



A Nation In Progress - A Company In Partnership

HINDUSTAN LEVER LIMITED
REPORT AND ACCOUNTS 1997



50 years of Freedom.

Five decades of change.

Through all these years, Hindustan Lever has identified itself with India's priorities,
met her changing needs and
partnered her people in a journey towards progress and better living.

By meeting the everyday needs of people everywhere,
by pursuing the quest for the best through research,
by creating thousands of jobs, and
by developing young managers to become captains of industry.

By contributing to the national exchequer,
by flying India's flag high in the export markets, and
by creating value for thousands of shareholders.

It is a commitment that endures.

A commitment to grow with India.

A commitment to partner her 950 million people.

CONTENTS

A National Commitment	2
Our Corporate Purpose	4
Our Business	5
Letter to Shareholders	6
Board of Directors	8
Report of the Directors	9
Charts : 1988 - 1997	30
Ten Year Record	32
Significant Accounting Policies	33
Profit and Loss Account	34
Balance Sheet	35
Notes and Schedules	36
Report of the Auditors	55
Cash Flow Statement	57
Form A & Form B	59
Additional Information	
- Economic Value Added	61
- Consolidated Accounts	62
Shareholder Information	64

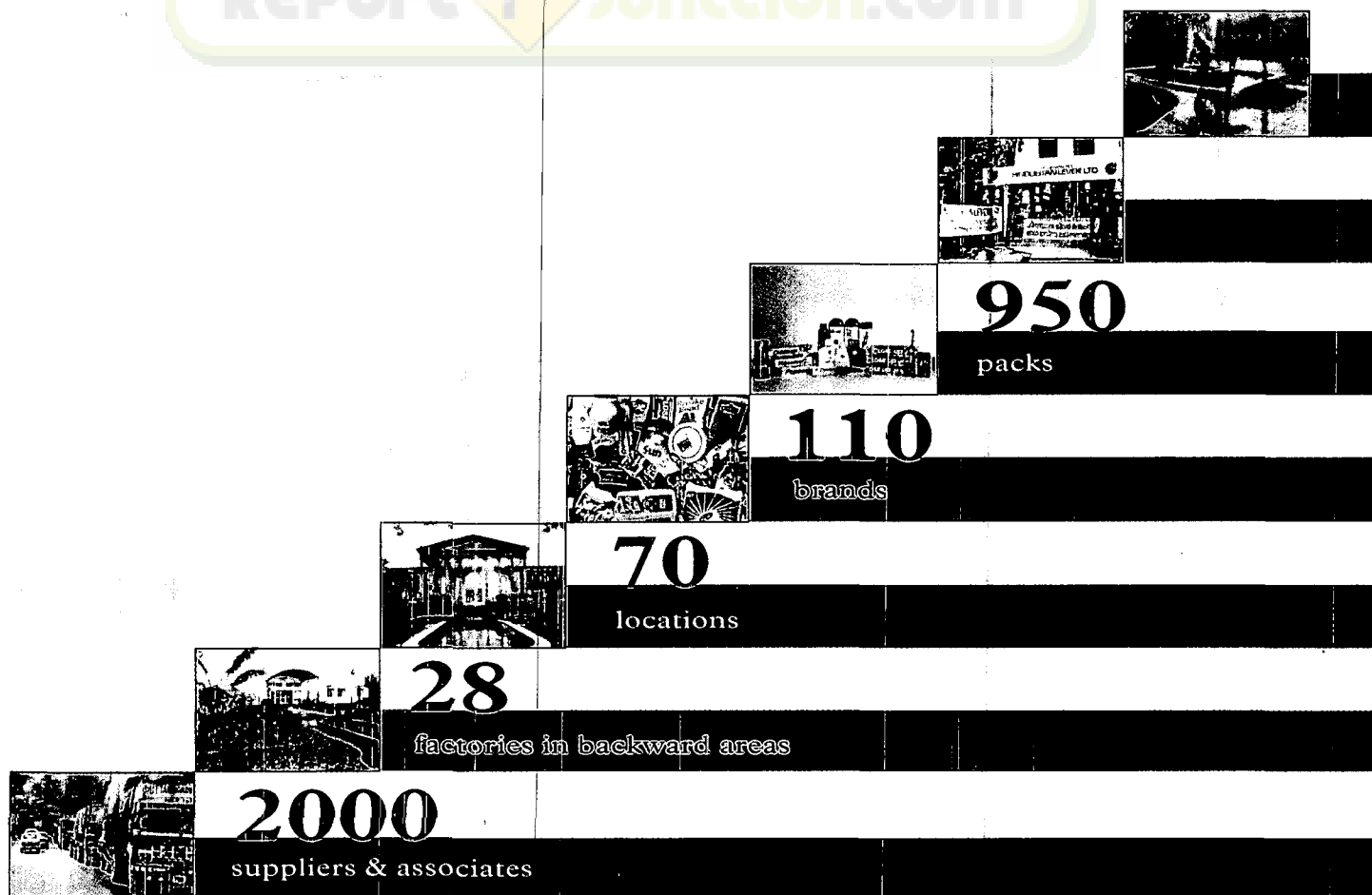
MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

A NATIONAL COMMITMENT

*H*industan Lever's commitment to national priorities has ensured that the Company is a part of people's lives at grass roots level. Making a difference to India and to Indians - in depth, in width and in size.

Hindustan Lever has always identified itself with the nation's priorities : employment generation, development of backward areas, agricultural linkages, exports, contribution to the exchequer, etc.

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3,46,000

shareholders



Rs. 1640 crores



Rs. 1152 crores

exports



2,00,000

people indirectly employed



36,000

employees



10,00,000

total population served

50,000

villages covered

7000

branches & agents



Hindustan Lever, as an organisation, is committed to doing whatever

it can to catalyse the process of economic development in the country and

spread its benefits. It is a commitment to financial success with an

accompanying commitment to values and a commitment to all stakeholders -

consumers, customers, suppliers and associates, employees, society, the

OUR CORPORATE PURPOSE



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

Our deep roots in local cultures and markets are our unparalleled inheritance and the foundation of our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers.

Our long - term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and to a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

This is Hindustan Lever's road to sustainable, profitable growth for our business and long - term value creation for our shareholders and employees.

OUR BUSINESS

Home & Personal Care



Personal Wash
Fabric Wash
Household Care
Oral Care
Skin Care
Hair Care
Deodorants
Perfumery
Colour Cosmetics
Baby Care
Adult Care
Feminine Hygiene Care

Foods & Beverages

Tea
Coffee
Cooking Fats & Oils
Dairy Products
Ice Creams
Tomato Products
Fruit & Vegetable Products
Staples - Rice, Salt, Atta
Marine Products



Industrial, Agricultural & Others



Speciality Chemicals
Bulk Chemicals
Fertilisers
Animal Feeds
Seeds
Plant Growth Nutrients
Processed Tri-glycerides
Agri Commodities
Leather, Footwear &
Carpets
Plantations

Letter to Shareholders

Dear Member,

In the 50th year of our Country's Independence, it gives me great pleasure to share with you how your Company has sustained growth over this period; and in doing so, articulate the capabilities that we are building for the future.

The challenge before organisations is to stand the test of time, spanning not just decades but generations. Irrespective of circumstances, a company must sustain and increase its consumer base, while ensuring the best in quality and cost. It must retain, reward and enthuse its human resources, while at the same time satisfying shareholders and creating investor confidence. Most importantly, a company's operations must be beneficial to all its stakeholders, the community and the nation.

For the last 50 years, your Company has successfully met these imperatives. Today, with 36,000 employees spread over 70 locations, we market 110 brands in over 950 different packs. The products are manufactured in over 50 factories, of which 28 are located in backward areas. Our products are sold in a million plus outlets by around 7,000 stockists. And by conducting its business in this manner, your Company indirectly provides a livelihood to about 200,000 families and contributes Rs. 1640 crores in taxes to the National Exchequer. Your Company also earns valuable foreign exchange through its Exports business - in 1997, Rs. 1152 crores.

In realising our corporate purpose of "meeting the everyday needs of people everywhere", our endeavour has been to respond creatively and competitively with products and services that raise the quality of life. It is through such continuous innovation - doing 'different' things and doing

things 'differently' - that we have successfully driven growth. Innovation thrives in your Company and involves not only products, but also business processes.

In a way, your Company's growth depicts the evolution of the Indian consumer. The consumer has changed, as have his/her requirements; and your Company has kept pace, introducing new products and rejuvenating the old. This has been possible because our deep knowledge of consumer habits provide an unmatched insight into the needs of 'all' segments. Through the skilful synthesis of this local knowledge with international knowhow from our parent Company, Unilever, we have been able to offer innovative products which meet relevant consumer needs.

In 1997, for example, your Company introduced 64 product innovations - 44 new launches and 20 relaunches. More than 50% of last year's growth comes from such innovations, along with growth in profits. We have thus consolidated our strength in our existing businesses and have equally created new opportunities and markets.

Innovation in your Company does not stop with product improvements. It pervades the manufacturing operations and supply chain to deliver value for money to the consumer. We are able to operate with very low levels of working capital and with fixed assets at about half global levels. In manufacturing, we have achieved significant gains through in-house hardware building capability, improvements in machine reliability and better maintenance practices. For example, our in-house machine building activity has, in the last decade, supplied equipment (otherwise imported) to manufacture and pack over

140,000 TPA of finished products, saving Rs. 50 crores in foreign exchange.

In distribution, your Company's focus is on a leaner supply chain to ensure fresh stocks, high service reliability and more frequent servicing. We have located depots in a manner that each stockist can be reached within 24 hours. Our satellite-based communication network, linking factories, depots and offices, has significantly improved our response; this enables us to both meet dynamic market needs and significantly reduce inventories. All this, in turn, has improved profitability and return on investment for the trade itself.

Building capabilities for innovation requires a response which spans the entire organisation. It means establishing research and development facilities, introducing systems to convert ideas into market-winning propositions and, above all, a culture which encourages creativity. In the recent past, your Company, with the help of Unilever, has set up Innovation Centres dedicated to each of its businesses in the country and also catering to the needs of the Group's operations in Central Asia & the Middle East; this linkage helps to create the much required critical mass of knowledge and expertise. The Innovation Centres are in addition to, and work in tandem with, the Hindustan Lever Research Centre - the largest research establishment in the Private Sector. Your Company has introduced structured systems which help capture ideas, test feasibility, and then implement these ideas speedily.

But the quality of ideas ultimately depends on the quality of human resources and the environment they operate in. Hindustan Lever's employees are committed to and capable of delivering exceptional

results of your Company over an extended period of time. Your Company provides them with an enabling environment, which weaves continuous learning into the fabric of the organisation, to achieve professionalism and innovativeness across all functions. This is how your Company is converting every employee into a self-driven entrepreneur. We are building an ethos which emphasises that corporate growth evolves out of every individual's creativity and quest for excellence - in quality, cost effectiveness and consumer and customer service, thus providing enhanced shareholder value.

In a constantly changing world, I believe, we can sustain our long-term success only through growth, led by innovation. I am confident that with innovative products, excellent business processes, facilitating systems and, most importantly, empowered and capable employees, we will continue to be successful. I know that you share my confidence and optimism.

I look forward to and thank you for your continuing support.

With warm regards

Yours sincerely,



Keki Dadiseth

16th March, 1998

HINDUSTAN LEVER LIMITED**DIRECTORS**

K.B. DADISETH
 R. GOPALAKRISHNAN
 V. BALARAMAN
 M.S. BANGA
 P. BARUA
 D. BHATTACHARYA
 D.M. BUCKLE
 S. KHOSLA
 A. LAHIRI
 H. MANWANI
 V. NARAYANAN
 C.V. NATRAJ
 D.S. PAREKH
 K.P. PONNAPA
 M.K. SHARMA

*Chairman**Vice Chairman***COMPANY
SECRETARY**

O.P. AGARWAL

AUDITORS

A.F.FERGUSON & CO.
 LOVELOCK & LEWES

BANKERS

STATE BANK OF INDIA
 ANZ GRINDLAYS BANK PLC
 PUNJAB NATIONAL BANK
 INDIAN BANK
 DEUTSCHE BANK
 CITIBANK N.A.
 BANK OF BARODA
 BANK OF AMERICA
 HONGKONG & SHANGHAI BANKING CORPORATION
 ALLAHABAD BANK
 CORPORATION BANK

SOLICITORS

CRAWFORD BAYLEY & CO.

**REGISTERED
OFFICE**

HINDUSTAN LEVER HOUSE
 165/166 BACKBAY RECLAMATION
 MUMBAI 400 020.