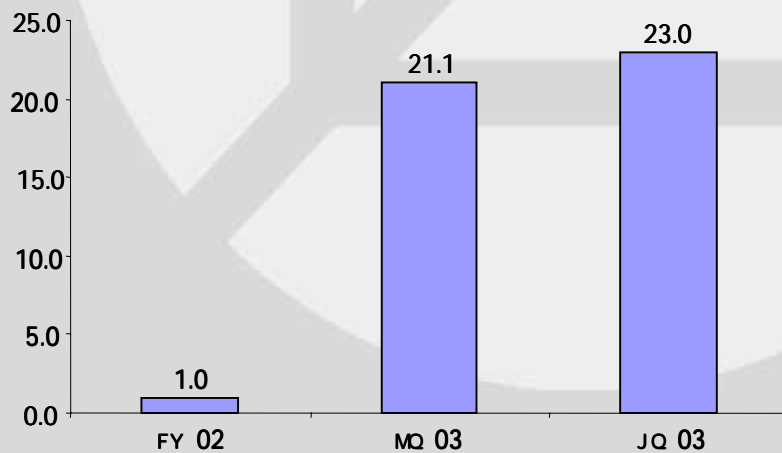
Surge ahead..



FAIR & LOVELY



LAKME



PONDS



Personal Products

Recent Innovations



ICICI - Securities Annual Investor Conference, New York

September, 2003



Beverages

Core Portfolio Strengthened

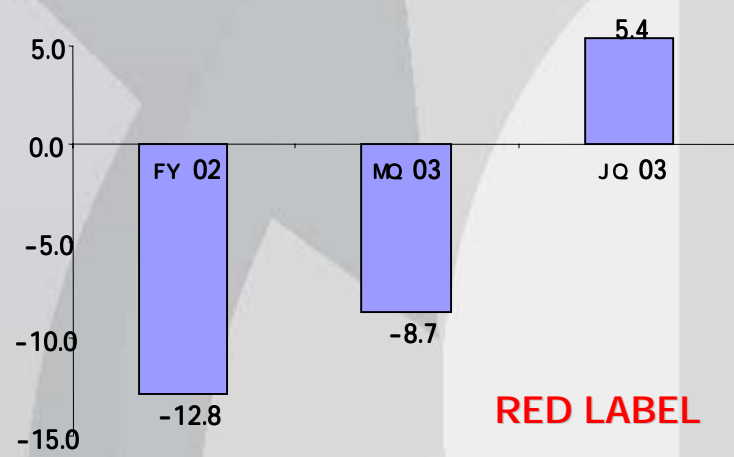
- Tea impacted by weak commodity prices & low cost loose tea players
- Topline decline restricted to (-)2.7% and flat UVG in JQ'03
- Good improvement in beverages sales performance
- Power Brands 3 Roses, Red Label and Taaza grow well
- Master Brand "**BROOKE BOND**" launched
- Bru delivers strong growth for 6 consecutive quarters
- Leveraging new opportunities
 - 'OOH" channel
 - Lipton Ice Tea Business



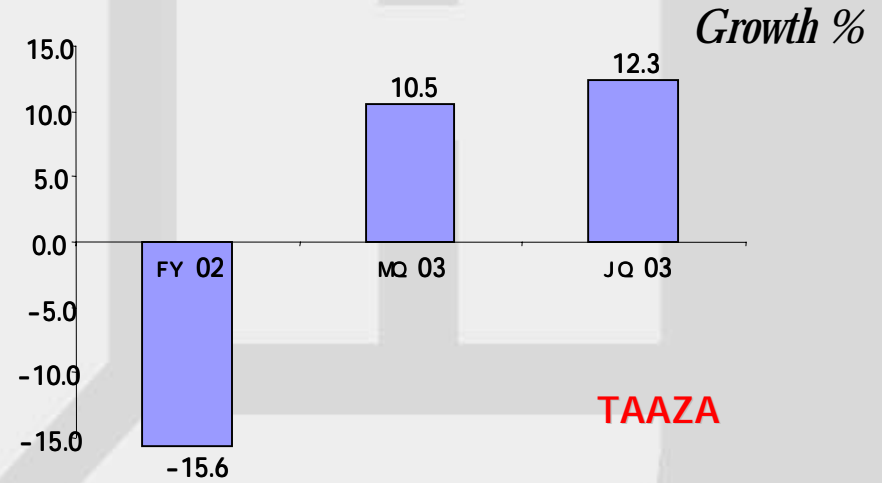


Beverages

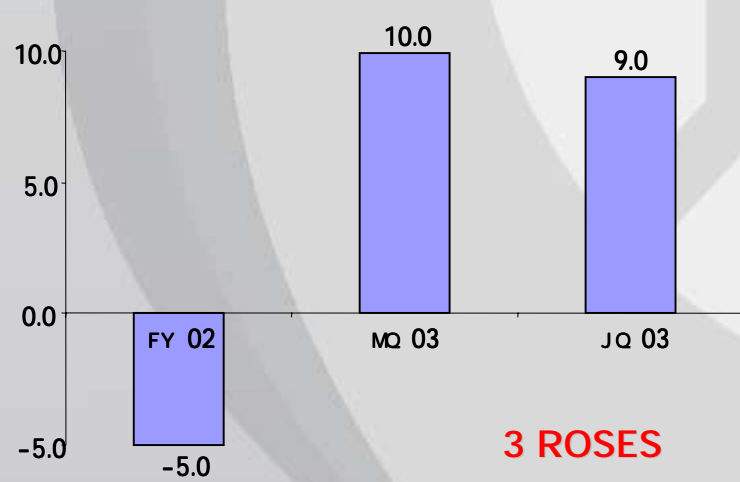
...Power Brands deliver growth



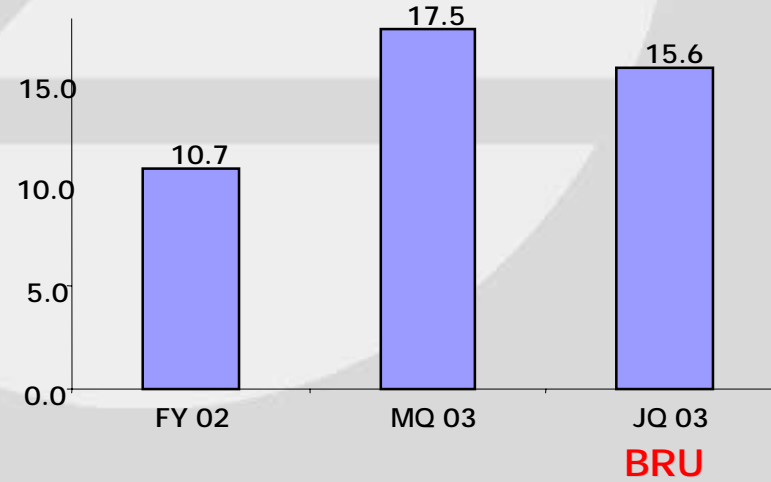
RED LABEL



TAAZA



3 ROSES



BRU



Beverages

Recent Innovations





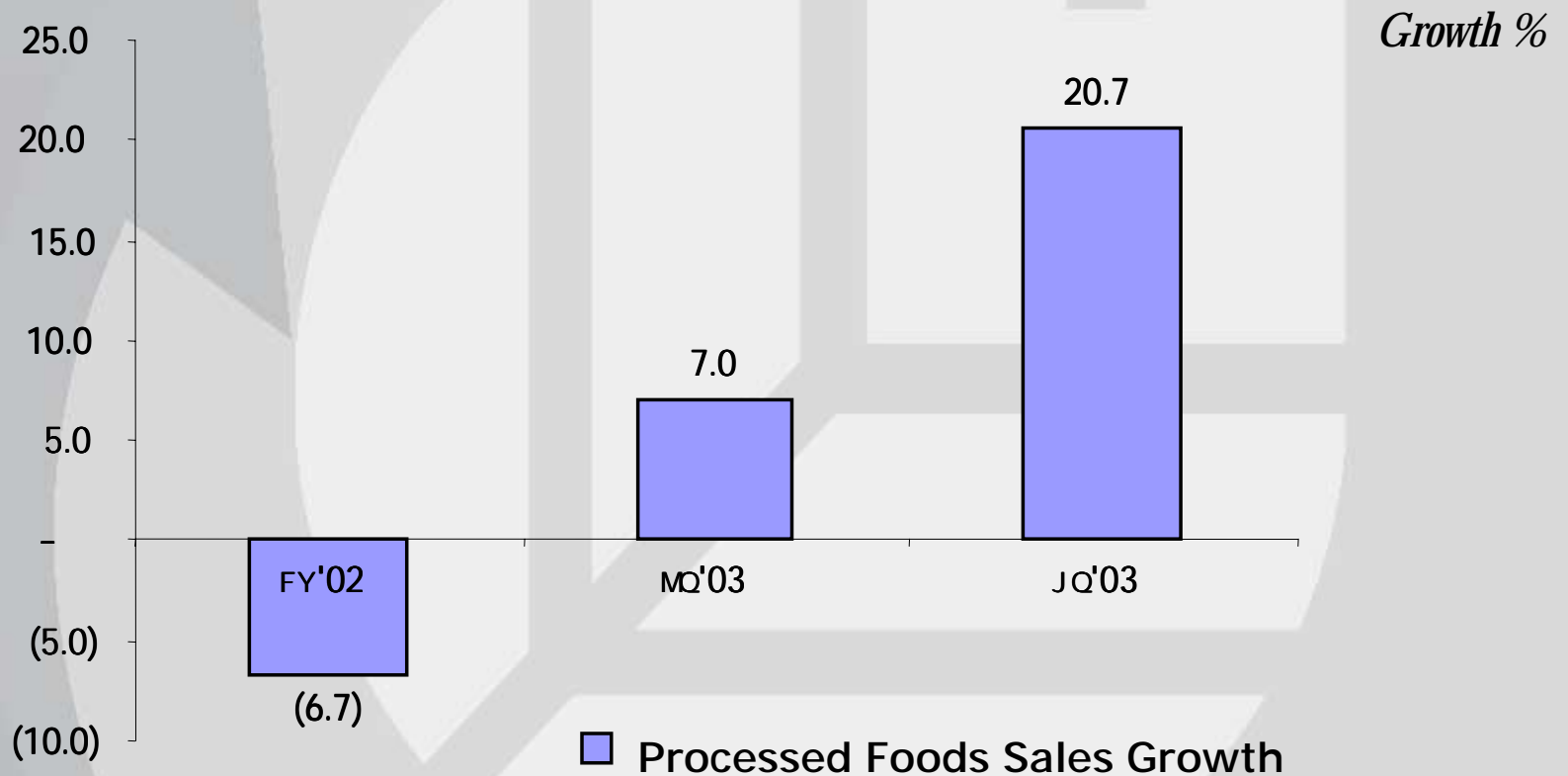
Processed foods ...On Growth Path

- Popular Foods shows strong double digit growth in both quarters of 2003
- CPD grows by 18.5% in JQ'03 backed by strong UVG
- Wide assortment of consumer exciting innovations





Processed Foods ...Continue to grow



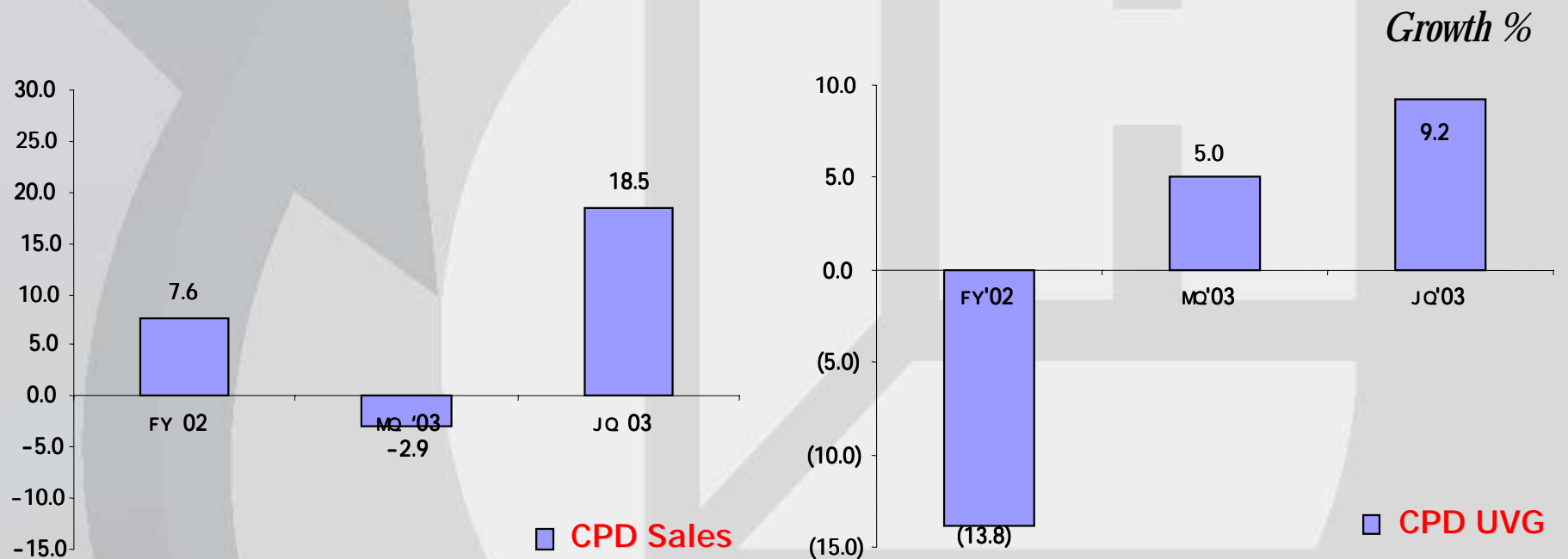
Healthy growth trend after profitability improvement

* Processed Foods excludes Edible Oils and Fats business



Culinary Products

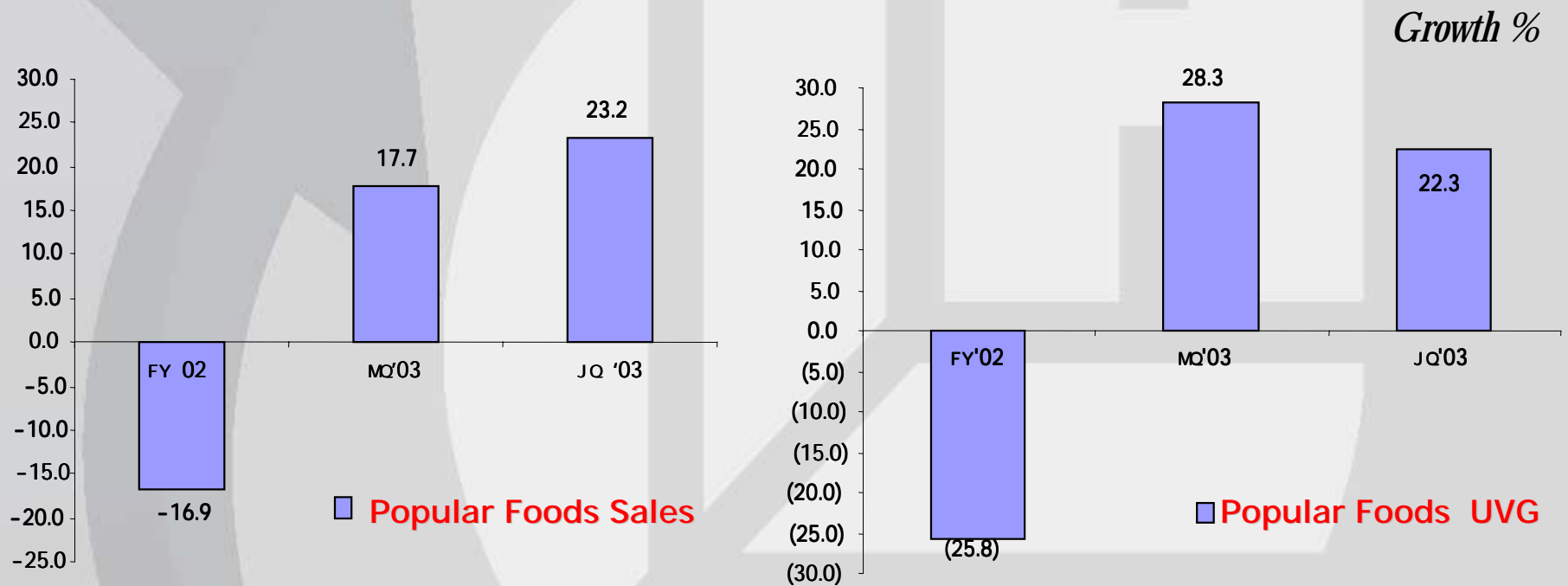
...Volume growth momentum sustained





Popular Foods

...Strong Growths in 2003 backed by UVG





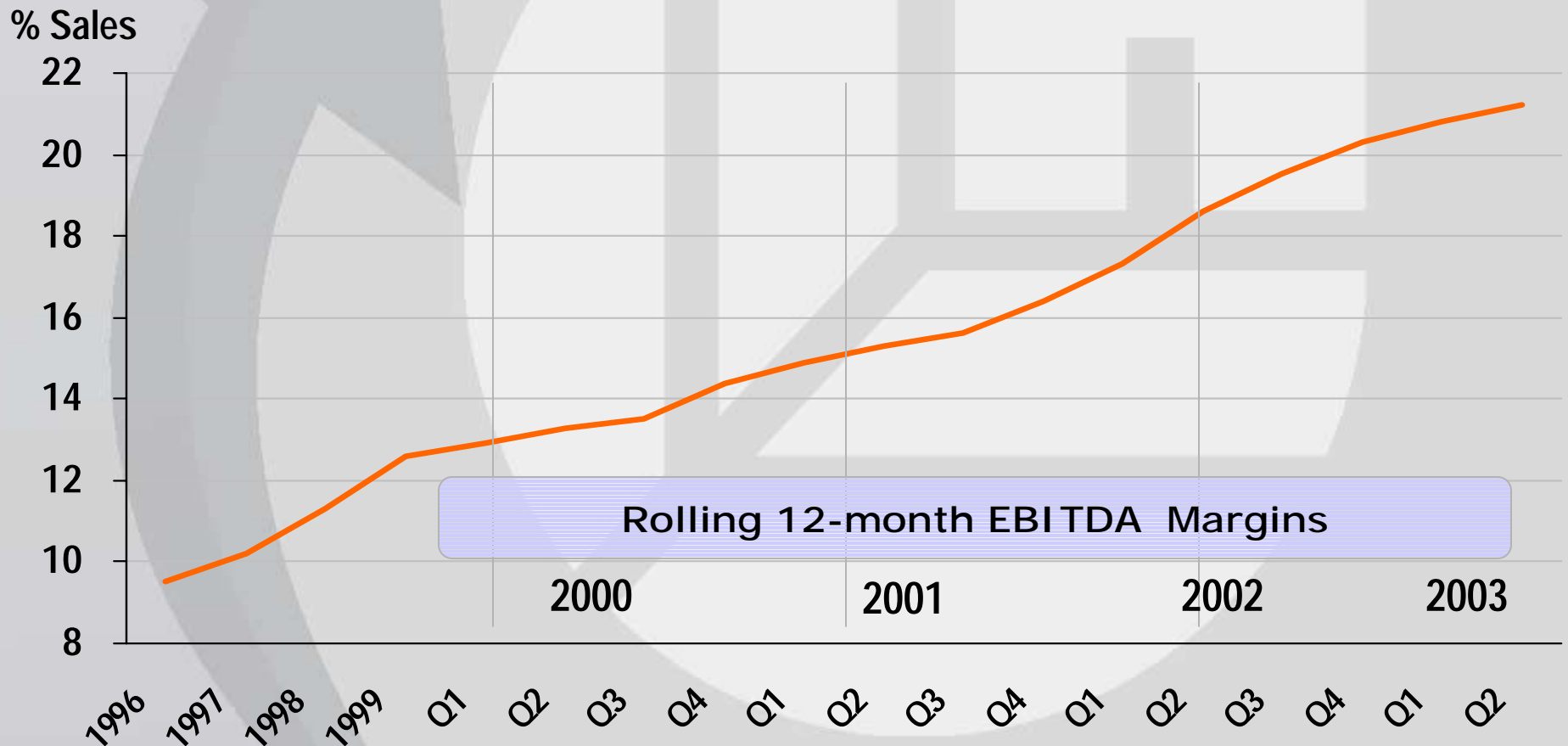
Processed Foods

Recent Innovations



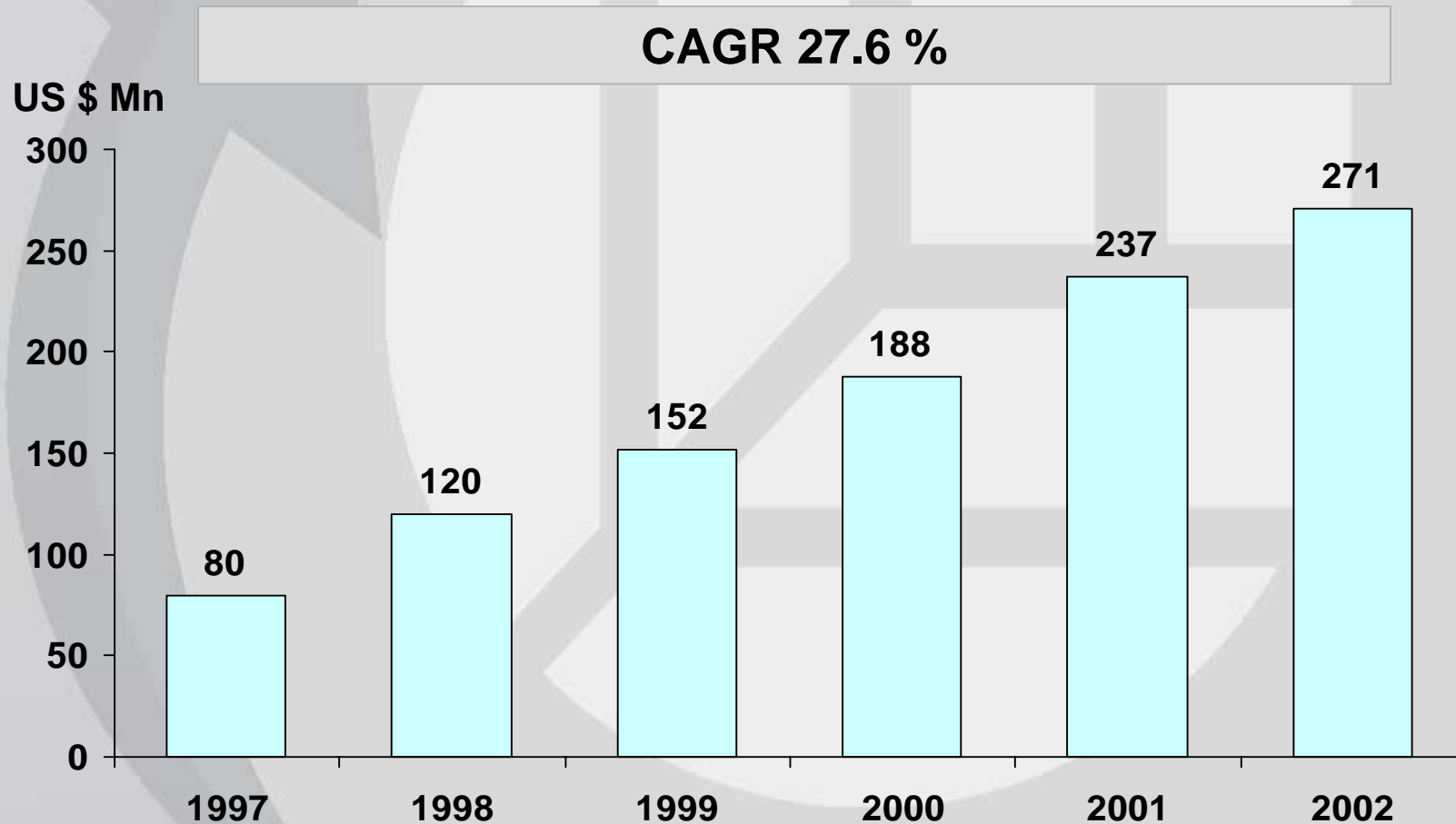


EBITDA Margin Progression





Economic Value Added



* EVA = Net Operating Profit after Taxes - Cost of capital Employed



Delighting the shareholder

Dividend Per Share of Re 1	2001	2002	2003
Interim	2.500	2.500	2.867
Final	2.500	3.000	
Total	5.000	5.500	2.867

Rs	Shareholder receipt in last 6 months (per Re 1 Share)
Final Dividend (2002)	2.659*
Interim Dividend (2003)	2.500*
Special Dividend	1.765*
Bonus Debenture	6.000
Total	12.924

* Pursuant to change in dividend tax incidence announced in recent Budget



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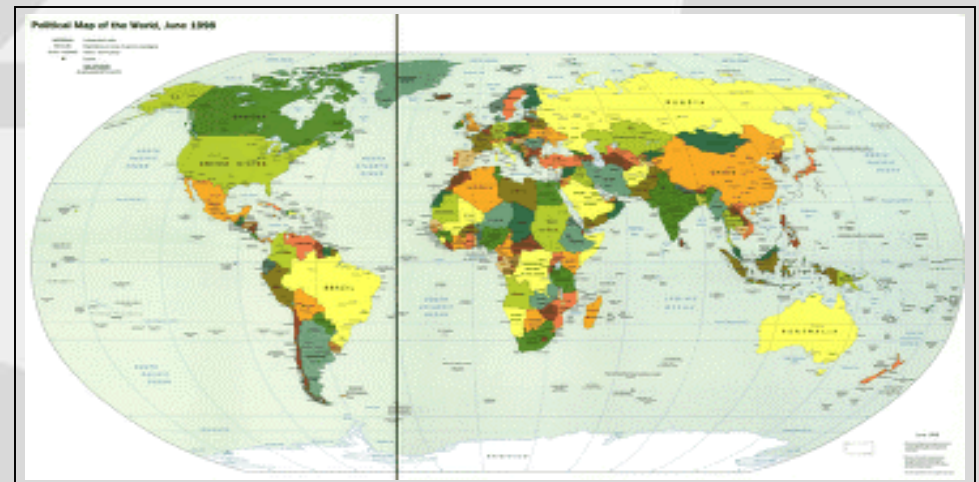
FH'03 Performance Highlights

2003 and beyond...



2003 & Beyond.....

- Growth in current categories
 - High Penetration Categories - upgradation/consumption
 - Low Penetration Categories
 - Greater consumer insight
 - Technology led innovation
- Scale up New Initiatives
 - New categories, new consumers & new Consumption opportunities
- Continued thrust on innovation in Foods
- Building a New Exports Horizon





2003 & Beyond.....

Beverages Out of Home



Ice Cream Vending

Lakme Beauty Salons



Leverage Channel Opportunities



2003 & Beyond.....

Lever Ayush



Max Confectionery



Sangam E-tailing



Rural Connectivity (Shakti)



Scale up New Initiatives



Lever Ayush

truth of Ayurveda proof of Science

- Ayush launched in June '02 after rigorous R&D and extensive clinical testing
- 5 OTC non prescriptive products introduced
- Purity of ayurvedic ingredients endorsed by AVP , Coimbatore
- Soaps, Oils and Shampoos launched nationally
- Roll Ons and Cough Syrup under test
- "Ayush Therapy Centre" started





Extending Max to Confectionery



- Max forays into confectionery
- Child centric product development / innovation
- Nationally rolled out post success in Tamilnadu
- 'Max' range of confectionery annualised sale > US \$ 10 Mn

Max set to become the largest kids impulse brand



HLL - Network

- Aviance relaunched as HLL Network - Jan'03
- Portfolio widened
 - Products added:
 - Lever home range
 - Male grooming
- Reach - 1068 towns
- 1,15,000 consultants in July'03 to grow to 1 Mn by 2007

Sales increases 3 fold





Building a New Exports Horizon

- Leveraging on cost arbitrage opportunities with the West & Unilever sourcing
- Focus on categories with company / country specific advantage
- Build sourcing partnerships on the basis of
 - World class quality
 - Technological / process expertise
 - Customer service
 - Cost competitiveness
- Exports not at the cost of domestic business
- Sourcing business will improve Exports margin basket



Key Initiatives

A New Paradigm Supply Chain

**...make today
what we
sold yesterday**

- RS-net implementation
 - Connectivity with HLL RSs
 - Benefits
 - System cost reduction
 - Secondary Sales Tracking
 - Robust sales & production planning
 - Higher ROI for Redistribution Stockist
 - Field force focus on "the HLL Way of Sales"
- Project Leap
- Shared Services





Key Initiatives

Project "Shakti"

- Self Help Groups (SHGs) appointed as Dealers
- SHGs distribute goods directly to consumers
- Piloted in 2001 & extended across several states
- Partnerships with several NGOs forged
- More than 5000 villages covered touching
7.5 Mn rural lives
- 40% increase in no of villages covered prior to the project





Key Initiatives

The 'HLL Way in Sales'

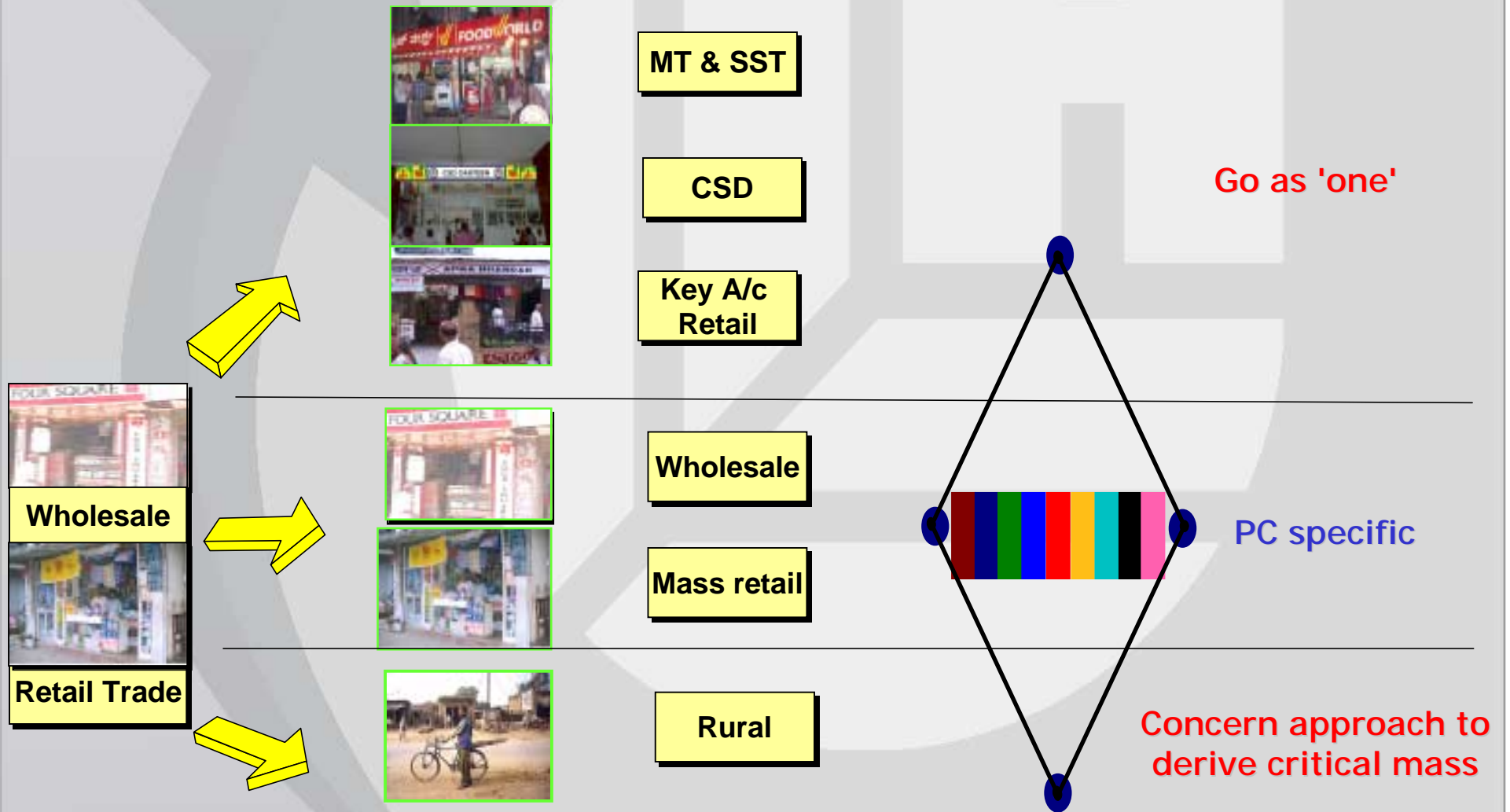
- Improved Secondary Sales focus
- Differentiated approach to channels
- Redefined role of Stockist
- **Diamond model** - new sales organisation





Diamond Model

Different Channels, Different Needs





Thank You