

NOTES

1. Profit After Tax has gone by 20.7% and Net Profit (including exceptional item) by 29.3%.
2. In a sluggish market, sales grew marginally by 1.1%. Sales of domestic FMCG products grew by 2.6%. The domestic HPC business grew modestly, with good growth in Fabric Wash, Home Care and Skin categories, partially offset by decline in personal wash and Oral categories. Sales of Packet Tea declined largely due to planned rationalisation of unviable part of the portfolio. Oils and Fats and Coffee registered good growth. Sales of Culinary Products and Branded Staples declined due to reorganisation of the Foods distribution system and consequent adjustments to pipeline stocks.
Company's exports grew by 11%, led by significant growth in FMCG categories; non-FMCG exports, especially traded marine, were scaled down reflecting their lower attractiveness.
3. Strategic initiatives is portfolio rationalisation benefits of restructuring programs and overall cost management measures led to an improvement in operating margins after absorbing a 11% increase in brand support expenditure .
4. In line with the company's policy Business Restructuring Costs (included in Staff Cost) have been charged on the basis of proportionate share of the estimated annual costs. This amounts to Rs 6.25 crores for the current quarter (Rs 30 crores in MQ 2000). The company will review such costs on the basis of estimated spends for the year, at the end of each quarter, and adjustments, as necessary, will be suitably effected and disclosed.
5. The results of the current quarter and the year are not comparable to these of the preview year to the extent of
 - a) Sale of the Animal Feeds business of the company to Goldmohur Foods and Feeds Limited, a subsidiary with the company effective 1st April 2000
 - b) Integration of the Tea Exports business of Lipton India exports Limited, a 100% subsidiary with the company effective 1st April 2000 and
 - c) Exceptional item in the current quarter being income (Rs 22.59 crores) arising from transfer of interest in the Animal Feeds business, to the Godrej group.

Adjusting for (a) to (c) above, Net Sales and Net Profit for the quarter is Rs 2545.03 crores (MQ 2000: Rs 2545.17 crores) and Net Profit for the quarter is Rs 306.25 crores (MQ 2000: Rs 262.25 crores).
6. An agreement has been entered into with the ICI Group, for a joint Venture for the Quest division of the Flavours and Fragrance business. It is therefore proposed to sell the said business of the Company, to one of its subsidiaries effective 1st April 2001 and thereafter dilute the holding of the company in the subsidiary to 49% with ICI Group holding 51% equity. This will be given effect to after obtaining shareholder and other statutory approvals as necessary.
7. Effective 21st April 2001, international Best Foods Limited (IBL) has become a subsidiary of the company. The Company now holds 83.36% of the IBL equity. The

Board has proposed an amalgamation of IBL with the company effective 1st January 2001, Simultaneously, the board has also proposed an amalgamation of Aviance Limited, a 100% subsidiary of the company, with the company effective 1st January 2001. In order to synchronise the share holder meetings to approve the amalgamation with the Annual General Meeting (AGM), it is now proposed to hold the AGM on 22nd June, 2001. Consequently, the date of payment of Final Dividend, subject to approval at the AGM, will be 23rd June 2001

8. It is proposed to obtain shareholder approval at the ensuing AGM, to an Employee Stock Option Scheme for managerial employees, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock purchase Scheme) Guidelines, 1999.
9. The text of the above statement was taken on record at the Board Meeting held on 24th April, 2001.

For more details, please visit our website at <http://www.hll.com>

By Order of the Board

Place : Mumbai
Date : 24th April, 2001

M.S. BANGA
Chairman