

## HINDUSTAN LEVER LIMITED – March Quarter 2006 RESULTS

- FMCG Sales grow by 18.3%; Total Sales growth at 11.6%
- HPC and Foods grow by 20% and 11% respectively
- PBIT grows 27%; Net Profit increases by 77%

**Mumbai, April 28th, 2006:** Hindustan Lever Limited (HLL) announced its results for March Quarter 2006. Total sales grew by 11.6% while sales growth in domestic FMCG businesses accelerated to 18.3%.

HPC business grew by 20% with good performance across all categories. In the highly competitive Laundry category, all brands recorded a double digit sales growth. Shampoo category also witnessed good sales growth. Strong performance by Lux portfolio helped Soaps category grow well. All brands in Skin category maintained their growth momentum. Consumer relevant innovation and effective market activation continue to be key factors in driving growth. The innovations during the quarter include the re-launch of both Lifebuoy and Sunsilk range, launch of new variants in Dove, launch of Wheel Active Colours and Surf Excel Gentle Wash (liquid) in Laundry, and launch of Close-up Milk Calcium variant.

Foods business grew by 11%. Growth of 5% in Beverages business was driven by good performance in Coffee; Tea recorded only a marginal growth in a declining market. All brands in Processed Foods category recorded a double digit growth. The re-launch of Kissan range with superior mix and new positioning was the significant Innovation in Foods business during this quarter. Ice-cream grew strongly, led by the impulse category.

Input cost pressure continued during the quarter led by crude oil price escalation. The impact of selective price increases, improved sales mix and cost savings resulted in a higher gross margin. In a fiercely competitive market context, a large part of this margin increase was re-deployed in brand investments for driving sales growth. Advertising and Promotion spend for the quarter, therefore, was accelerated and recorded a 45% increase. Profit before Interest and Taxes (PBIT) increased by 27%, as PBIT margin improved from 10.5% of Sales in MQ'05 to 11.9% in the current quarter.

Profit after tax (PAT) grew lower at 13.6%, as a one-off tax credit of Rs 37 crores in MQ'05, significantly reduced the tax charge in the base. Underlying PAT increased by 34.5%. Net profit, after considering the exceptional items, mainly relating to disposal of Nihar, was higher by 77%.

Mr. Harish Manwani, Chairman commented: "Growth momentum in FMCG markets has sustained, and we continue to grow ahead of the market. We have registered robust sales growth across categories, including in the highly competitive categories of Laundry and Shampoo. We remain on course in terms of strengthening our brand portfolio and improving our competitiveness in the market place. We will continue to judiciously use the levers of pricing, cost management and brand investment to sustain profitable growth."

## **About HLL**

HLL is India's largest Fast Moving Consumer Goods company, touching the lives of two out of three Indians. HLL'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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