

Notes:

1. Operating Profit (Profit before Interest and Tax) for the quarter has improved by 23.7 %, Profit Before Tax by 15.9 % and Profit After Tax by 15.5 %.
2. Sales of domestic FMCG products grew by 1.7 %, led by a 3.9 % growth in Home and Personal Care categories. While sales of Oils and Fats, Culinary and Coffee products recorded good growths, overall sales in Foods categories declined due to lower sales of Packet Tea and Branded Staples. Exports were significantly lower, largely due to the discontinuation of non-value adding traded exports. Lower sales in domestic non-FMCG categories is mainly due to the disposal of the Seeds business and Diversey Lever business during the quarter.
3. Operating (PBIT) margins improved by 460 basis points reflecting the superior portfolio mix, savings arising from past restructuring programmes as well as the benefits of several new cost management initiatives. Lower spends on Advertising and Promotions (A&P) during the quarter is a result of the upfronting of spends in the first quarter of the current year as well as improved efficiencies in managing A&P costs.
4. Operational Other Income comprises income from services rendered, royalty income and other miscellaneous income. Financial Other Income represents treasury income from deployment of surplus funds as well as dividends from investments in subsidiaries and other companies.
5. Business restructuring cost incurred and charged to the results of the quarter amounts to Rs. 14.24 crores and for the first six months amounts to Rs 16.98 crores (Rs. 16.25 crores charged to the results of JQ '01 and Rs 22.50 crores charged to the results of First Half 2001). 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 45 crores.
6. In line with shareholder approval, the Industrial and Institutional business of the Diversey Lever Group has been disposed effective 3rd May 2002. The Leather Exports business of the company has been transferred to a subsidiary company effective 1st April 2002. The Mushroom Exports business of the company has been transferred to a subsidiary company effective July 2002.
7. The results for the quarter and half year are not comparable to those of the previous year to the extent of :
 - a) Integration of the 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 the Nickel Catalyst and Adhesives businesses effective December 2001
 - e) Sale of the Seeds business effective 1st April 2002
 - f) Transfer of the Leather Exports business to a subsidiary company effective 1st April 2002
 - g) Sale of the Industrial and Institutional business of Diversey Lever Group effective 3rd May 2002
 - h) Exceptional Item for the quarter, Rs. 46.87 crores (net of tax Rs 46.87 crores) being profit on sale of the Industrial and Institutional business of Diversey Lever Group and for the six months ended 30th June 2002, Rs 121.59 crores (net of tax Rs 121.59 crores)
 - i) Exceptional item in JQ '01, Rs 119.86 crores (net of tax Rs 119.86 crores), being profit on sale of the Quest business and for the six months ended 30th June 2001, Rs 142.45 crores (net of tax Rs 142.45 crores).

Adjusting for (a) to (i) above, net sales for JQ '02 is Rs. 2667.77 crores (JQ '01: Rs. 2819.70 crores), Profit Before Interest and Tax for JQ '02 is Rs. 464.28 crores (JQ '01: Rs. 354.93 crores) and Net Profit for JQ '02 is Rs. 400.17 crores (JQ '01: Rs. 327.73 crores).

Similarly, net sales for FH '02 is Rs. 5045.62 crores (FH '01: Rs. 5469.01 crores), Profit Before Interest and Tax for FH'02 is Rs. 845.54 crores (FH'01: Rs. 673.87 crores) and Net Profit for FH'02 is Rs. 753.98 crores (FH'01: Rs. 628.77 crores).

8. The Company has a Pension Scheme for certain class of employees whose pension benefit is given in the form of an annuity, currently purchased from Life Insurance Corporation of India (LIC). Recently LIC has proposed a steep upward revision in the cost of such annuities effective August 2002. This revision has been contested by the Industry and the Company is in active discussion with LIC. Pending an outcome of this discussion, the potential incremental liability on this account (estimated at Rs 125 Crores gross of tax, and Rs 79.06 crores net of tax) has not been recognised in the above results. As and when recognised, this will be an exceptional charge, and is in addition to the exceptional charge of Rs 40.70 crores (net of tax) taken in December 2001.
9. Extraordinary General Meeting of the shareholders has been convened on 9th August 2002, to consider and approve the revised proposal for the issue of Bonus Debentures.
10. The Board of Directors, at their meeting held on 22nd July 2002, have resolved to pay an Interim Dividend of Rs 2.50 per share of Re 1 for the year 2002 and has fixed 9th August 2002 as the Record Date for this purpose. The dividend will be payable on 21st August 2002.
11. Notice is given pursuant to Section 154 of the Companies Act, 1956 that the Board of Directors has fixed 9th August 2002 as the Record Date for the interim dividend in respect of the financial year ending 31st December 2002 and such dividend shall be paid on 21st August 2002. Members desirous of claiming exemption from tax deduction at source must submit form 15G in duplicate, if not already submitted, latest by 9th August 2002 to the Company's Investor Service Department at "Dakshina", 3rd Floor, Plot No 2, Sector 11, CBD Belapur, Navi Mumbai 400614.
12. The text of the above statement was taken on record at the Board Meeting held on 22nd July, 2002.

By order of the Board

Place : Mumbai
Date : 22nd July, 2002

M.S.BANGA
CHAIRMAN