

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 and 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.

By order of the Board

Place : Mumbai
Date : 15th April 2002

M.S.BANGA
CHAIRMAN