

Notes

1. During the current quarter, Sales grew by 7 %. The sales of domestic FMCG categories have registered a growth of 10.5 % led by Home and Personal Care products which grew by 13.7 %. Sales of Foods categories recorded a 2.6 % growth despite lower tea sales largely due to the planned restructuring of the portfolio. The planned rationalisation of unviable traded exports resulted in overall exports declining by 7.8 % . However, FMCG exports recorded 8 % growth.

2. Profit after taxation, before exceptional items, in SQ'01 has grown by 14% over SQ'00. Net Profit (including exceptional items, net of taxes) during the September quarter (SQ'01) has increased by 20.5 % over the corresponding quarter of the previous year (SQ'00)

3. Exceptional Items for the quarter (Rs 21.51 crores) comprises : a) Provision of estimated costs for discontinuance of the thermometer operations (Rs 7.16 crores, net of tax) and b) One time reduction in tax liability (Rs 28.67 crores) arising from the amalgamation of International Bestfoods Limited with the Company. Cumulative exceptional items amount to Rs 163.96 crores.

4. The Hon'ble High court of Mumbai, has approved the amalgamation of International Bestfoods Limited and Aviance Limited with the company, effective July 1, 2001. Accordingly, the results of International Bestfoods Limited and Aviance Limited for the period commencing July 1, 2001, are included in the above results.

5) In line with the company's policy, Business restructuring costs (included in staff cost) have been charged on the basis of proportionate share of estimated annual costs. This amounts to Rs 11.25 crores for SQ 01 (Rs 33.75 crores in the first nine months 2001-9M' 01) as compared to Rs 22.50 crores in SQ 00 (Rs 82.50 crores in first nine months 2000 - 9M'00). The Business Restructuring Costs actually incurred aggregate Rs 1.31 crores in SQ'01 (Rs 3.64 crores for the 9M 01) as compared to Rs 14.81 crores in SQ 00 (Rs 108.86 crores for the 9M 00). Based on the actual expenditure, the difference if any will be accounted in the fourth quarter.

6) In line with the amendments to the listing Agreement as directed by the Securities and exchange of India, the company has during the quarter, adopted the accountant standard on accounting of taxes on income effective 1st January 2001, consequently, the company recorded the cumulative net deferred tax credit of Rs 185.54 crores until 31st December 2000, as an addition to the general reserves on 1st January 2001. Deferred tax charge of Rs 1.24 crore for SQ '01 and Rs 1.60 crores for 9M'01 are included in the provision for taxation of the respective periods. (Previous year: NIL)

7) The results of the current quarter and the year are not comparable to those of previous year to the extent of item referred in notes 3,4 and 6 above and a) Sale of Animal Feeds business of the company to Goldmohur Foods and Feeds Limited, a subsidiary company company, effective 1st April, 2001 b) Integration of the Tea Exports business of Lipton India Exports Limited, a 100 % subsidiary, with the company, effective 1st April 2000, c) Integration of the personal products business of Lakme Lever Limited, s subsidiary, with the company, effective 1st April 2001, d) Sale of Quest Flavours and Fragrances business effective 1st April 2001. Adjusting for the above, Net Sales for SQ'01 is Rs 2635.22 crores (SQ'00: Rs 2490.70 crores) and Net Profit for SQ'01 is Rs 378.89 CRORES (SQ'00 : 316.26 crores). Net Sales for 9M'01 is Rs 8111.50 crores (9M'00 : Rs 7911.62 crores) and Net Profit for 9M'01 is Rs 1031.88 crores (9M'00: 862.15 crores)

8. The board of directors have, at the meeting held on 16th october 2001, decided to seek approvals, pursuant to Sections 391 and 394 of the Companies Act, 1956, from from the members and the Mumbai High Court to restructure the general reserves of the company by issue of bonus debentures in the ratio of 1 bonus debenture of Rs 6/- for every Re.1 share held in the company. These debentures would be redeemed on the second and third anniversary following the issue and would carry 9 % interest.

9. The company has sold the remaining 26% equity stake held in Gold Mohur Foods & Feeds Limited (GFFL), a Joint Venture company with the Godrej group, to the Godrej group in September 2001.

10. The company has granted 2475100 share options till date under the company's Employee Stock Option Scheme.

Segment Notes:

1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisation structure as well as the differential risks and returns of these segments.

2) Details of products/services included in each of the above segments (domestic business) are given below :

Soaps and Detergents includes Soaps, Detergent Bars and Powders, Laundry Soaps and Scourers

Personal Products includes Oral Care Products, Hair Care Products, Skin Care Products, Colour Cosmetics and Deodorants

Beverages includes Tea and Coffee

Foods includes Oils and Fats

Culinary Products and Branded Staple Products

Others comprise Chemicals & Agri, etc

3) 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 30th September 2001. Unallocated corporate assets mainly relate to investments.

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

By Order of the Board

Place : Mumbai
Date : 16th October, 2001
Chairman

M.S. BANGA