

# HUL Q4 net up 5%; annual turnover crosses ₹50K cr

Revenue jumps 10.7%; but FMCG major says margins will fall in short term

SHARLEEN D'SOUZA  
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**H**industan Unilever (HUL), the country's largest fast-moving consumer goods (FMCG) major, posted numbers in-line with Street expectations in the March quarter of financial year 2021-22 (Q4FY22) as its annual turnover crossed the ₹50,000 crore-mark.

Its net profit rose 5.4 per cent year-on-year (YoY) to ₹2,304 crore, compared with ₹2,186 crore in the year-ago period. Revenue rose 10.7 per cent YoY to ₹13,767 crore in Q4, as against ₹12,433 a year ago.

HUL's reported numbers were better than industry growth. The company's volume growth was flat in the quarter compared with a contraction of 8 per cent for the industry.

"We expect more inflation sequentially and will dynamically manage our business, we will continue to drive savings harder and take calibrated pricing actions while protecting and growing our consumer franchise. Our margins will decline in the short term as price versus cost gap increases," Ritesh Tiwari, HUL's chief financial officer, said in the company's post results press conference.

During the quarter, the company saw its PBIDT (profit before income, depreciation and tax) margins decline by 80 basis points



## GOING STRONG

Consolidated figures in ₹ crore

	Q4FY21	Q4FY22	Change YoY %
Revenue	12,433	13,767	10.7
Other income	109	79	-27.5
PBIDT	3,152	3,380	7.2
PBIDTM %	25.4	24.6	-80 bps
PBT	2,875	3,064	6.6
Net profit <sup>#</sup>	2,186	2,304	5.4

<sup>#</sup> Attributable to the owners  
Source: Company

Compiled by BS Research Bureau

(bps) to 24.6 per cent.

The home care category jumped 24 per cent, while beauty and personal care grew 4 per cent. "Skin cleansing delivered double-digit growth, driven by pricing and led by strong performance in Lux, Dove and Pears," the firm said.

HUL's foods and refreshments category grew 5 per cent in Q4, aided by beverages and ice-cream.

The company said in its presentation that the net material inflation has risen 4.5 times since Q1FY21.

Sanjiv Mehta, HUL's chief executive officer and manag-

ing director, said the company is gaining volume and value share ahead of the market. He also cited NielsenIQ numbers for the quarter that said value growth for the industry stood at 1 per cent, while volumes declined by 8 per cent.

On the firm's outlook, Tiwari said, "Commodity inflation continues to be a significant headwind for the industry. FMCG market growth has slowed down, and volumes declined in the high single digit in March quarter." He added that in light of the high inflation in food items, consumers are prioritising essen-

tials over discretionary items.

Tiwari added that the near-term operating environment remains challenging, inflation is impacting volumes and growth will be predominantly price led.

Even in rural areas, Mehta said value is flat, and volumes are negative. Volumes began contracting in rural areas from last August and that trend continued into Q4. However, Mehta expects rural demand to improve.

He said, "A good harvest, a good rain, better realisation for the farmer, upfront spending by the government with their promise of [₹7.5 trillion] of capital expenditure, all that should augur well for the rural economy." Mehta said, hopefully, the geopolitical situation will also start settling down and commodity prices will begin to cool, adding that the second half of the year should be better.

On urban demand, Mehta said January and February were impacted by the spread of the Omicron variant of the coronavirus, which impacted discretionary spends. But as the economy started opening up in March, discretionary categories witnessed better growth.

The company's market share gains are the highest in a decade, Tiwari said. "We continue to win comprehensively in all three divisions across price segments and regions, both urban and rural," Tiwari said.