

## PRESS RELEASE

# Hindustan Unilever Limited – December Quarter 2009 Results

- **Domestic Consumer and FMCG business grows 5%**
  - driven entirely by acceleration in volume growth
- **Underlying Operating Margin improved by 10 bps,**
  - step up in brand investments by 530 bps.
- **Net Profit grows 5.4%**

**Mumbai, January 26<sup>th</sup> 2010:** Hindustan Unilever Limited (HUL) announced its results for December Quarter 2009. Domestic consumer and FMCG sales grew 5%, driven by strong growth in Personal Products, Foods and Water. Underlying volume growth accelerated to 5% in the quarter. Actions to restore competitiveness in Soaps & Mass Laundry yielded positive results, with the Soaps & Detergents segment returning to volume growth during the quarter.

HPC business grew 4% with volume growth in Soaps, Detergents and Personal Products partly offset by price reductions in Laundry. Wheel delivered strong volume growth in Laundry. In Personal wash, relaunched Lux led volume growth and the premium soaps segment (Dove, Pears and Liril) continues to grow strongly.

Personal Products momentum was sustained with 16% growth led by strong volume growth in Hair Care and Skin Care. In the Hair category, Dove grew rapidly across shampoo and conditioners, becoming the No.1 Hair Care brand in Modern Trade. In Skin Care, recently launched Pond's White Beauty, received very good consumer response and FAL 'winter fairness' variant performed well; Pond's Talc and Vaseline grew strongly in the Hand & Body segment. In Oral, both Close Up and Pepsodent delivered volume growth aided by launch of Close Up "Peppermint Splash" and a new "Germicheck" advertising campaign on Pepsodent.

Foods business grew at 9% driven by all three segments – Beverages, Processed Foods and Ice Cream. Beverages was up 8% with all brands growing well. Coffee growth was largely driven by small packs. In Processed Foods, all brands - Kissan, Knorr and Annapurna grew well. Ice-Cream continued its volume led growth and 10 new Swirls parlours were started during the quarter.

Pure-It is making excellent progress and expanding its national franchise through innovation and channel expansion. A value added offering, Pure-It Autofill, was launched during the quarter.

Increased cost savings and buying efficiencies improved Gross Margins and significantly reduced cost of goods sold by 480 bps which were reinvested behind brands. A&P expenditure grew by 66% to support innovations and further strengthen market competitiveness. Underlying operating profit grew 5% and Operating margin excluding mark to market (MTM) accounting impact on forex exposures, improved 10 bps to 16.8%, despite the 530 bps increase in brand investments. Excluding mark to market (MTM), PAT (bei) was flat. Net Profit improved 5% due to exceptional gains from property disposal in the current quarter.

Harish Manwani, Chairman commented: “We are seeing good results from the actions that we have taken to drive growth. Volume growth accelerated in the quarter, backed by quality innovations, increased brand support and continued focus on market execution. We are committed to strengthening our market leadership and will invest appropriately in an increasingly competitive environment.”

### **About Hindustan Unilever Limited**

Hindustan Unilever Limited (HUL) is India's largest Fast Moving Consumer Goods company, touching the lives of two out of three Indians. HUL's mission is to “add vitality to life” through its presence in over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. The company meets everyday needs for nutrition, hygiene, and personal care, with brands that help people feel good, look good and get more out of life.

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Hindustan Unilever Limited  
HINDUSTAN UNILEVER LIMITED

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST DECEMBER 2009

Rs. Lakhs

Unaudited Results for the Quarter ended 31st December			Unaudited Results for the Nine Months ended 31st December		Audited Results for the Fifteen Months & Accounting Year ended 31st March 2009
2009	2008		2009	2008	
450,426	430,771	<b>1.a. Net Sales [sum of (i) to (iv)]</b>	<b>1,320,805</b>	<b>1,248,842</b>	<b>2,023,933</b>
338,913	326,882	i) Domestic FMCG - HPC	995,929	930,701	1,504,257
76,847	70,604	ii) Domestic FMCG - Foods	224,685	198,978	329,299
415,760	397,486	Domestic FMCG - Total ( i+ii)	1,220,614	1,129,679	1,833,556
26,358	26,497	iii) Exports	74,550	95,140	156,729
8,308	6,788	iv) Others	25,641	24,023	33,648
6,897	7,096	<b>1.b. Other Operational Income</b>	<b>13,704</b>	<b>23,789</b>	<b>38,417</b>
457,323	437,867	<b>1. Total Income [1.a. + 1.b.]</b>	<b>1,334,509</b>	<b>1,272,631</b>	<b>2,062,350</b>
383,074	365,522	<b>2. Expenditure [sum of (a) to (g)]</b>	<b>1,132,434</b>	<b>1,088,531</b>	<b>1,777,861</b>
(2,492)	11,675	a) (Increase)/decrease in stock in trade and work in progress	20,633	(14,280)	(42,157)
163,367	168,985	b) Consumption of raw/packing materials	485,711	511,800	841,441
60,233	51,345	c) Purchase of goods	161,862	173,192	284,507
21,201	22,086	d) Employees Cost	69,820	70,424	115,212
4,501	4,057	e) Depreciation/Amortisation	13,374	11,776	19,530
63,288	38,031	f) Advertising & Promotions	176,491	124,124	213,092
72,976	69,343	g) Other expenditure	204,543	211,495	346,236
<b>74,249</b>	<b>72,345</b>	<b>3. Profit from Operations Before Interest and Exceptional Items (1-2)</b>	<b>202,075</b>	<b>184,100</b>	<b>284,489</b>
3,888	3,354	4. Other Income	11,970	16,171	20,555
78,137	75,699	<b>5. Profit before Interest &amp; Exceptional Items (3+4)</b>	<b>214,045</b>	<b>200,271</b>	<b>305,044</b>
19	439	6. Interest expense	684	1,961	2,532
78,118	75,260	<b>7. Profit after Interest but before exceptional Items (5-6)</b>	<b>213,361</b>	<b>198,310</b>	<b>302,512</b>
4,448	(3,849)	8. Exceptional Items - (loss)/gain	(8,794)	8,828	(1,630)
<b>82,566</b>	<b>71,411</b>	<b>9. Profit Before Tax (7+8)</b>	<b>204,567</b>	<b>207,138</b>	<b>300,882</b>
(17,655)	(8,956)	10. Tax expense	(42,861)	(34,204)	(50,356)
64,911	62,455	11. Net Profit After Tax from ordinary activities [9+10]	161,706	172,934	250,526
-	(881)	12. Extraordinary Items (net of tax) - gain/(loss)	377	(881)	(881)
<b>64,911</b>	<b>61,574</b>	<b>13. Net Profit (11+12)</b>	<b>162,083</b>	<b>172,053</b>	<b>249,645</b>
<b>21,814</b>	<b>21,795</b>	<b>14. Paid up Equity Share Capital ( face value Re 1 per share)</b>	<b>21,814</b>	<b>21,795</b>	<b>21,799</b>
		<b>15. Reserves excluding Revaluation Reserve</b>			<b>184,285</b>
		<b>16. Earnings Per Share (EPS) -</b>			
2.98	2.87	Basic Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	7.41	7.93	11.50
2.97	2.86	Diluted Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	7.40	7.92	11.48
2.98	2.83	Basic Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	7.43	7.89	11.46
2.97	2.82	Diluted Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	7.42	7.88	11.44
		<b>17. Public Shareholding</b>			
1,046,592,345	1,044,616,471	- Number of Shares	1,046,592,345	1,044,616,471	1,045,026,617
47.98%	47.93%	- Percentage of Shareholding	47.98%	47.93%	47.94%
		<b>18. Promoters and Promoter Group Shareholding</b>			
		a) Pledged/Encumbered			
		- Number of shares	Nil		Nil
		- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NA		NA
		- Percentage of shares (as a % of the total share capital of the company)	NA		NA
		b) Non-Encumbered			
		- Number of shares	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%
		- Percentage of shares (as a % of the total share capital of the company)	52.02%		52.06%

**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 Fifteen Months & Accounting Year ended 31st March 2009
2009	2008		2009	2008	Rs. Lakhs
		<b>Segment Revenue (Sales and Income from Services)</b>			
207,194	212,342	- Soaps and Detergents	628,716	613,016	988,463
137,700	119,234	- Personal Products	379,269	330,996	538,453
55,111	51,063	- Beverages	157,227	137,420	229,951
18,719	17,145	- Processed Foods	53,321	49,533	80,830
3,675	3,427	- Ice Creams	17,570	15,288	23,531
26,527	26,677	- Exports	74,974	95,630	157,608
9,583	7,387	- Others (includes Chemicals, Water etc)	28,229	24,935	35,855
458,509	437,275	<b>Total Segment Revenue</b>	1,339,306	1,266,818	2,054,691
-	(176)	Less : Inter segment revenue	(385)	(428)	(792)
458,509	437,099	<b>Net Segment Revenue</b>	1,338,921	1,266,390	2,053,899
		<b>Segment Results ( Profit Before Tax from ordinary activities)</b>			
27,845	35,010	- Soaps and Detergents	93,254	91,569	148,173
43,992	39,141	- Personal Products	102,315	94,421	142,896
8,173	6,512	- Beverages	24,079	18,915	30,815
(125)	(390)	- Processed Foods	(346)	249	145
(374)	(284)	- Ice Creams	1,426	1,299	862
753	1,555	- Exports	4,524	7,605	10,820
(1,495)	(2,546)	- Others (includes Chemicals, Water etc)	(5,273)	(7,973)	(13,447)
78,769	78,998	<b>Total Segment Results</b>	219,979	206,085	320,264
(19)	(439)	Less : Interest Expense	(684)	(1,961)	(2,532)
3,816	(7,148)	Add/(Less) : Other unallocable expenditure net of unallocable income	(14,728)	3,014	(16,850)
82,566	71,411	<b>Total Profit Before Tax from ordinary activities</b>	204,567	207,138	300,882
		<b>Capital Employed (Segment assets less Segment liabilities)</b>			
(26,144)	48,897	- Soaps and Detergents	(26,144)	48,897	59,349
(9,110)	7,998	- Personal Products	(9,110)	7,998	2,294
4,403	12,092	- Beverages	4,403	12,092	32,661
(1,534)	3,703	- Processed Foods	(1,534)	3,703	4,403
4,578	5,094	- Ice Creams	4,578	5,094	4,610
16,206	28,931	- Exports	16,206	28,931	32,099
(9,916)	(8,148)	- Others	(9,916)	(8,148)	(5,063)
(21,517)	98,567	<b>Total Capital Employed in segments</b>	(21,517)	98,567	130,353
315,900	169,420	Add : Unallocable corporate assets less corporate liabilities	315,900	169,420	75,798
294,383	267,987	<b>Total Capital Employed in company</b>	294,383	267,987	206,151

**Notes:**

1. Net sales grew by 4.6% during the quarter. FMCG sales grew by 4.6% with a 3.7% growth in HPC and 8.8% growth in Foods businesses.
2. Operating Profit (Profit from Operations before Interest and Exceptional Items) for the quarter at Rs. 74249 lakhs (DQ'08: Rs. 72345 lakhs) grew by 2.6%.
3. Profit after tax from ordinary activities before Exceptional Items (refer note 6 below) and Forex MTM (refer note 4 below) for the quarter at Rs. 60918 lakhs (DQ'08: Rs. 60883 lakhs) grew by 0.1 %.
4. Other Operational Income includes charge of Rs. 1520 lakhs for DQ'09 (DQ'08: credit of Rs. 520 lakhs) & charge of Rs. 5614 lakhs for Apr – Dec 09 (Apr- Dec 08: credit of Rs. 5161 lakhs) on account of foreign exchange Mark to Market (MTM) valuation of open forward contracts & monetary items (viz. foreign currency receivables & payables) 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'09 include profit on sale of properties Rs.4952 lakhs (DQ'08: Rs. 885 lakhs), profit on transfer of assets to a subsidiary Rs. 220 lakhs (DQ'08: Rs. nil), restructuring costs (net) of Rs. 724 lakhs (DQ'08: Rs. 4064 lakhs) and provision for write down of advances in a subsidiary Rs. nil (DQ' 08: Rs. 670 lakhs)
7. Extraordinary item (net of tax) for the quarter include provision for diminution in value of investment in a subsidiary Rs. nil (DQ' 08: Rs.980 lakhs) and profit on disposal of a brand Rs. nil (DQ'08: Rs. 99 lakhs).
8. Taxation for the quarter includes taxation adjustments of previous years amounting to a credit of Rs. 2334 lakhs (DQ' 08: credit of Rs. 5241 lakhs ). Taxation adjustments of previous years include, where applicable, interest, penalties, write back of excess tax provisions of earlier years, etc.
9. Investor complaints status:  
All 19 complaints received during DQ' 09 have been resolved.  
No complaints were pending for resolution either at the beginning or at the end of quarter ended 31st December 2009.
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 26<sup>th</sup> January, 2010.

**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: 26th January, 2010

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 31<sup>st</sup> December 2009, 31<sup>st</sup> December 2008 and 31st March 2009. 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.