

# THE ECONOMIC TIMES

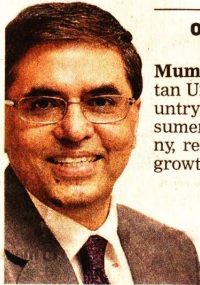
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Wed, 20 Oct-21; Economic Times - Mumbai; Size : 188 sq.cm.;  
Circulation:227412; Page : 1

**SALES GROW 11% TO ₹12,516 CR IN SEPT QUARTER**

## HUL Q2 Profit up 9% at ₹2,187 cr

FMCG major warns of margin pressure on surging commodity costs; stock falls 4%



### Our Bureau

**Mumbai:** Hindustan Unilever, the country's biggest consumer goods company, reported an 11% growth in sales and a

9% rise in profit in the September quarter from the year earlier but warned of margin pressure due to surging commodity costs.

HUL's stock, which was up 3% before the announcement, fell nearly 8% in afternoon trade after earnings were announced. It, however, recouped some of those losses, ending 4.06% lower at

₹2,546.45 on the BSE Tuesday, making it the second-biggest loser on the benchmark index after ITC. The company said overall market sentiment remained subdued due to heightened inflation, uncertainty in the job market and the fear of Covid, although this has abated.

"If the economic activities in the country remain robust, then rural areas will see a growth rate higher than urban for a pretty long period of time," said HUL chairman Sanjiv Mehta.

**What we have seen now is that urban is picking up from a low base whereas rural has moderated from a high base**

**SANJIV MEHTA** *Chairman, HUL*

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## Operating Margins Shrink Despite Hike

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“But what we have seen now is that urban is picking up from a low base whereas rural has moderated from a high base,” Mehta said. “We have to wait for a couple of quarters to see—is this a break in the trend, or is this of transient nature?”

HUL's performance is considered a proxy for broader consumer sentiment in India. Sales rose to ₹12,516 crore and net profit grew to ₹2,187 crore. Volume—the number of products that customers put in their shopping carts—grew 4%.



The company declared an interim dividend of ₹15 per share, which will translate into a payout of ₹3,524 crore.

The local unit of the Anglo-Dutch Unilever said a faster vaccination rollout, urban sales picking up from a low base and increasing mobility should help the company navigate uncertainty in demand.

Despite the company increasing average prices by 7% during the quarter, operating margins contracted 40 basis points to 24.6%. A basis point is 0.01 percentage point. Gross margins fell 140 bps.

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