Notes

1. Operating profit (Profit before Interest and Tax) for the year grew by 6.6% while Profit Before Tax and Profit After Tax grew by 13.1% and 11.4% respectively. Operating Profit for DQ 02 grew by 12.3% while Profit Before Tax and Profit After Tax grew by 13.2% and 8.6% respectively.

2. During the year Sale of domestic Home and Personal Care categories grew by 3.7% led by Personal Wash and Skin Care. In Foods, Culinary Products sale grew by 7.6%. However Other Food categories declined due to unfavourable commodity prices, particularly in tea and Oils & Fats. Total exports declined by 28.3% essentially due to discontinuation of traded exports while continuing exports grew by 1%. During DQ 02 domestic Home and Personal Care Categories grew by 6.1%. Foods sales declined by 15.9% mainly due to Oils and Fats declining by 21.6% and Beverages declining by 14.7%. Continuing exports grew well by 13.1% lead by Home and Personal Care

3. With a view to harmonise the reporting of excise duty relating to outsourced products in line with that of in-house manufactured products, excise duty relating to outsourced products has been reduced from Purchase of Goods and adjusted as appropriate, in Net Sales. Consequently Purchase of Goods is net of excise duty amounting to Rs.30 cr. (DQ 02) and Rs.62 cr.. (DQ 01) Rs164 cr. (Year 2002) and Rs. 304 cr. (Year 2001). After adjusting for the movement in opening and closing inventories of such outsourced products, Net Sales is lower by Rs.35 cr.(DQ 02), Rs.66 cr.(DQ 01) and by Rs.172 cr.(year 2002) and Rs.304 cr.(Year 2001). This reclassification has no impact on the profits of any of the reported periods.

4. Business restructuring costs amounting to Rs.36.6 cr. (2001:Rs. 48.04 cr.) is included in staff cost. This includes Rs. 9.5 cr. charged to results in DQ 02(DQ 01 Rs.14.29 cr.)

5. Consequent to fall in interest rates, Life Insurance Corporation of India has increased the cost of annuities. In line with consistent past practice the company has carried out a comprehensive actuarial valuation of its liability for retirement/post-retirement benefits during the quarter and based on this valuation an exceptional one-time charge of Rs. 76.33 cr (net of taxes) has been taken in DQ02.

6. The results for the quarter and the year are not comparable to those of the previous year to the extent of

- Integration of Personal Products division of Lakme Lever Limited, an erstwhile subsidiary, with the company
- Sale of Quest Flavours and Fragrances business
- Amalgamation of International Bestfoods Limited with the Company and the related one-time reduction in tax liability
- Amalgamation of Aviance Limited with the Company
- Estimated costs for discontinuance of Thermometer operations
- Sale of the Nickel Catalyst and Adhesives businesses
- Sale of the Seeds business
- Transfer of the Leather Exports business to a subsidiary company
- Sale of Diversey Lever Group
- Transfer of Mushroom Exports business to a subsidiary company

Adjusting for the above, net sales for the year is Rs.9948.24 cr. (Year 2001 Rs. 10453.87 cr.). Profit Before Interest and Tax for the year is Rs. 1925.29 cr. (Year 2001 Rs 1616.56 cr.) and PAT is Rs. 1715.97 cr.(Year 2001 Rs. 1503.26 cr.)

Similarly net sales for DQ 02 is Rs 2634.51 cr. (DQ 01 Rs.2636.68 cr.). Profit Before Interest and Tax is Rs. 625.85 cr.(DQ 01 Rs. 553.53 cr.) and PAT Rs.542.85 cr.(DQ 01 Rs. 497.16 cr).

7. The Board of Directors at the meeting held on 29th January 2003 recommended a Final Dividend of Rs. 3.00 per equity share of Re.1 for the year subject to approval of shareholders. Together with the Interim Dividend of Rs.2.50 per share the total dividend for the year works out to Rs. 5.50 Per share of Re.1 (2001:Rs. 5.00 per share).

8. The text of the above statement was taken on record at the Board Meeting held on 29th January 2003

NOTES ON SEGMENTAL INFORMATION

1. During the year Gross Margins continued to improve leading to better results. Decline in 'Others' Segment is mainly due to disposal of Quest, Nickel Catalyst, Adhesives, Seeds and Diversey Lever businesses between April 2001 and June 2002.

2. Oils & Fats industry was under pressure due to market conditions and import tariff issues. Consequently Sales of Oils & Fats for the year declined by 13% to Rs. 390 cr. (2001 Rs. 446 cr.) and suffered a segment loss of Rs. 19.9 cr in 2002 compared to a profit of Rs. 10.9 cr in 2001. This has impacted the overall Foods Segment results.

3. Beverages segment results of DQ 01 include a restructuring charge of Rs.40.87.cr and that of DQ 02 include one time credit of Rs 8.48 cr.

4. Reporting of excise duty relating to outsourced products has been harmonised in line with that of in-house manufactured products. Accordingly, excise duty relating to outsourced products has been reduced from Purchase of Goods and adjusted as appropriate in Segment Revenue, for all reported periods. This reclassification has no impact on the Segment Results of any of the reported periods.

5. Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Other unallocable expenditure cover expenses incurred on common services not directly identifiable to the individual segments and corporate expenses. Unallocable income largely includes income from investment of surplus funds and dividends from subsidiary companies.

6. Capital Employed figures are as at 31st December 2002, and 31st December 2001. Unallocated corporate assets mainly relate to investments.

7. The text of the above statement was taken on record at the Board Meeting held on 29th January 2003

Place : Mumbai

Date : 29th January, 2003

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