

Hindustan Unilever Limited – September Quarter 2010 Results

14% volume growth drives top line

- Strong 11% sales growth in Domestic Consumer Business
- PAT (bei) grew 7%; Net Profit Rs.566 crore, up by 32%
- Interim Dividend of Rs.3 per share

Mumbai, October 25th 2010: Hindustan Unilever Limited (HUL) announced its results for September Quarter 2010. Net Sales grew 10.7% during the quarter, driven by strong underlying volume growth of 14% in Domestic Consumer business. Growth was broad based across Home and Personal Care (HPC) and Foods - ahead of the market in aggregate.

HPC business grew 9% with good growth across the portfolio. Laundry & Personal Wash grew ahead of the market. In Laundry, market leadership was strengthened with all the three brands growing volume; Rin delivered double digit sales growth, driven by the relaunch in the previous quarter. The Personal Wash portfolio grew across all segments and Lifebuoy was relaunched with superior germ protection.

Personal Products grew by 15% - the sixth consecutive quarter of double digit volume led growth. Successful innovations and strong performance in new emerging segments sustained growth in Skin Care. In the male grooming segment, recent launches of Vaseline Menz and Fair & Lovely Max Fairness performed well. Sales in Facial Cleansing doubled during the quarter with deployment of the full multi-brand portfolio. Pond's White Beauty and Vaseline Healthy White continued to deliver robust sales growth. Hair category continued to grow strongly, powered by double digit volume growth. Growth in Oral Care was led by volumes across both the brands.

Foods business grew 13% driven by Beverages and Ice Cream growing by 9% and Processed Foods growing by 26%. High cost inflation led to some down trading in the tea market, while growth in coffee was robust. Kissan and Knorr grew rapidly with strong volume growth momentum. Knorr Soupy Noodles is being rolled out nationally and consumer response continues to be extremely positive.

Pureit continued to build its strong nationwide franchise and now protects over 4.5 million households with safe drinking water. The brand portfolio was expanded with launch of fully automatic water purifier, Pureit "Marvella" in the premium segment and the portfolio now effectively covers the various price segments of the market, with offerings ranging from Rs 1000 to Rs.6900.

Despite significant rise in input cost, increase in cost of goods sold (COGS) was contained at 20bps through buying efficiencies and cost savings programmes. Competitive levels of advertising along with investment to drive emerging categories, led to 90 bps increase in advertising spends. A&P increased by 30 bps to 13.8% of sales. Increase in COGS, higher investment in A&P and higher cost of packaging moulds to support the step up in innovation activity, led to a 170bps decline in operating margin.

PBIT declined marginally by 2.3%. Improved cash flow and effective treasury management resulted in financial income increasing by Rs.30 crores. Consequently, Profit after Tax but before exceptional items (PAT (bei)) grew by 6.8%. Exceptional gains of Rs.40 crores in the current period, compared to exceptional costs of Rs 135 crores in the previous year, led to 32.1% growth in Net Profit.

The Board of Directors have declared an interim dividend of Rs.3 per share for the accounting year ending March 31, 2011.

Harish Manwani, Chairman commented: "Our domestic consumer business has delivered double digit underlying volume growth for the third quarter in a row. This has been led by bigger and better innovations supported by strong execution in the market. We continue to strengthen our core business while at the same time leading market development in emerging categories."

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER, 2010

Rs. Lakhs

Unaudited Results for the Quarter ended 30th September			Unaudited Results for the Six Months ended 30th September		Audited Results for the Accounting year ended
2010	2009		2010	2009	31st March 2010
468,087	422,811	1.a. Net Sales from Operations [sum of (i) to (iv)]	947,476	870,379	1,752,380
344,567	316,434	i) Domestic FMCG - HPC	702,884	657,016	1,314,964
83,232	73,554	ii) Domestic FMCG - Foods	167,438	147,838	306,236
427,799	389,988	Domestic FMCG - Total (i+ii)	870,322	804,854	1,621,200
26,321	22,634	iii) Exports	52,619	48,192	100,017
13,967	10,189	iv) Others	24,535	17,333	31,163
8,380	4,112	1.b. Other Operating Income	16,612	6,807	20,153
476,467	426,923	1. Total Income [1.a. + 1.b.]	964,088	877,186	1,772,533
417,315	366,351	2. Expenditure [sum of (a) to (g)]	842,192	749,360	1,515,939
(10,344)	409	a) (Increase)/decrease in stock in trade and work in progress	763	23,125	(2,272)
179,951	164,692	b) Consumption of raw/packing materials	348,277	320,824	660,887
68,692	49,311	c) Purchase of goods	133,919	101,629	229,174
24,501	23,579	d) Employees Cost	49,562	48,619	93,630
5,537	4,624	e) Depreciation/Amortisation	10,887	8,873	18,403
64,648	57,092	f) Advertising & Promotions	139,769	113,203	239,143
84,330	66,644	g) Other expenditure	159,015	133,087	276,974
59,152	60,572	3. Profit from Operations Before Other Income, Interest and Exceptional Items (1-2)	121,896	127,826	256,594
7,682	4,728	4. Other Income	11,895	8,082	14,811
66,834	65,300	5. Profit before Interest & Exceptional Items (3+4)	133,791	135,908	271,405
7	148	6. Interest expense	15	665	698
66,827	65,152	7. Profit after Interest but before exceptional Items (5-6)	133,776	135,243	270,707
4,044	(13,518)	8. Exceptional Items - (loss)/gain	5,894	(13,242)	5,545
70,871	51,634	9. Profit from Ordinary Activities Before Tax (7+8)	139,670	122,001	276,252
(14,259)	(8,781)	10. Tax expense	(29,737)	(25,206)	(61,637)
56,612	42,853	11. Net Profit from ordinary Activities After Tax [9+10]	109,933	96,795	214,615
-	-	12. Extraordinary Items (net of tax Rs. Nil; Apr-Sep 09: Rs.111 Lakhs) - gain/(loss)	-	377	5,588
56,612	42,853	13. Net Profit for the period (11+12)	109,933	97,172	220,203
21,821	21,809	14. Paid up Equity Share Capital (face value Re 1 per share)	21,821	21,809	21,817
		15. Reserves excluding Revaluation Reserve			236,468
		16. Earnings Per Share (EPS) -			
2.59	1.96	Basic Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	5.04	4.44	9.84
2.59	1.96	Diluted Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	5.03	4.43	9.83
2.59	1.96	Basic Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	5.04	4.46	10.10
2.59	1.96	Diluted Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	5.03	4.45	10.08
		17. Public Shareholding			
1,047,270,342	1,046,048,640	- Number of Shares	1,047,270,342	1,046,048,640	1,046,837,321
47.99%	47.96%	- Percentage of Shareholding	47.99%	47.96%	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%	52.04%	52.02%

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

Rs. Lakhs

Unaudited Results for the Quarter ended 30th September			Unaudited Results for the Six Months ended 30th September		Audited Results for the Accounting year ended
2010	2009		2010	2009	31st March 2010
		Segment Revenue (Sales and Income from Services)			
212,938	200,369	- Soaps and Detergents	439,384	421,522	826,564
136,485	119,018	- Personal Products	273,036	241,569	504,790
57,000	52,158	- Beverages	110,784	102,116	214,243
21,949	17,392	- Processed Foods	43,060	34,602	73,078
5,491	5,036	- Ice Creams	15,955	13,895	23,100
26,470	22,700	- Exports	52,947	48,447	100,525
15,271	10,705	- Others (includes Chemicals, Water etc)	26,530	18,646	34,672
475,604	427,378	Total Segment Revenue	961,696	880,797	1,776,972
-	-	Less : Inter segment revenue	-	(385)	(385)
475,604	427,378	Net Segment Revenue	961,696	880,412	1,776,587
		Segment Results (Profit Before Tax from ordinary activities)			
25,010	27,262	- Soaps and Detergents	49,885	65,409	118,527
31,398	31,337	- Personal Products	65,277	58,323	129,652
8,757	8,873	- Beverages	15,710	15,906	31,975
1,003	(93)	- Processed Foods	2,058	(221)	444
548	252	- Ice Creams	2,080	1,800	1,269
1,892	1,717	- Exports	4,161	3,771	5,858
(1,833)	(984)	- Others (includes Chemicals, Water etc)	(4,494)	(3,778)	(7,202)
66,775	68,364	Total Segment Results	134,677	141,210	280,523
(7)	(148)	Less : Interest Expense	(15)	(665)	(698)
4,103	(16,582)	Add/(Less) : Other unallocable expenditure net of unallocable income	5,008	(18,544)	(3,573)
70,871	51,634	Total Profit Before Tax from ordinary activities	139,670	122,001	276,252
		Capital Employed (Segment assets less Segment liabilities)			
(56,712)	(9,556)	- Soaps and Detergents	(56,712)	(9,556)	(29,472)
(17,077)	(15,300)	- Personal Products	(17,077)	(15,300)	15,475
3,504	(882)	- Beverages	3,504	(882)	24,965
264	(740)	- Processed Foods	264	(740)	(1,530)
2,188	3,746	- Ice Creams	2,188	3,746	4,857
21,949	20,283	- Exports	21,949	20,283	18,892
(6,117)	(13,003)	- Others	(6,117)	(13,003)	(4,997)
(52,001)	(15,452)	Total Capital Employed in segments	(52,001)	(15,452)	28,190
420,841	320,353	Add : Unallocable corporate assets less corporate liabilities	420,841	320,353	230,162
368,840	304,901	Total Capital Employed in company	368,840	304,901	258,352

HINDUSTAN UNILEVER LIMITED**STATEMENT OF ASSETS AND LIABILITIES**

Rs. Lakhs

Particulars	STANDALONE	
	Unaudited as at 30th September, 2010	Unaudited/ Unreviewed as at 30th September, 2009
SHAREHOLDERS' FUND		
(a) Capital	(21,821)	(21,809)
(b) Reserves and Surplus	(347,019)	(283,092)
LOAN FUNDS	-	(3,879)
FIXED ASSETS (including CWIP)	244,654	221,564
INVESTMENTS	218,666	164,463
NET DEFERRED TAX ASSET/(LIABILITY)	23,524	29,020
CURRENT ASSETS, LOAN AND ADVANCES		
(a) Inventories	238,451	193,683
(b) Sundry Debtors	62,825	53,008
(c) Cash and Bank Balances	211,562	171,919
(d) Other Current Assets	4,871	2,374
(e) Loans and Advances	67,418	61,993
Less: Current Liabilities and Provisions	(703,131)	(589,244)

Notes:

1. Net sales grew by 10.7% during the quarter. Domestic Consumer Business (FMCG + Water) grew by 10.5% with a 8.9% growth in HPC and 13.2% growth in Foods businesses.
2. Operating Profit (Profit from Operations before Other Income, Interest and Exceptional Items) for the quarter at Rs. 59152 lakhs (SQ'09: Rs. 60572 lakhs) declined by 2.3%.
3. Profit after tax from ordinary activities before Exceptional Items (refer note 6 below) for the quarter at Rs. 53365 lakhs (SQ'09: Rs. 49972 lakhs) grew by 6.8 %.
4. Other Operating Income includes credit of Rs. 424 lakhs for SQ'10 (SQ'09: charge of Rs. 913 lakhs) & credit of Rs. 1746 lakhs for Apr – Sept 10 (Apr- Sep 09: charge of Rs. 4094 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 SQ'10 include profit on sale of properties Rs. 2556 lakhs (SQ'09: Rs. 3084 lakhs), provision for expenses related to buyback of shares Rs. 271 lakhs (SQ'09: Rs. Nil), profit on sale of long term trade investments Rs. 2030 lakhs (SQ'09: Rs. Nil) and restructuring costs of Rs. 271 lakhs (SQ'09: Rs. 16602 lakhs).
7. Taxation for the quarter includes taxation adjustments of previous years amounting to a credit of Rs. Nil (SQ' 09: credit of Rs. 1820 lakhs). Taxation adjustments of previous years include, where applicable, interest, penalties, write back of excess tax provisions of earlier years, etc.
8. As per the approval of the members dated 26th July, 2010, by way of Postal Ballot, the “Buy-back Scheme” was implemented by the Company from the open market using the nationwide electronic trading facilities of BSE and NSE.

The scheme commenced from 23rd August, 2010. Till 30th September 2010, 200,000 shares were bought back under the scheme for consideration of Rs. 534 lakhs. The average price was Rs. 266.75 per share.

9. Investor complaints status:
All 25 complaints received during September Quarter 2010 have been resolved.
No complaints were pending for resolution either at the beginning or at the end of quarter ended 30th September 2010.
10. The Board of Directors at their meeting held on 25th October, 2010 have resolved to pay Interim Dividend of Rs.3.00 per share of Re.1/- for the financial year. The dividend will be payable on or after 15th November, 2010.
11. Previous period figures have been re-grouped/restated wherever necessary to conform to this period's classification.
12. The text of the above statement was approved by the Board of Directors at their meeting held on 25th October, 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: 25th October, 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 30th September 2010, 30th September 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.