

Hindustan Unilever Limited – Results for September Quarter 2011

Strong 18.5% growth in Domestic Consumer Business; Net Profit up 22%

Mumbai, Oct 31st 2011: Hindustan Unilever Limited (HUL) announced results for the September Quarter 2011.

During the quarter, Domestic Consumer business grew at 18.5% with strong underlying volume growth of 9.8%. Growth has been broad based, and ahead of market. All segments have delivered double digit growth for the third consecutive quarter.

Soaps and Detergents grew by 21.8%. Growth in Laundry was ahead of market, underpinned by double digit growth in Rin, Surf and Wheel. Vim was relaunched during the quarter with “100 Nimbuon Ki Shakti”. Skin Cleansing had one of its strongest quarters with all segments of the portfolio performing well. Lux and Lifebuoy grew in double digits while the premium portfolio registered its 10th consecutive quarter of double digit growth. Lux was relaunched during the quarter with superior product and salient advertising.

Personal Products grew by 18.2%. Growth in Skin Care accelerated with Fair & Lovely, Vaseline and Pond’s growing in strong double digits. Fair & Lovely has been modernized and is yielding good results. Vaseline and Pond’s continue to build segments of future with differentiated benefits and aspirational offerings - Vaseline Total Moisture was relaunched with 3 variants and Pond’s White Beauty was extended with Naturals range during the quarter. The face washes range was expanded with introduction of Dove Face Wash. Hair and Oral delivered double digit growth amidst heightened competitive intensity. Nourishing Oil care range and Re. 1 sachets were introduced under Dove during the quarter to expand the consumer franchise.

Beverages grew by 14.6%, with all brands delivering double digit growth. New range of flavored and green tea bags was launched under Taj Mahal. Packaged Foods growth at 20.9% was broad based. Kissan range was relaunched with a new brand visual and “100% Real” proposition. Knorr Soupy Noodles range was extended with an accessible Rs.5 pack. Kwality Walls continued its strong growth momentum led by innovations and distribution expansion.

Pureit continues to expand its portfolio with the latest entry into fast growing “RO water purifier” segment with “Marvella RO”. Distribution across modern electronic retail chains is being scaled up and “Go to Market” integration is expected to be completed by the year end.

Inflation and commodity costs continued to be high. Cost pressures were managed dynamically through aggressive savings programmes coupled with judicious pricing. Cost of Goods Sold is up by 340 bps due to high input costs, especially in Soaps & Detergents. The overall competitive intensity remained high and A&P spends at 11.8% of sales was maintained at competitive levels. Brand investment was stepped up in Personal Products, Beverages and Packaged Foods while spends in Soaps and Detergents were recalibrated in line with industry trends. The business continues to focus on driving buying efficiencies, cost saving programmes and return on marketing investments, with good results.

Profit before interest and tax (PBIT) grew by 30.1% with PBIT margin being up by 130 bps. Profit after tax but before exceptional items, PAT (bei), grew by 22.3% to Rs. 652 crore during the quarter. Net Profit at Rs.689 crore grew by 21.7%.

The Board of Directors have declared an interim dividend of Rs.3.50 per share for the accounting year ending 31st March 2012.

Harish Manwani, Chairman commented: “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 organizational capabilities for competitive advantage.”

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2011

(Rs. in lakhs)

Unaudited Results for the Quarter ended 30th September		Particulars	Unaudited Results for the Six Months ended 30th September		Audited Results for the Accounting year ended
2011	2010		2011	2010	31st March 2011
552,216	468,087	1.a. Net Sales from Operations [sum of (i) to (iv)]	1,102,605	947,476	1,940,111
415,124	344,567	i) Domestic FMCG - HPC	828,448	702,884	1,443,457
97,347	83,232	ii) Domestic FMCG - Foods	194,060	167,438	347,151
512,471	427,799	Domestic FMCG - Total (i+ii)	1,022,508	870,322	1,790,608
28,886	26,321	iii) Exports	59,336	52,619	109,313
10,859	13,967	iv) Others	20,761	24,535	40,190
8,832	8,380	1.b. Other Operating Income	16,379	16,612	33,409
561,048	476,467	1. Total Income [1.a. + 1.b.]	1,118,984	964,088	1,973,520
484,090	417,315	2. Expenditure [sum of (a) to (g)]	972,219	842,192	1,725,672
(5,263)	(10,344)	a) Decrease/(increase) in stock in trade and work in progress	13,763	763	(29,053)
229,054	179,951	b) Consumption of raw/packing materials	440,464	348,277	752,926
76,311	68,692	c) Purchase of traded goods	153,290	133,919	281,813
28,731	24,501	d) Employees Cost	57,354	49,562	96,126
5,710	5,537	e) Depreciation/Amortisation	11,330	10,887	22,083
65,137	64,648	f) Advertising & Promotions	128,432	139,769	276,423
84,410	84,330	g) Other expenditure	167,586	159,015	325,354
76,958	59,152	3. Profit from Operations Before Other Income, Interest and Exceptional Items (1-2)	146,765	121,896	247,848
7,767	7,682	4. Other Income	12,827	11,895	25,194
84,725	66,834	5. Profit before Interest & Exceptional Items (3+4)	159,592	133,791	273,042
54	7	6. Interest expense	56	15	24
84,671	66,827	7. Profit after Interest but before Exceptional Items (5-6)	159,536	133,776	273,018
4,442	4,044	8. Exceptional Items - gain	10,317	5,894	20,683
89,113	70,871	9. Profit from Ordinary Activities Before Tax (7+8)	169,853	139,670	293,701
(20,221)	(14,259)	10. Tax expense	(38,245)	(29,737)	(63,104)
68,892	56,612	11. Net Profit from Ordinary Activities After Tax [9+10]	131,608	109,933	230,597
-	-	12. Extraordinary Items	-	-	-
68,892	56,612	13. Net Profit for the period (11+12)	131,608	109,933	230,597
21,610	21,821	14. Paid up Equity Share Capital (face value Re 1 per share)	21,610	21,821	21,595
		15. Reserves excluding Revaluation Reserve			241,730
		16. Earnings Per Share (EPS) -			
3.19	2.59	Basic Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	6.09	5.04	10.58
3.19	2.59	Diluted Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	6.09	5.03	10.56
3.19	2.59	Basic Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	6.09	5.04	10.58
3.19	2.59	Diluted Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	6.09	5.03	10.56
		17. Public Shareholding			
1,026,110,257	1,047,270,342	- Number of Shares	1,026,110,257	1,047,270,342	1,024,622,508
47.48%	47.99%	- Percentage of Shareholding	47.48%	47.99%	47.45%
		18. Promoters and Promoter Group Shareholding			
		a) Pledged/Encumbered			
Nil	Nil	- Number of shares	Nil	Nil	Nil
NA	NA	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NA	NA	NA
NA	NA	- Percentage of shares (as a % of the total share capital of the company)	NA	NA	NA
		b) Non-Encumbered			
1,134,849,460	1,134,849,460	- Number of shares	1,134,849,460	1,134,849,460	1,134,849,460
100.00%	100.00%	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%
52.52%	52.01%	- Percentage of shares (as a % of the total share capital of the company)	52.52%	52.01%	52.55%

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED, UNDER CLAUSE 41 OF THE LISTING AGREEMENT

(Rs. in lakhs)

Unaudited Results for the Quarter ended 30th September		Particulars	Unaudited Results for the Six Months ended 30th September		Audited Results for the Accounting year ended
2011	2010		2011	2010	31st March 2011
259,255	212,938	Segment Revenue (Sales and Income from Services)	514,759	439,384	879,156
161,263	136,485	- Soaps and Detergents	324,333	273,036	584,410
65,326	57,000	- Personal Products	126,182	110,784	234,397
33,184	27,440	- Beverages	70,392	59,015	117,715
29,093	26,470	- Packaged Foods	59,727	52,947	109,965
11,607	15,271	- Exports	22,267	26,530	43,803
		- Others (includes Chemicals, Water, etc)			
559,728	475,604	Total Segment Revenue	1,117,660	961,696	1,969,446
-	-	Less: Inter segment revenue	-	-	-
559,728	475,604	Net Segment Revenue	1,117,660	961,696	1,969,446
32,123	25,010	Segment Results (Profit before tax and interest from ordinary activities)	55,729	49,885	83,406
39,403	31,398	- Soaps and Detergents	80,729	65,277	149,481
8,773	8,757	- Personal Products	16,313	15,710	35,776
1,647	1,551	- Beverages	3,385	4,138	3,233
2,402	1,892	- Packaged Foods	4,770	4,161	9,155
(780)	(1,833)	- Exports	(1,036)	(4,494)	(7,495)
		- Others (includes Chemicals, Water, etc)			
83,568	66,775	Total Segment Results	159,890	134,677	273,556
(54)	(7)	Less: Interest Expense	(56)	(15)	(24)
5,599	4,103	Add/(Less): Other unallocable income net of unallocable expenditure	10,019	5,008	20,169
89,113	70,871	Total Profit Before Tax from ordinary activities	169,853	139,670	293,701
(37,574)	(56,712)	Capital Employed (Segment assets less Segment liabilities)	(37,574)	(56,712)	(37,623)
6,426	(17,077)	- Soaps and Detergents	6,426	(17,077)	14,502
12,480	3,504	- Personal Products	12,480	3,504	34,217
14,704	2,452	- Beverages	14,704	2,452	13,131
15,449	21,949	- Packaged Foods	15,449	21,949	19,561
(5,045)	(6,117)	- Exports	(5,045)	(6,117)	(2,863)
		- Others (includes Chemicals, Water, etc)			
6,440	(52,001)	Total Capital Employed in segments	6,440	(52,001)	40,925
391,240	420,841	Add: Unallocable corporate assets less corporate liabilities	391,240	420,841	222,467
397,680	368,840	Total Capital Employed in company	397,680	368,840	263,392

Registered Office : 165/166, Backbay Reclamation, Mumbai - 400 020

HINDUSTAN UNILEVER LIMITED
STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakhs)

Particulars	STANDALONE	
	Unaudited as at 30th September, 2011	Unaudited as at 30th September, 2010
SHAREHOLDERS' FUNDS		
(a) Capital	21,610	21,821
(b) Reserves and Surplus	376,070	347,019
LOAN FUNDS	19,788	-
TOTAL	417,468	368,840
FIXED ASSETS (including CWIP)	242,896	244,654
INVESTMENTS	265,568	218,666
DEFERRED TAX ASSET (NET)	20,382	23,524
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Inventories	251,082	238,451
(b) Sundry Debtors	75,878	62,825
(c) Cash and Bank Balances	156,448	211,562
(d) Other Current Assets	4,394	4,871
(e) Loans and Advances	81,503	67,418
CURRENT LIABILITIES AND PROVISIONS		
(a) Current Liabilities	(602,315)	(630,517)
(b) Provisions	(78,368)	(72,614)
NET CURRENT ASSETS	(111,378)	(118,004)
TOTAL	417,468	368,840

Notes:

1. Net sales grew by 18% during the quarter. Domestic Consumer Business (FMCG + Water) grew by 18.5% with a 20.5% growth in HPC and 17% growth in Foods businesses.
2. Operating Profit (Profit from Operations before Other Income, Interest and Exceptional Items) for the quarter at Rs.76958 lakhs (SQ'10: Rs. 59152 lakhs) grew by 30.1%.
3. Profit after tax from ordinary activities before Exceptional Items (PAT-bei) (refer note 5 below) for the quarter at Rs. 65249 lakhs (SQ'10: Rs. 53365 lakhs) grew by 22.3%.
4. Other income includes interest income, dividend income and net gain on sale of other non trade investments.
5. Exceptional items in SQ'11 include profit on sale of properties Rs. 4728 lakhs (SQ'10: Rs. 2556 lakhs), restructuring costs of Rs. 286 lakhs (SQ'10: Rs. 271 lakhs), provision for expenses related to buyback of shares Rs. Nil (SQ'10: Rs. 271 lakhs) and profit on sale of long term trade investments Rs. Nil (SQ'10: Rs. 2030 lakhs).
6. Taxation for the quarter includes taxation adjustments of previous years amounting to a credit of Rs. 344 lakhs (SQ' 10: Rs. Nil). Taxation adjustments of previous years include, where applicable, interest, penalties, write back of excess tax provisions of earlier years, etc.
7. In order to fully exploit the opportunity in exports market and to provide necessary focus, flexibility and speed to the business, the Board of Directors and Shareholders have approved a proposal for demerger of FMCG exports business including specific exports related manufacturing units of the Company into its wholly owned subsidiary Unilever India Exports Ltd. (UIEL) with effect from 1st April, 2011. Pending approval by the Hon'ble Mumbai High Court, the financial results of the FMCG exports business continue to be reported as part of the company's results for the quarter.
8. Investor complaints status:
All 12 complaints received during SQ'11 have been resolved. No complaints were pending for resolution either at the beginning or at the end of September 2011 quarter.
9. The Board of Directors at their meeting held on 31st October, 2011 have resolved to pay Interim Dividend of Rs 3.50 per share of Re.1/- for the financial year. The dividend will be payable on or after 22nd November, 2011.
10. Previous period figures have been re-grouped/restated wherever necessary to conform to this period's classification.
11. The text of the above statement was approved by the Board of Directors at their meeting held on 31st October, 2011.

Limited Review: The Limited Review by the Statutory Auditors for the quarter as required under clause 41 of the Listing Agreement has been completed and the related Report is being forwarded to the Stock Exchanges. This Report does not have any impact on the above Results and Notes which need to be explained.

For more details, visit our website at <http://www.hul.co.in>

By Order of the Board

Place: Mumbai
Date: 31st October, 2011

Nitin Paranjpe
Managing Director & CEO

Notes on Segment Information

1. Segment Revenue, Results and Capital Employed figures represent amounts identifiable to each of the segments. Other “unallocable income net of unallocable expenditure” includes expenses on common services not directly identifiable to individual segments, corporate expenses, interest/dividend/ other financial income (net) and exceptional items.

Capital Employed figures are as at 30th September 2011, 30th September 2010 and 31st March 2011. Unallocated corporate assets less corporate liabilities mainly represent investments of surplus funds.

2. Previous period figures have been re-grouped/restated wherever necessary to conform to this period’s classification.