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TRACKING JUNE QTR NUMBERS

Reviving Demand Pushes HUL Profit Up 8% to ₹2,472 cr

Consumer bellwether flags growing impact of smaller rivals, sees volume driving growth

Our Bureau

Mumbai: Hindustan Unilever (HUL) said profit rose 8% and sales increased 7% in the June quarter amid a gradual recovery in demand on a lower base, adding that softening inflation has intensified competition, especially from smaller regional players.

Quarterly sales at Unilever's India unit, the country's largest consumer goods company, rose to ₹14,931 crore from ₹14,016 crore a year earlier, while net profit grew to ₹2,472 crore from ₹2,289 crore a year ago.

The company's performance is considered a proxy for broader consumer sentiment in India.

HUL's volumes, or the number



In the Bag

	Q1 FY24	Q1 FY23	Growth
Sales	₹14,931 cr	₹14,016 cr	7%
Net Profit	₹2,472 cr	₹2,289 cr	8%
Ebitda Margin	23.6%	23.2%	40 bps

of products it sells, rose 3% in the first quarter. Growth in the coming quarters will be driven mainly by volumes, or higher off-take of products, rather than price hikes, it said.

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Price Growth on the Wane: Jawa

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“In the next two quarters, we do see price growth will tail off or might even be negative. And much of the growth will be volume-led,” Rohit Jawa, managing director and chief executive of HUL, said on Thursday after the earnings announcement. “If you look back at the track record, we have got two-thirds by volume and one-third of price. We expect that ratio to return to that kind of stable trend, or something in that sort of shape. Generally, we are in a good direction and the idea is to stay focused and keep going forward.” India’s retail inflation accelerated to 4.8% in June, after hitting a 25-month low of 4.25% in May on an annual basis.

RURAL MARK

Over the past decade, sales of branded daily needs goods have increasingly relied on rural India, where purchase behaviour is largely linked to farm output. Citing Nielsen data, HUL said rural market volume fell 4% on a full-year basis but rose 2% during the quarter, indicating a recovery in the last quarter. The overall market also expanded

around 5% during the June quarter, compared with a decline of 1% for the year ended June.

“From a double-digit volume decline in the last one-and-a-half years, seeing rural demand in positive is a good recovery. But there is still more work to be done,” said chief financial officer Ritesh Tiwari. “The fact is, inflation is moderating and we know it always hurts the segment of the population in rural areas.”

VOLUME GAME

The maker of Rin detergent and Dove beauty bar expects volume to recover as inflation softens gradually and consumption recovers with a lag.

“We are laser-focused on the objective to drive volume growth in the quarters ahead,” Jawa said. “But it’s also a fact that consumption recovers with a lag, there’s a pipeline. And by the time consumers are able to pick up the low-price stock, it will take a few quarters... That evens out and assuming that commodities stay where they are, we expect volumes to gradually pick up and we do see signs in the market of improving volume.”