

Notes:

- 1) Profit after taxation, before exceptional items has increased by 20.9% and Net Profit (including exceptional items) by 62.7% for June quarter 01 (JQ01) over the corresponding quarter of last year (JQ00).
- 2) Sales of domestic FMCG grew by 3.2%. Home and Personal Care products sales grew by 8.7% led by good growth in Skin, Hair Wash and Household Care categories. Sales of Foods categories declined by 11% largely due to a planned restructuring of tea portfolio as well as adjustments to pipeline stocks arising from a reorganisation of the Foods Distribution System. FMCG exports grew well by 12.7%. Non-FMCG exports declined by 12.8% due to a planned reduction in inviable traded exports.
- 3) In line with the company's policy, Business Restructuring costs (Included in staff Cost) have been charged on the basis of proportionate share of the estimated annual costs. This amounts to Rs. 16.2 crores for JQ01 (Rs 22.5 crores in the first half of 2001 – FH01) as compared to Rs 30 crores in JQ00 (Rs. 60 crores in corresponding first half of year 2000 – FH00). The Business Restructuring costs actually incurred aggregate Rs 2.33 crores for JQ01 (Rs 2.62 crores for the FH01) as compared to Rs 22.36 crores in JQ00 (Rs 94.05 crores in FH00).The company will review such costs on the basis of estimated spends for the year at the end of each quarter, and adjustments, as necessary, will be suitably effected and disclosed.
- 4) The Quest Flavour and Fragrances business was sold to Lakme Lever Limited (LLL), a subsidiary company (Renamed since as Quest International India Limited), effective 1st April 2001, consequent to an agreement having been entered into with the ICI Group. In terms of the agreement, the shareholding of HLL in LLL has been reduced, and to 49% in July 2001. Profit arising from these transactions amounting to Rs 119.86 crores (net of tax Rs 119.86 crores) has been accounted for as exceptional item in the current quarter in the above statement.
- 5) The results of the current quarter and half year are not comparable to the to those corresponding period of the previous year, to the extent of the following :
 - a) Sale of the Animal Feeds business of the company to Goldmohur foods and Feeds Limited, a subsidiary company, effective 1st April, 2000.
 - b) Integration of the Tea Exports business of Lipton India Exports Limited, a 100% subsidiary, with the company, effective 1st April, 2001.
 - c) Integration of the personal products business of Lakme Lever Limited, a subsidiary, with the company, effective 1st April, 2001.
 - d) Sale of Quest Flavour and Fragrances business effective 1st April, 2001 as stated in note 4 above, as well as exceptional income arising from the same during the quarter, and
 - e) Exceptional item in the half year being Rs 22.59 crores (net of tax Rs 22.59 crores) income arising from transfer of interest in Animal Feeds business to the Godrej Group, in addition to (d) aboveAdjusting for (a) to (e) above, the Net sales for JQ01 is Rs 2931.25 crores (JQ00: Rs. 2868.9 crores) and Net Profit for JQ01 is Rs. 346.73 crores (JQ00:Rs. 285.42 crores). The net sales for FH01 is Rs. 5476.28 crores

(FH00: Rs. 5414.07 crores) and Net Profit for FH01 is Rs. 652.99 crores
(FH00: Rs.547.67 crores)

6) Shareholders have approved the merger of International Bestfoods Limited, a subsidiary of HLL and Aviance Limited, a 100% subsidiary of HLL, with HLL w.e.f 1st July, 2001 at the court convened Extra Ordinary General meeting of the company. Applications has been filed with the Honourable High Court, Mumbai for approval of the same.

7) The standard on 'Accounting for Taxes on Income" will become mandatory for the company only from accounting year beginning 1st January 2002. Accordingly the above statement does not reflect any adjustment in respect of deferred tax.

8) The Board of Directors, in their meeting held on 24th July,2001 has resolved to pay an interim dividend of Rs. 2.50 per share of Re. 1 for the year 2001 and has fixed 31st July, 2001 as the Record date for this purpose. The dividend will be payable on or after 17th August, 2001. This includes distribution out of exceptional income arising from the sale of HLL's interest in the Animal Feeds and Quest Businesses during first half of the year.

9) The text of the above statement was taken on record at the Board Meeting held on 24th July, 2001.

Limited Review:

The limited Review, as required under Clause 41 of the Listing Agreement has been completed and the related Report forwarded to the Stock Exchanges. This report does not have any impact on the above Results and Notes for the six months ended 30th June, 2001 in aggregate, which need to be explained.

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

By Order of the Board

Place : Mumbai
Date : 24th July, 2001

M.S. BANGA
Chairman