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## HINDUSTAN UNILEVER SALES RISE 16%, NET PROFIT UP 12% IN Q3

# HUL Bullish on Volume Growth Revival

Rural slump bottoming out, says MD Sanjiv Mehta; CFO feels worst of inflation over

### Fuller Basket

	Oct-Dec 2022	Oct-Dec 2021	Growth
Sales (₹ cr)	14,986	12,900	16%
PAT (₹ cr)	2,505	2,243	12%
Ebitda Margin (%)	23.6	25.4	-180 bps

**Royalty Increase:** Staggered hike in effective rate over 3 years from 2.65% to 3.45% of turnover



### Our Bureau

**Mumbai:** Hindustan Unilever (HUL) on Thursday said the rural slowdown is bottoming out and the worst of inflation is likely over, setting the stage for a revival in volume growth after India's biggest consumer goods company posted a 16% jump in sales in the December quarter.

"Across the country, people are spending, but because inflation has been so high, they have had to cut back on volumes, which is completely understandable," said Sanjiv Mehta, managing director of HUL, adding that the overall market value growth is at 6-8%. "So, if inflation comes down, then we certainly believe volume growth will come back."

Mehta said demand has recovered both sequentially and year-on-year, especially in rural areas. HUL's volumes, or the number of products it sells, rose 5% in the third quarter, indicating the bulk of its revenue expansion was due to price hikes and not increased demand.

The company's sales rose to ₹14,986 crore, from ₹12,900 crore a year earlier, while net profit grew 12% to ₹2,505 crore from ₹2,243 crore a year ago.

Over the past decade, sales of branded daily needs goods have increasingly relied on rural India, where purchase behaviour is largely linked to farm output.

**Rural Green Shoots: Mehta >> 4**

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# Rural Green Shoots: Mehta

## ►► From Page 1

1

Citing Nielsen data, Hindustan Unilever said the fast-moving consumer goods (FMCG) market in rural areas expanded 4.8% in value during the December quarter, but volumes fell 6.6%. This is an improvement from June and July, when the market declined 2% and 1%, respectively, in value, it said.

“Still, it is much lower, but we are looking at green shoots and instead of dete-

riorating, it has started improving; albeit, it is too early to declare victory,” Mehta said. “Clearly, we are looking at things which are improving. But there is a long way to go before volume and rural markets become positive.”

HUL’s performance is considered a proxy for the broader consumer sentiment in India.

### MARGIN PRESSURE

The maker of Rin detergent and Dove be-

auty bar expects inflation to moderate somewhat but remain higher than a year ago, so growth will continue to be priced. HUL’s net material inflation was 18% in the December quarter, lower by 400 basis points compared to the September quarter. “The unprecedented inflation the FMCG industry witnessed is gradually moderating from its peak,” said Ritesh Tiwari, chief financial officer at HUL. “We believe the worst of inflation is likely behind us and should aid in gradual recovery in consumer demand.”

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