CIRRUS Business Standard - Mumbai Monday, 11 May 2009 Page# :5 Size : 247.53 sq.cm. (55.01 col cm) CIRRUS

Hind Unilever profit before exceptional items up 20 per cent

BS REPORTER
Mumbai, 10 May

Hindustan Unilever Ltd (HUL), India's largest fast-moving consumer goods company, today posted a 20.4 per cent increase in profit in the March quarter, before a one-time charge for retirement benefits and restructuring.

Net profit after the one-time provision of Rs 86 crore was, however, up 3.7 per cent at Rs 395 crore in the three months ended March 31, from Rs 381 crore a year earlier.

Total income increased 5.1 per cent to Rs 4,035.37 crore during the quarter as against Rs 3,839.88 crore recorded during the comparable period a year ago.

The company said it benefited from a decline in prices of raw materials, including palm oil and petroleum derivatives, and a cut in excise duty in February.

For the full-year ended March 31, the maker of best-selling soaps such as Wheel, Lifebuoy and Dove recorded a profit increase of 29.65 per cent at Rs 2496.45 crore (after minority interest), as against Rs 1925.47 crore recorded during the same period of previous financial year. HUL's total income during the period rose to Rs 20,601.56 crore, compared with Rs 13,869.08 crore registered during the same period a year ago.

Hindustan Unilever Vice-chairman & CFO D Sundaranand (left) and Chairman Harish Manwani at the announcement of the company's results in Mumbai on Sunday
SURYAKANT NIWATE

HUL Chairman Harish Manwani said the full-year numbers were not comparable as the current year's account comprised 15 months (starting January 1, 2008 and ending March 31, 2009) due to a transitional arrangement. The previous year relates to the 12 months ended December 31, 2007. This is due to a change in the accounting year.

Manwani said the company posted profits at a time when the industry was facing a challenging environment, trade destocking and outlet consolidation in organised retail.

Foods business grew by 13 per cent with beverages at 13 per cent and ice-creams at 22 per cent leading the growth.

The company said input costs were down sequentially, except in tea, and better cost management and operating leverage led to higher operating margins in the quarter. Overall material cost, including purchased goods, were lower by 210 basis points.

The FMCG major saw a 12 per cent value growth and 4 per cent volume decline during the January-March quarter. "Three events impacted us — downtrading by consumers, closure of 1,000-1,200 modern trade retail outlets during the quarter (800 of which belonged to Subhiksha alone) and traders reducing inventory levels by half a week as they did not want to be stuck with higher-priced goods," D Sundaram, the outgoing vice-chairman and chief financial officer of HUL, said.