

HINDUSTAN LEVER LIMITED

Unaudited Financial Results for the Quarter ended 31st March 2002

	Unaudited Results for the Quarter ended 31st March	
	2002	2001
1. Net Sales	2,380.66	2,642.51
a) Domestic FMCG	2,026.73	2,142.92
b) Exports	301.88	435.12
c) Others	52.05	64.47
2. Other Income	95.93	102.20
a) Operational	22.30	24.38
b) Financial	73.63	77.82
3. Total Expenditure (d+e+f+g)	(1,983.27)	(2,304.09)
a) Increase/(decrease) in stock in trade	30.56	(1.07)
b) Consumption of raw/packing materials	(923.69)	(942.63)
c) Purchase of goods	(382.24)	(679.03)
d) Cost of Goods Sold (a+b+c)	(1,275.37)	(1,622.73)
e) Staff Cost	(145.79)	(148.56)
f) Advertising & Promotions	(224.86)	(197.39)
g) Other expenditure	(337.25)	(335.41)
4. Interest	(3.57)	(1.10)
5. Gross Profit [1+2-3-4]	489.75	439.52
6. Depreciation / Amortisation	(38.42)	(33.19)
7. Profit before interest and taxation [1+2(a)-3-6]	381.27	329.61
8. Profit before taxation [5-6]	451.33	406.33
9. Provision for taxation - current tax	(91.39)	(89.39)
10. Provision for taxation - deferred tax	(6.12)	-
11. Profit after taxation, before exceptional items [8-9-10]	353.82	316.94
12. Exceptional Items, net of taxes	74.72	22.59
13. Net Profit [11+12]	428.54	339.53
 Paid up Equity Share Capital (face value Re 1 per share)	 220.12	 220.06
 Reserves excluding Revaluation Reserve		
 Basic and Diluted Earnings per Share of Re 1 (not annualised) - Rs.	 1.95	 1.54
Basic and Diluted Earnings per Share of Re 1 (annualised) - Rs.	7.79	6.17

Notes:

- 1 Operating Profit (Profit before Interest and Tax) for the quarter has improved by 15.7%, Profit Before Tax and Profit After Tax have risen by 11.1% & 11.6% respectively. Net Profit (including exceptional items) has grown by 26.2 %.
- 2 Sales of domestic FMCG products are lower than MQ 01 due to :
 - A continuing decline in several key market sectors, notably Personal Wash, Laundry, Oral, Tea.
 - Continuing focus to improve Gross Margins of the Foods business through improved realisations & efficiencies, which has had a short-term impact on volumes.
- 3 Exports were significantly lower, largely due to the planned discontinuation of non-value adding traded exports and other non-core exports.
- 4 Operating (PBIT) margins increased by 350 basis points through improved product portfolio, continuing focus on operating efficiencies and cost controls, and the benefits of past restructuring programmes. This improvement is after absorbing a 13.9 % increase in Advertising and Promotion spends to continue strengthening our Power brands
- 5 Operational Other Income comprises income, of a recurring nature, from services rendered, royalty income and other miscellaneous income of an operational nature. Financial Other Income represents treasury income from deployment of surplus funds as well as dividends from trade investments and subsidiaries.
- 6 Business restructuring cost incurred and charged to the results of the quarter amounts to Rs.2.74 crores (Rs. 6.25 crores charged to the results of MQ '01). In line with the guidelines recommended in Accounting Standard 25 (Interim Financial Reporting), the practice of charging business restructuring costs on the basis of proportionate share of the estimated annual cost has been discontinued. Business Restructuring Cost for the full year is currently estimated at Rs 25 crores.
- 7 The results for the quarter are not comparable to those of the previous year to the extent of :
 - a) Integration of Personal Products business of Lakme Lever Limited, an erstwhile subsidiary, with the company effective 1st April 2001
 - b) Sale of Quest Flavours and Fragrances business, effective 1st April 2001
 - c) Amalgamation of International Best Foods and Aviance Limited with the company effective 1st July 2001
 - d) Sale of Nickel Catalyst and Adhesives businesses effective December 2001
 - e) Exceptional Item for the quarter (Rs. 74.72 crores) being profit on sale of the Seeds business to India Seed Holdings Limited effective 30th March 2002.
 - f) Exceptional item in MQ '01 (Rs 22.59 crores), being income arising from transfer of interest in the Animal Feeds business to the Godrej Group.

Adjusting for (a) to (f) above, net sales for MQ '02 is Rs. 2380.66 crores (MQ '01: Rs. 2649.32 crores), Profit Before Interest and Tax for MQ '02 is Rs. 381.27 crores (MQ '01: Rs. 318.94 crores) and Net Profit for MQ '02 is Rs. 353.82 crores (MQ '01: Rs. 303.32 crores).

⁸ Approval of the shareholders has been sought for the disposal of Industrial and Institutional business (Diversey Lever). Subject to shareholder and other statutory approvals, this is expected to be effected during June Quarter 2002.

⁹ The Company is awaiting the finalisation of changes proposed in the Finance Bill 2002, pertaining to taxation of dividend (Bonus Debentures will be considered as deemed dividend for taxation purposes), following which appropriate action will be taken to implement/modify the Scheme for Bonus Debentures.

10 The text of the above statement was taken on record at the Board Meeting held on 15th April, 2002.

Place : Mumbai
Date : 15th April 2002

By order of the Board

M.S.BANGA
CHAIRMAN

Segment wise Revenue, Results and Capital Employed, under Clause 41 of the Listing Agreement

	Unaudited Results for the quarter ended	
	31st March 2002	31st March 2001
Segment Revenue (Sales and Income from Services)		
- Soaps and Detergents	1,000.34	1,043.51
- Personal Products	485.43	502.01
- Beverages	346.51	391.32
- Foods (includes Oils and Fats, Culinary and Branded Staples)	161.59	173.54
- Ice Creams	28.73	38.26
- Exports	301.87	435.12
- Others (includes Chemicals, Agri, Plantations etc)	85.17	124.67
Total Segment Revenue	2,409.64	2,708.43
Less : Inter segment revenue	(16.33)	(53.71)
Net Segment Revenue	2,393.31	2,654.72
Segment Results (Profit before interest and tax)		
- Soaps and Detergents	227.50	204.01
- Personal Products	152.39	136.55
- Beverages	60.05	52.73
- Foods	(5.82)	3.12
- Ice Creams	(7.80)	(6.29)
- Exports	23.10	19.16
- Others	(8.41)	2.18
Total Segment Results	441.01	411.46
Less : Interest Expense	(3.57)	(1.10)
Add : Unallocable income net of Other unallocable expenditure	13.89	(4.03)
Total Profit Before Tax	451.33	406.33
Capital Employed (Segment assets less Segment liabilities)		
- Soaps and Detergents	184.78	50.46
- Personal Products	43.85	(30.42)
- Beverages	(45.65)	6.34
- Foods	22.56	65.08
- Ice Creams	(13.74)	39.63
- Exports	218.07	235.08
- Others	102.33	141.38
Total Capital Employed in segments	512.20	507.55
Add : Unallocable corporate assets less corporate liabilities	2,885.31	2,320.19
Total Capital Employed in company	3,397.51	2,827.74

Notes :

1) **Gross Margins have improved across the various segments during the quarter. Segment Profit is lower in Foods and Ice Creams due to the front ending of marketing activity and spends. Segment Profit of Others Segments has been impacted by the disposal of the Quest, Nickel Catalyst and Adhesives business between April 2001 and December 2001.**

2) **Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments which are not directly identifiable to the individual segments as well as expenses incurred at a corporate level which relate to the company as a whole. Unallocable income mainly includes income from investment of surplus funds and dividends from subsidiary companies. Capital Employed figures are as at 31st March 2002, 31st March 2001 and 31st December 2001. Unallocated corporate assets mainly relate to investments.**

3) **Overall stocks in the company have declined during the quarter. However, capital employed in the Soaps and Detergents and Personal Products segment have increased mainly due to :**

- **Capital Expenditure as part of the Long Term Manufacturing Strategy**
 - **Lower Creditors, consequent to new supplier arrangements, resulting in input cost advantage**
-

Rs Crores
Year ended 31st December 2001 (Audited)
10,971.90
8,875.89
1,750.62
345.39
381.79
82.18
299.61
(9,257.92)
(4.64)
(3,849.57)
(2,499.75)
(6,353.96)
(591.70)
(823.82)
(1,488.44)
(7.74)
2,088.03
(144.66)
1,651.50
1,943.37
(397.69)
(4.73)
1,540.95
100.36
1,641.31
220.12
2,822.90
7.46
7.46

Audited Results for the 12 months ended 31st December 2001	(Rs Crores)
	4,295.43
	2,217.94
	1,418.82
	794.20
	161.86
	1,750.62
	654.73
	11,293.60
	(267.55)
	11,026.05
	978.63
	670.14
	173.59
	6.92
	(26.52)
	82.04
	24.59
	1,909.39
	(7.74)
	41.72
	1,943.37
	66.10
	(46.24)
	(33.53)
	45.98
	47.45
	275.40
	154.01
	509.17
	2,534.53
	3,043.70

