

Hindustan Unilever Q3 net up 19%, sales rise 20%

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Mumbai: In a set of financials which reveal that the worst might be over, Hindustan Unilever (HUL) reported 19% growth in net profit to Rs 1,921 crore in the third quarter ended December 31, 2020, while turnover rose 20% to Rs 11,969 crore.

Domestic consumer growth (excluding the GSK Consumer merger) of 7% was driven by increased mobility since lifting of the lockdown and better economic activity. This was a minus 7% in the June quarter. Discretionary categories, which suffered a setback due to the lockdown, have shown significant improvement in growth in the December quarter. However, the volume growth of 4% is lower as compared to 5% in the corresponding quarter of the pre-

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vious fiscal. HUL CMD Sanjiv Mehta said the rapid rollout of vaccines will give further impetus to economic growth. "As mobility improves, demand would come back. The near-term demand outlook is improving, and we expect to see revival in urban, while rural markets should continue to do well," said Mehta. In many ways, FMCG reflects the sentiment of the country. Mehta said any stimulus on demand in the Union Budget is bound to give dividends. "We look forward to this in the coming Budget," said Mehta.

HUL CFO Srinivas Phatak, who is slated to take over as executive VP - financial controller and risk management at parent Unilever, said HUL's fundamentals remain strong with 96% of the business gaining penetration. "Health, hygiene and nutrition, which contribute almost 80% of the portfolio, continue to grow in double digits and we have seen significant improvement in discretionary categories."

Given the rise in commodity inflation, price increases contributed 3% to domestic consumer growth. Srinivas said the company "will accelerate investments in innovation and advertising & promotion and maintain our competitiveness". HUL, which had raised soap prices by 2.5% in the December quarter, is taking yet another round of 2.5% hikes.