

Companies Delight, Core Sector Disappoints India Inc continues to post sterling numbers across the spectrum at a time when economy is showing signs of a slowdown

Robust HUL Results Show Demand Continues to Grow

FMCG co's net jumps 22% to ₹689 cr in Q2, stock at life high

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Hindustan Unilever (HUL), the country's largest consumer goods company, beat street estimates to post a 21.7% rise in second quarter net profit on the back of rising prices and volume growth. The company warned against uncertain global economic environment, inflation, and adverse impact of rupee depreciation, but vowed to maintain relentless focus on cost management and execution.

The Indian unit of Anglo-Dutch Unilever said its sales grew by 18% to reach their highest level in the past 11 quarters, as its shares rose to a life high of ₹377 on the Bombay Stock Exchange before finally closing 7.38% up at ₹375.35 on Monday in a subdued Mumbai market.

HUL's strong performance indicates consumer demand remains robust despite inflation and apprehensions about a slowing economy.

"We are really blessed that India continues to see growth. The government schemes for rural areas mean there is more money for consumers in those places. All this augurs well along with the fact that the consumption levels from which we started off are very low and there is plenty of headroom to grow," said HUL Chief Executive Nitin Paranjpe.

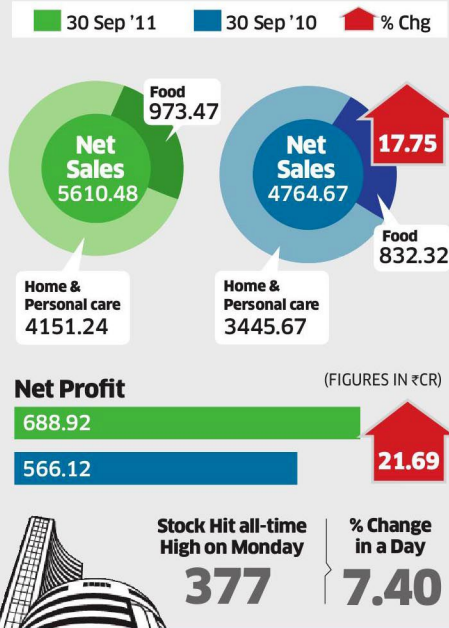
The maker of Dove soap, Clinic Plus shampoo and Close Up toothpaste said some commodity costs went up by as much as 25-40% on a year-on-year basis but showed signs of flattening on a sequential basis.

"The positive impact of commodity price flattening will get eroded by rupee depreciation," said HUL Chief Financial Officer R Sridhar.

The company's domestic sales, also seen as proxy for fast moving consumer goods (FMCG) demand in the country, went up by 19.7% to ₹5124.7 crore, from ₹4277.9 crore in the year-ago period, outperforming the FMCG industry which grew 12-14% during the quarter, said HUL quoting market research firm Nielsen.

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Healthy Numbers

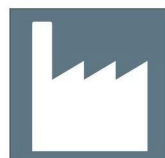


HUL's strong performance indicates that consumer demand remains robust despite inflation and apprehensions about a slowing economy

But the company has warned against uncertain global economic environment, inflation, and adverse impact of rupee depreciation

PURNIMA

Core at 31-mth Low, Crawls 2.3% in Sept



The infrastructure sector grew at its slowest in 31 months in September, dragged down by a virtual standstill in coal mining and a drop in the production of natural gas and fertilisers. The output of eight infrastructure industries rose 2.3% from 3.3% a year ago.

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ICICI Net Rises 22% on Higher Corp Loans



ICICI Bank on Monday posted a 22% rise in Q2 net, driven by a near-30%

spike in corporate loans and an uptick in retail advances. The largest private lender maintained its 18% loan growth for the year and said standalone net profit in the quarter jumped to ₹1,503.19 crore, while net interest income grew 14% to ₹2,506 crore.

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Wipro Revenues Jump 18% in Q2



Wipro reported an impressive 18% increase in revenue for the July-September quarter, but margins came under pressure due to higher wage costs. >> 5

Results Above Expectations of Most Analysts

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HUL's net profit rose to ₹688.92 crore in the three months to September against ₹566.12 crore in the year-ago quarter and it was able to expand its profit margin by 130 basis points. "Against the backdrop of a challenging environment, we have delivered one of our strongest quarters with topline growth well ahead of the market and improved operating margins. We will continue to leverage consumer insights to deliver winning innovations and maintain relentless focus on execution, cost

management and building organisational capabilities for competitive advantage," said HUL Chairman Harish Manwani.

Analysts were pleased with the company's performance. "The results are above our expectations. We were expecting 15% overall growth and around ₹610 crore in net profit. HUL outperformed on both parameters," said Himani Singh, equity analyst at investment bank Elara Capital. "We are expecting positive growth in future as the company has re-launched products in several categories which shows its confidence in further growth."

HUL, which is also India's largest advertiser, increased its advertising and promotion spends marginally by 0.76% to ₹651.37 crore, or 11.8% of its total sales during the July-September quarter.

During the quarter, the firm's home and personal care business grew by 20.5% to ₹4151.24 crore. Sales of its largest segment — soaps and detergents — rose 21.8% mainly because of price increases across several brands, such as Rin and Lux.

Volume growth drove up sales of personal care products by 18.2% and beverages segment by 14.6%.

New launches such as Knorr ₹5 pack and relaunch of Kissan range resulted in the foods business growing by 17%. But the company's revenue from other businesses, which includes chemicals and water purifier business, fell 24% year-on-year to ₹116.07 crore over the three-month period.

The company's board also approved a proposal for entering into a strategic alliance with Tata Teleservices Ltd and Tata Teleservices (Maharashtra) Ltd for distribution of telecom products leveraging the HUL distribution network in rural markets in India.
