

Hindustan Unilever Limited – June Quarter 2009 Results

- **FMCG sales and Operating profits grow 13%**
 - **Strong volume growth in Personal Products and Foods**
 - **60bps improvement in operating margins after 180 bps increase in brand investments**
- **PAT before exceptional items and mark-to-market charge grows 7%; PAT (bei) flat**

Mumbai, July 28th 2009: Hindustan Unilever Limited (HUL) announced its results for June Quarter 2009. FMCG maintained strong growth of 13% with underlying volume growth, recovering to 2%. Underlying volume growth in June quarter showed an improvement of 6% compared to March quarter. Net Sales grew 8% with planned reduction in non core exports.

HPC business grew at 12% driven by strong volume growth in Personal Products. Soaps & Detergents grew 10% and Personal Products growth was higher at 15%. Key actions to strengthen competitiveness in Laundry have been implemented; Surf and Rin led category growth, while grammage increases in Wheel to improve consumer value, are taking effect in the market. In Soaps, Lifebuoy and Liril were re-launched during the quarter while Dove continued to grow rapidly. Pricing actions have been implemented at the mass end resulting in strong volume growth in Breeze. Shampoo category performed well with Clinic Plus and Sunsilk driving category growth; Dove shampoo doubled sales and Clinic All Clear was relaunched as Clear. In Skin care, Fair and Lovely continued to drive growth while Vaseline grew on the back of strong volumes; Ponds White Beauty, the premium skin lightening cream, and Vaseline Healthy White body lotion were launched during the quarter, with good consumer response. In Oral, Close Up led category growth. In Personal Products, Hair and Oral gained market shares compared to the previous quarter.

Foods business grew at 17% with growth momentum across all segments. Beverages grew at 19% with all brands growing well. Lipton Yellow Label Tea was relaunched in this quarter. Processed Foods delivered volume led growth of 15%, driven by Kissan and Annapurna. Ice-Creams grew well at 23%, again led by volume. Swirl's Ice Cream Parlours are now present across 65 locations in 18 cities.

Pureit expanded its footprint and has now reached 1500 towns nationally. The business has a strong consumer franchise of 2 million households, and is progressing as per plan.

Lower input costs combined with tight cost management and operating leverage have led to higher operating margins in this quarter. Material costs, including purchased goods, were lower by 110 bps as a % of sales. Our investment behind brands continues with A&P growing by 26%. New launches and higher media investments drove the step-up in A&P spends. PBIT (bei) grew 12.6% with operating margins improving by 60 bps to 15.0%. This quarter had a mark to

market (MTM) charge of Rs 32 crores from restatement of forex exposures at closing exchange rates (JQ'08 gain Rs 25 cr). Excluding the MTM impact, PAT (bei) grew by 7%. On a reported basis, PAT bei was flat while Net Profit declined by -2.7% due to exceptional income in the base.

Mr. Harish Manwani, Chairman commented: "Against the backdrop of a challenging economic environment, we have taken decisive actions to strengthen our competitiveness and execution capabilities in the market place. These have started to show positive results with good volume recovery in Personal Products and Foods. At the same time, significant cost effectiveness measures across the value chain have helped improve operating margins. We will continue to focus on delivering competitive and profitable growth."

About 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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UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2009

	Unaudited Results for the Quarter ended 30th June		Audited Results for the Fifteen Months & Accounting Year ended 31st March 2009
	2009	2008	
	Rs. Lakhs		
1.a. Net Sales [sum of (i) to (iv)]	447,568	415,284	2,023,933
i) Domestic FMCG - HPC	340,582	304,453	1,504,257
ii) Domestic FMCG - Foods	74,284	63,339	329,299
Domestic FMCG - Total (i+ii)	414,866	367,792	1,833,556
iii) Exports	25,558	39,151	156,729
iv) Others	7,144	8,341	33,648
1.b. Other Operational Income	2,695	8,389	36,223
1. Total Income [1.a. + 1.b.]	450,263	423,673	2,060,156
2. Expenditure [sum of (a) to (g)]	383,009	363,927	1,775,667
a) (Increase)/decrease in stock in trade and work in progress	22,716	388	(42,157)
b) Consumption of raw/packing materials	156,949	160,898	841,441
c) Purchase of goods	52,318	59,153	284,507
d) Employees Cost	25,040	25,391	115,212
e) Depreciation/Amortisation	4,249	3,792	19,530
f) Advertising & Promotions	56,111	44,620	213,092
g) Other expenditure	65,626	69,685	344,042
3. Profit from Operations Before Interest and Exceptional Items (1-2)	67,254	59,746	284,489
4. Other Income	3,354	8,078	20,555
5. Profit before Interest & Exceptional Items (3+4)	70,608	67,824	305,044
6. Interest expense	517	872	2,532
7. Profit after Interest but before exceptional Items (5-6)	70,091	66,952	302,512
8. Exceptional Items - (loss)/gain	276	1,804	(1,630)
9. Profit Before Tax (7+8)	70,367	68,756	300,882
10. Tax expense	(16,425)	(12,938)	(50,356)
11. Net Profit After Tax from ordinary activities [9+10]	53,942	55,818	250,526
12. Extraordinary Items (net of tax) - gain/(loss)	377	-	(881)
13. Net Profit (11+12)	54,319	55,818	249,645
14. Paid up Equity Share Capital (face value Re 1 per share)	21,805	21,783	21,799
15. Reserves excluding Revaluation Reserve			184,285
16. Earnings Per Share (EPS) -			
Basic Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	2.47	2.56	11.50
Diluted Earnings per Share of Re 1 (before Extraordinary Items) - Rs.	2.47	2.56	11.48
Basic Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	2.49	2.56	11.46
Diluted Earnings per Share of Re 1 (after Extraordinary Items) - Rs.	2.49	2.56	11.44
17. Public Shareholding			
- Number of Shares	1,045,690,600	1,043,491,536	1,045,026,617
- Percentage of Shareholding	47.96%	47.90%	47.94%
18. Promoters and Promoter Group Shareholding			
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)	52.04%		52.06%

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

	Rs. Lakhs		
	Unaudited Results for the Quarter ended 30th June		Audited Results for the Fifteen Months & Accounting Year ended
	2009	2008	31st March 2009
Segment Revenue (Sales and Income from Services)			
- Soaps and Detergents	221,153	202,049	988,056
- Personal Products	122,551	106,800	536,744
- Beverages	49,958	42,140	229,446
- Processed Foods	17,210	14,999	81,070
- Ice Creams	8,859	7,200	23,514
- Exports	25,747	39,343	157,570
- Others (includes Chemicals, Water etc)	7,941	8,465	36,097
Total Segment Revenue	453,419	420,996	2,052,497
Less : Inter segment revenue	(385)	(87)	(792)
Net Segment Revenue	453,034	420,909	2,051,705
Segment Results (Profit Before Tax from ordinary activities)			
- Soaps and Detergents	38,147	29,714	148,173
- Personal Products	26,986	29,730	142,896
- Beverages	7,033	6,148	30,815
- Processed Foods	(128)	378	145
- Ice Creams	1,548	1,371	862
- Exports	2,054	2,882	10,820
- Others (includes Chemicals, Water etc)	(2,794)	(2,540)	(13,447)
Total Segment Results	72,846	67,683	320,264
Less : Interest Expense	(517)	(872)	(2,532)
Add/(Less) : Other unallocable expenditure net of unallocable income	(1,962)	1,945	(16,850)
Total Profit Before Tax from ordinary activities	70,367	68,756	300,882
Capital Employed (Segment assets less Segment liabilities)			
- Soaps and Detergents	8,050	20,090	59,349
- Personal Products	(11,984)	9,971	2,294
- Beverages	18,078	7,775	32,661
- Processed Foods	(1,158)	3,356	4,403
- Ice Creams	4,029	4,177	4,610
- Exports	22,412	35,283	32,099
- Others	(7,290)	(2,689)	(5,063)
Total Capital Employed in segments	32,137	77,963	130,353
Add : Unallocable corporate assets less corporate liabilities	229,356	72,062	75,798
Total Capital Employed in company	261,493	150,025	206,151

Notes:

1. Net sales grew by 7.8 % during the quarter. FMCG sales grew by 12.8% with a 11.9% growth in HPC and 17.3% growth in Foods businesses.
2. Operating Profit (Profit from Operations before Interest and Exceptional Items) for the quarter at Rs. 67254 lakhs (JQ'08: Rs. 59746 lakhs) grew by 12.6%.
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. 55859 lakhs (JQ'08: Rs. 52350 lakhs) grew by 6.7%.
4. Other Operational Income includes charge of Rs. 3181 lakhs for JQ'09 (JQ'08: credit of Rs. 2479 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 JQ'09 include profit on sale of properties Rs. 518 lakhs (JQ'08: Rs. 1449 lakhs) and restructuring costs of Rs. 242 lakhs (JQ'08: Rs. 1531 lakhs) & profit on sale of long term trade investment Rs. Nil (JQ 08: Rs. 1886 lakhs).
7. Extraordinary item – net of tax (Rs. 377 lakhs) for the quarter is on account of profit arising on disposal of a subsidiary, Shamnagar Estates Private Limited (Shamnagar Property).
8. The Finance (No. 2) Bill 2009, which was introduced in the Parliament on July 6, 2009 has proposed abolishment of Fringe Benefit Tax. Consequently, no Fringe Benefit Tax has been provided in the current quarter.
9. Investor complaints status
All 20 complaints received during JQ' 09 have been resolved to the satisfaction of the investors.
No complaints were pending for resolution either at the beginning or at the end of quarter ended 30th June 2009.
10. Consequent to change in accounting year from Calendar Year (January – December) to Financial Year (April – March), JQ 09 is the first quarter of the current year. To enable appropriate comparison, the figures of the corresponding quarter in the previous year are for June Quarter 2008.
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 28th July, 2009.

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

By order of the Board

Place: Mumbai
Date: 28th July, 2009

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 June 2009, 30th June 2008 and 31st March 2009. Unallocated corporate assets less corporate liabilities mainly represent investments of surplus funds.

2. Consequent to change in accounting year from Calendar Year (January – December) to Financial Year (April – March), JQ 09 is the first quarter of the current year. To enable appropriate comparison, the figures of the corresponding quarter in the previous year are for June Quarter 2008.
3. Previous period figures have been re-grouped/restated wherever necessary to conform to this period's classification.