

Hindustan Unilever Limited – December Quarter 2010 Results

Sustained double digit growth; Turnover exceeds Rs 5000 crores

- Strong 12% sales growth in Domestic Consumer business
- Operating Margins lower due to impact of high input cost inflation & brand investments
- PAT (bei) Rs.587 crore; Net profit Rs.638 crore, down by -1.8%

Mumbai, January 25th 2011: Hindustan Unilever Limited (HUL) announced its results for December Quarter 2010. With sustained double digit underlying volume growth in the Domestic Consumer business (+13%), Net Sales grew 12% during the quarter and ahead of the market in aggregate.

Home and Personal Care business grew by 11.6% with competitive growth in both Laundry and Personal Wash. Laundry portfolio was further strengthened and Rin delivered record volume growth. Personal Wash also grew ahead of the market with Lifebuoy growing strongly post the relaunch and the premium portfolio continuing to deliver robust growth.

Personal Products grew strongly at 20%; Growth was broad based across categories with Skin Care delivering a particularly strong performance. Skin Care growth was innovation led, both on the core and in emerging segments. Fair and Lovely, Pond's White Beauty and Vaseline Healthy White continued to deliver robust sales growth. Both Hair and Oral performed well across the key brands. Dove Hair range was relaunched with 'Fiber Actives' and in Oral, a new variant Close-up 'Fire-Freeze' was successfully introduced.

Foods business grew 11.3%. In Tea, Red Label was relaunched and continued to deliver double digit growth. Coffee growth was robust, across conventional and instant coffee, with price point packs performing particularly well. Knorr Soupy Noodles sustained its strong momentum and is now available nationally. Ice-cream grew by 31% with good growth across formats.

Pureit continued to expand its franchise with product offerings across multiple price and benefit positions. Overall, the water business grew strongly and in line with action standards.

Input cost inflation continued to rise during the quarter. Cost of goods sold went up by 220 bps, as a result of steep rise in material costs, especially in commodity sensitive categories. A&P spend grew by 17% to maintain market competitiveness and to develop emerging categories. Consequently, operating margins were lower by 320 bps. Buying efficiencies and cost saving programs remain a priority and are being further scaled up.

Financial income increased by Rs. 38 crores through further improvement in working capital and sound treasury management. Profit after tax but before exceptional items declined by -2.1%, while Net Profit declined by -1.8%.

Harish Manwani, Chairman commented: "Our strategy is working and is reflected in the consistent double digit underlying volume growth over the last four quarters and ahead of market growth. We continue to strengthen our leadership in core categories, even as we invest to build opportunities for the future. In an inflationary environment, we will manage our business dynamically, through judicious pricing actions and increased focus on cost effectiveness, while ensuring that we remain competitive in the market place."

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST DECEMBER, 2010

Rs. Lakhs

| Unaudited Results for the Quarter ended 31st December | | | Unaudited Results for the Nine Months ended 31st December | | Audited Results for the Accounting year ended |
|---|----------------|--|---|------------------|---|
| 2010 | 2009 | | 2010 | 2009 | 31st March 2010 |
| 502,701 | 450,426 | 1.a. Net Sales from Operations [sum of (i) to (iv)] | 1,450,177 | 1,320,805 | 1,752,380 |
| 378,183 | 338,913 | i) Domestic FMCG - HPC | 1,081,067 | 995,929 | 1,314,964 |
| 85,565 | 76,847 | ii) Domestic FMCG - Foods | 253,003 | 224,685 | 306,236 |
| 463,748 | 415,760 | Domestic FMCG - Total (i+ii) | 1,334,070 | 1,220,614 | 1,621,200 |
| 28,890 | 26,358 | iii) Exports | 81,509 | 74,550 | 100,017 |
| 10,063 | 8,308 | iv) Others | 34,598 | 25,641 | 31,163 |
| 10,070 | 6,897 | 1.b. Other Operating Income | 26,682 | 13,704 | 20,153 |
| 512,771 | 457,323 | 1. Total Income [1.a. + 1.b.] | 1,476,859 | 1,334,509 | 1,772,533 |
| 445,906 | 383,074 | 2. Expenditure [sum of (a) to (g)] | 1,288,099 | 1,132,434 | 1,515,939 |
| (10,299) | (2,492) | a) (Increase)/decrease in stock in trade and work in progress | (9,536) | 20,633 | (2,272) |
| 194,151 | 162,718 | b) Consumption of raw/packing materials | 542,428 | 483,542 | 660,887 |
| 73,064 | 60,233 | c) Purchase of goods | 206,984 | 161,862 | 229,174 |
| 23,104 | 21,201 | d) Employees Cost | 72,666 | 69,820 | 93,630 |
| 5,633 | 4,501 | e) Depreciation/Amortisation | 16,520 | 13,374 | 18,403 |
| 74,326 | 63,288 | f) Advertising & Promotions | 214,095 | 176,491 | 239,143 |
| 85,927 | 73,625 | g) Other expenditure | 244,942 | 206,712 | 276,974 |
| 66,865 | 74,249 | 3. Profit from Operations Before Other Income, Interest and Exceptional Items (1-2) | 188,760 | 202,075 | 256,594 |
| 7,702 | 3,888 | 4. Other Income | 19,597 | 11,970 | 14,811 |
| 74,567 | 78,137 | 5. Profit before Interest & Exceptional Items (3+4) | 208,357 | 214,045 | 271,405 |
| 6 | 19 | 6. Interest expense | 21 | 684 | 698 |
| 74,561 | 78,118 | 7. Profit after Interest but before exceptional Items (5-6) | 208,336 | 213,361 | 270,707 |
| 6,429 | 4,448 | 8. Exceptional Items - (loss)/gain | 12,323 | (8,794) | 5,545 |
| 80,990 | 82,566 | 9. Profit from Ordinary Activities Before Tax (7+8) | 220,659 | 204,567 | 276,252 |
| (17,239) | (17,655) | 10. Tax expense | (46,976) | (42,861) | (61,637) |
| 63,751 | 64,911 | 11. Net Profit from ordinary Activities After Tax [9+10] | 173,683 | 161,706 | 214,615 |
| - | - | 12. Extraordinary Items (net of tax Rs. Nil ; Apr-Dec 09: Rs.111 Lakhs) - gain/(loss) | - | 377 | 5,588 |
| 63,751 | 64,911 | 13. Net Profit for the period (11+12) | 173,683 | 162,083 | 220,203 |
| 21,821 | 21,814 | 14. Paid up Equity Share Capital (face value Re 1 per share) | 21,821 | 21,814 | 21,817 |
| | | 15. Reserves excluding Revaluation Reserve | | | 236,468 |
| | | 16. Earnings Per Share (EPS) - | | | |
| 2.92 | 2.98 | Basic Earnings per Share of Re 1 (before Extraordinary Items) - Rs. | 7.96 | 7.41 | 9.84 |
| 2.92 | 2.97 | Diluted Earnings per Share of Re 1 (before Extraordinary Items) - Rs. | 7.95 | 7.40 | 9.83 |
| 2.92 | 2.98 | Basic Earnings per Share of Re 1 (after Extraordinary Items) - Rs. | 7.96 | 7.43 | 10.10 |
| 2.92 | 2.97 | Diluted Earnings per Share of Re 1 (after Extraordinary Items) - Rs. | 7.95 | 7.42 | 10.08 |
| | | 17. Public Shareholding | | | |
| 1,047,270,342 | 1,046,592,345 | - Number of Shares | 1,047,270,342 | 1,046,592,345 | 1,046,837,321 |
| 47.99% | 47.98% | - Percentage of Shareholding | 47.99% | 47.98% | 47.98% |
| | | 18. Promoters and Promoter Group Shareholding | | | |
| | | a) Pledged/Encumbered | | | |
| | | - Number of shares | Nil | Nil | Nil |
| | | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | NA | NA | NA |
| | | - Percentage of shares (as a % of the total share capital of the company) | NA | NA | NA |
| | | b) Non-Encumbered | | | |
| | | - Number of shares | 1,134,849,460 | 1,134,849,460 | 1,134,849,460 |
| | | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100.00% | 100.00% | 100.00% |
| | | - Percentage of shares (as a % of the total share capital of the company) | 52.01% | 52.02% | 52.02% |

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

| Unaudited Results for the Quarter ended 31st December | | | Unaudited Results for the Nine Months ended 31st December | | Audited Results for the Accounting year ended 31st March 2010 |
|---|----------|--|---|-----------|---|
| 2010 | 2009 | | 2010 | 2009 | 31st March 2010 |
| | | Segment Revenue (Sales and Income from Services) | | | |
| 219,293 | 207,194 | - Soaps and Detergents | 658,677 | 628,716 | 826,564 |
| 165,468 | 137,700 | - Personal Products | 438,504 | 379,269 | 504,790 |
| 60,221 | 55,111 | - Beverages | 171,005 | 157,227 | 214,243 |
| 22,194 | 18,719 | - Processed Foods | 65,254 | 53,321 | 73,078 |
| 4,809 | 3,675 | - Ice Creams | 20,764 | 17,570 | 23,100 |
| 29,091 | 26,527 | - Exports | 82,038 | 74,974 | 100,525 |
| 11,105 | 9,583 | - Others (includes Chemicals, Water etc) | 37,635 | 28,229 | 34,672 |
| 512,181 | 458,509 | Total Segment Revenue | 1,473,877 | 1,339,306 | 1,776,972 |
| - | - | Less : Inter segment revenue | - | (385) | (385) |
| 512,181 | 458,509 | Net Segment Revenue | 1,473,877 | 1,338,921 | 1,776,587 |
| | | Segment Results (Profit Before Tax from ordinary activities) | | | |
| 16,933 | 27,845 | - Soaps and Detergents | 66,818 | 93,254 | 118,527 |
| 47,685 | 43,992 | - Personal Products | 112,962 | 102,315 | 129,652 |
| 10,138 | 8,173 | - Beverages | 25,848 | 24,079 | 31,975 |
| (1,606) | (125) | - Processed Foods | 452 | (346) | 444 |
| (58) | (374) | - Ice Creams | 2,022 | 1,426 | 1,269 |
| 2,268 | 753 | - Exports | 6,429 | 4,524 | 5,858 |
| (1,847) | (1,495) | - Others (includes Chemicals, Water etc) | (6,341) | (5,273) | (7,202) |
| 73,513 | 78,769 | Total Segment Results | 208,190 | 219,979 | 280,523 |
| (6) | (19) | Less : Interest Expense | (21) | (684) | (698) |
| 7,483 | 3,816 | Add/(Less) : Other unallocable expenditure net of unallocable income | 12,490 | (14,728) | (3,573) |
| 80,990 | 82,566 | Total Profit Before Tax from ordinary activities | 220,659 | 204,567 | 276,252 |
| | | Capital Employed (Segment assets less Segment liabilities) | | | |
| (53,023) | (26,144) | - Soaps and Detergents | (53,023) | (26,144) | (29,472) |
| (21,912) | (9,110) | - Personal Products | (21,912) | (9,110) | 15,475 |
| 20,768 | 4,403 | - Beverages | 20,768 | 4,403 | 24,965 |
| 3,918 | (1,534) | - Processed Foods | 3,918 | (1,534) | (1,530) |
| 2,957 | 4,578 | - Ice Creams | 2,957 | 4,578 | 4,857 |
| 21,412 | 16,206 | - Exports | 21,412 | 16,206 | 18,892 |
| (4,402) | (9,916) | - Others | (4,402) | (9,916) | (4,997) |
| (30,282) | (21,517) | Total Capital Employed in segments | (30,282) | (21,517) | 28,190 |
| 386,536 | 315,900 | Add : Unallocable corporate assets less corporate liabilities | 386,536 | 315,900 | 230,162 |
| 356,254 | 294,383 | Total Capital Employed in company | 356,254 | 294,383 | 258,352 |

Notes:

1. Net sales grew by 11.6% during the quarter. Domestic Consumer Business (FMCG + Water) grew by 11.8% with a 11.6% growth in HPC and 11.3% growth in Foods businesses.
2. Operating Profit (Profit from Operations before Other Income, Interest and Exceptional Items) for the quarter at Rs. 66865 lakhs (DQ'09: Rs. 74249 lakhs) declined by 9.9%.
3. Profit after tax from ordinary activities before Exceptional Items (refer note 6 below) for the quarter at Rs. 58671 lakhs (DQ'09: Rs. 59915 lakhs) declined by 2.1%.
4. Other Operational Income includes income of Rs. 47 lakhs for DQ'10 (DQ'09: debit of Rs. 1520 lakhs) & credit of Rs. 1793 lakhs for Apr – Dec 10 (Apr- Dec 09 charge of Rs. 5614 lakhs) on account of foreign exchange Mark to Market (MTM) valuation of open forward contracts & monetary items (viz. foreign currency receivables & payables) respectively in line with AS -11.
5. Other income includes interest income, dividend income and net gain on sale of other non trade investments.
6. Exceptional items in DQ'10 include profit on sale of properties Rs.4922 lakhs (DQ'09: Rs. 4952 lakhs), profit on sale of long term trade investments Rs. 1592 lakhs (DQ'09: Rs. Nil), restructuring costs of Rs. 85 lakhs (DQ'09: Rs. 724 lakhs) and profit on transfer of assets to a subsidiary Rs. Nil (DQ'09: Rs 220 lakhs)
7. Taxation for the quarter includes taxation adjustments of previous years amounting to a credit of Rs. 171 lakhs (DQ' 09: credit of Rs. 2334 lakhs). Taxation adjustments of previous years include, where applicable, interest, penalties, write back of excess tax provisions of earlier years, etc.
8. Investor complaints status:
All 25 complaints received during DQ' 10 have been resolved.
No complaints were pending for resolution either at the beginning or at the end of quarter ended 31st December 2010.
9. Previous period figures have been re-grouped/restated wherever necessary to conform to this period's classification.
10. The text of the above statement was approved by the Board of Directors at their meeting held on 25th January, 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: 25th January, 2011

Nitin Paranjpe
Managing Director & CEO

Notes on Segment Information

1. Segment Revenue, Results and Capital Employed figures represents amount identifiable to each of the segments. Other unallocable expenditure net of unallocable income 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 31st December 2010, 31st December 2009 and 31st March 2010. 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.