



TRANSITION TO IND AS

RELEASED ON 18TH JULY



DISCLAIMER



This Release / Communication, except for the historical information, may contain statements, including the words or phrases such as 'expects, anticipates, intends, will, would, undertakes, aims, estimates, contemplates, seeks to, objective, goal, projects, should' and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. These forward looking statements are based on certain expectations, assumptions, anticipated developments and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, market growth, intense competition and the pricing environment in the market, consumption level, ability to maintain and manage key customer relationship and supply chain sources and those factors which may affect our ability to implement business strategies successfully, namely changes in regulatory environments, political instability, change in international oil prices and input costs and new or changed priorities of the trade. The Company, therefore, cannot guarantee that the forward looking statements made herein shall be realized. The Company, based on changes as stated above, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward looking statements as may be required from time to time on the basis of subsequent developments and events. The Company does not undertake any obligation to update forward looking statements that may be made from time to time by or on behalf of the Company to reflect the events or circumstances after the date hereof.

This presentation has the objective to provide information on the key impacts of transition to Ind AS on the Company's reported equity and reported profit. The information presented in this communication includes the Ind AS restated financial statements based on the principles/interpretations and regulations known to date and may be affected by changes to Ind AS or the interpretation thereof published/notified hereafter.

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HUL IND AS RESTATED STANDALONE B/S AS AT 31.03.2016 (UNAUDITED)



Rs. crores

	Reclass Indian GAAP	Ind AS Adjustments	IND AS
ASSETS			
Non-current assets			
Property, plant and equipment	2,902.75	-	2,902.75
Capital work-in-progress	385.97	-	385.97
Intangible assets	12.00	-	12.00
Financial assets			
Investments	669.03	(350.00)	319.03
Loans	161.97	-	161.97
Others	159.47	-	159.47
Deferred income tax assets (net)	230.86	(63.68)	167.18
Other non-current assets	13.86	-	13.86
Current assets			
Inventories	2,528.35	-	2,528.35
Financial assets			
Investments	2,297.59	163.08	2,460.67
Trade receivables	1,064.63	-	1,064.63
Cash and cash equivalents	635.60	-	635.60
Other bank balances	103.63	-	103.63
Others	2,268.92	3.13	2,272.05
Current tax assets (net)	246.18	-	246.18
Other current assets	464.47	-	464.47
Non-current assets classified as held for sale	21.84	-	21.84
Total assets	14,167.12	(247.47)	13,919.65
EQUITY AND LIABILITIES			
Equity			
Equity share capital	216.39	-	216.39
Other equity	3,470.92	2,591.82	6,062.74
Non-current liabilities			
Financial liabilities - Other financial liabilities	18.72	-	18.72
Provisions	937.79	(344.29)	593.50
Other non-current liabilities	199.54	(16.55)	182.99
Current liabilities			
Financial liabilities			
Trade payables	5,497.91	-	5,497.91
Other financial liabilities	234.10	(3.13)	237.23
Other current liabilities	626.65	-	626.65
Provisions	2,771.76	(2,481.58)	290.18
Current tax liabilities (net)	193.34	-	193.34
Total Equity and Liabilities	14,167.12	(247.47)	13,919.65

Key adjustments

- 1 HURB (management pension and medical benefits) trust investment being netted against provision for employee benefits - Ind AS 19.
- 2 Fair value gains recognised on investments - Ind AS 109.
- 3
 - Reversal of proposed dividend and tax thereon for FY 15-16 (Rs. 2,474.25 cr) - Ind AS 10
 - Consequential impact of Ind AS adjustments recognised in other equity (Rs. 117.57 cr)

HUL IND AS RESTATED STANDALONE P/L FY15-16 (AUDITED)



Rs. crores

	IGAAP	IND AS adjustment	IND AS
Net Sales from Operations (Net of excise duty)	31,425.27	(926.20)	30,499.07
Other Operating Income	561.90	-	561.90
1. Total Income from operations (net)	31,987.17	(926.20)	31,060.97
2. Expenses	26,578.00	(945.42)	25,632.58
Cost of materials consumed	11,267.04	-	11,267.04
Purchases of stock-in-trade	3,951.15	-	3,951.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	87.11	-	87.11
Employee benefits expense	1,592.02	(19.22)	1,572.80
Depreciation and amortisation expense	320.75	-	320.75
Advertising & Promotions	4,526.17	(926.2)	3,599.97
Other expenses	4,833.76	-	4,833.76
3. Profit from operations before other income, finance costs and exceptional items (1-2)	5,409.17	19.22	5,428.39
4. Other income	500.63	63.18	563.81
5. Profit from ordinary activities before finance costs and exceptional items (3+4)	5,909.80	82.40	5,992.20
6. Finance costs	0.18	15.09	15.27
7. Profit from ordinary activities after finance costs but before exceptional items (5-6)	5,909.62	67.31	5,976.93
8. Exceptional Items - net credit/ (charge)	(39.03)	8.23	(30.80)
9. Profit from Ordinary Activities Before Tax (7+8)	5,870.59	75.54	5,946.13
10. Tax expense	1,788.22	21.38	1,809.60
11. Net Profit from Ordinary Activities After Tax (9-10)	4,082.37	54.16	4,136.53
12. Extraordinary Items	-	-	-
13. Net Profit for the period (11+12)	4,082.37	54.16	4,136.53
14. Other Comprehensive Income	-	(11.99)	(11.99)
15. Total Comprehensive Income (13+14)	4,082.37	42.17	4,124.54

Key adjustments

1. Reclassification of a portion of 'Advertising & Sales Promotion' expenses and netting from revenue - including visibility spends, channel spends, sales incentives, other customer reimbursements etc. (Rs. 962.20 cr)
2. Reclassification of net interest cost on plan liabilities from employee benefit expenses to finance cost
3. Fair value gains recognised on financial instruments
4. Items recognised in Other Comprehensive Income:
 - Actuarial loss on employee benefit defined plans of Rs. 16.48 cr was recognised in OCI with consequential deferred tax impact

IND AS IMPACT ON KEY RATIOS FOR FY 15-16



	IGAAP FY 15-16	Ind AS (restated) FY 15-16	Change
Net Sales (Rs cr.)	31,425	30,499	- 926
PBIT (Rs cr.)	5,409	5,433	+ 25
Net Profit (Rs cr.)	4,083	4,136	+ 55
PBIT margin (%)	17.21 %	17.81 %	+ 60 bps
Net Profit margin (%)	12.99 %	13.56 %	+ 57 bps
* A&P % Sales	14.40 %	11.80 %	- 260 bps

NOTE:

- The above impact summary has been prepared based on the format of the SEBI circular CIR/CFD/CMD/15/2015 dated 30.11.2015
- Excise duty has been considered net of revenue as per the SEBI format for JQ'16

* A&P – Advertising and promotion

IND AS IMPACT ON JQ'16 RESULTS



Revenue adjustments	JQ'15	JQ'16
Revenue under IGAAP	7,973.37	8,202.12
Less : A&P expenses net off from revenue	(260.66)	(214.38)
Ind AS Revenue	7,712.71	7,987.74

A&P adjustments	JQ'15	JQ'16
A&P expenses under IGAAP	1,153.39	1,094.13
Less : A&P expenses net off from revenue	(260.66)	(214.38)
Ind AS A&P expenses	892.73	879.75

Net Profit Reconciliation	JQ'15	JQ'16
Net Profit for the period (as per IGAAP)	1,059.14	1,161.73
Benefit/(Charge):		
Change in employee benefits expense from fair valuing share based payments	0.41	(0.51)
Income accounted from unrecognised Plan asset in IGAAP reversed in Ind AS	(5.58)	-
Expected return on Plan assets now recognised in Ind AS	7.28	5.91
Fair value gains on financial instruments	14.35	16.39
Unwinding of discounted non-current provisions/liabilities	(1.13)	(4.04)
Deferred Tax impact of above adjustments	(5.31)	(6.14)
Net profit for the period (as per Ind AS)	1,069.16	1,173.34

* A&P – Advertising and promotion

IND AS TRANSITION : KEY IMPACTS



	JQ '15			JQ '16
	IGAAP	Ind AS	Change	Ind AS
Net Sales (Rs cr.)	7973	7713	-261	7988
PBIT margin (%)	17.95%	18.63%	+ 68 bps	19.31%
Net Profit margin (%)	13.28%	13.86%	+58 bps	14.70%
* A&P % Sales	14.47%	11.57%	-289 bps	11.01%

* A&P – Advertising and Promotion

NOTE:

- The above impact summary has been prepared based on the format of the SEBI circular CIR/CFD/CMD/15/2015 dated 30.11.2015
- Excise duty has been considered net of revenue as per the SEBI format for JQ'16

HUL IND AS TRANSITION : POINTS TO NOTE



1 Relaxations provided by SEBI (5th July '16) not availed

	SEBI Relaxation	Details	Published by HUL
1	Quarter Comparatives	Mandatory only for corresponding quarter of PY	All quarters published
2	FY15-16 (YTD) Comparatives	Mandatory only in MQ'17	Published
3	Limited Review for PY quarters	Mandatory from DQ'16	Completed
4	Audit for FY 15-16 (YTD)	Mandatory only in MQ'17	Completed

2 Excise duty treatment to change end of year

- **JQ, SQ & DQ'16 - As per SEBI circular dated 30-Nov-2015**
 - Excise duty will be shown *net of revenue*
- **MQ'17 - As per Schedule III of Companies Act,2013**
 - Excise duty *will be grossed in revenue and shown as cost of goods sold*

SEGMENTAL CHANGE



Unilever

Old Segments	New Segments
Soaps and Detergents <ul style="list-style-type: none"> Fabric Wash Household Care <u>Personal Wash</u> 	<ul style="list-style-type: none"> Fabric Wash Household Care <u>Water</u> Home Care
Personal Products <ul style="list-style-type: none"> Oral Skin Care Hair Care Deodorant Color Cosmetics 	<ul style="list-style-type: none"> <u>Personal Wash</u> Oral Skin Care Hair Care Deodorant Color Cosmetics Personal Care
Packaged Foods <ul style="list-style-type: none"> Foods Popular Foods <u>Modern Foods</u> <u>Ice Cream & Frozen Desserts</u> 	<ul style="list-style-type: none"> Foods Popular Foods Foods
Beverages <ul style="list-style-type: none"> Tea Coffee 	<ul style="list-style-type: none"> Tea Coffee <u>Ice Cream & Frozen Desserts</u> Refreshment
Others <ul style="list-style-type: none"> <u>Water</u> Infant & feminine care Exports 	<ul style="list-style-type: none"> Infant & Feminine Care Exports <u>Modern Foods</u> Others

Change in segments is in line with the recent change in the organisation structure of the Company and in accordance with the principles of Ind AS 108 – ‘Operating Segments’

OLD SEGMENTS AS REPORTED EARLIER



Categories	Revenue Growth (IGAAP)				
	JQ 15	SQ 15	DQ 15	MQ 16	FY 15-16
Soaps & Detergents	0.2%	1.6%	0.8%	2.1%	1.2%
Personal Products	11.4%	9.5%	5.6%	2.8%	7.2%
Beverages	9.4%	5.9%	7.0%	6.1%	7.1%
Packaged Foods	11.8%	12.4%	11.8%	11.7%	11.9%
Others	3.1%	-10.4%	-16.7%	2.9%	-6.0%

Categories	IGAAP Segmental Margins				
	JQ 15	SQ 15	DQ 15	MQ 16	FY 15-16
Soaps & Detergents	15.5%	12.8%	14.0%	14.52%	14.2%
Personal Products	29.6%	26.1%	28.9%	29.5%	28.5%
Beverages	15.7%	14.5%	17.6%	19.2%	16.8%
Packaged Foods	8.9%	5.3%	3.2%	5.7%	6.0%
Others	-1.5%	3.2%	-12.0%	-2.6%	-3.0%

SEGMENTAL CHANGE IMPACT



Categories	Revenue Growth (<u>IGAAP</u>)				
	JQ 15	SQ 15	DQ 15	MQ 16	FY 15-16
Home Care	2.5%	3.4%	2.4%	4.3%	3.1%
Personal Care	5.4%	4.7%	2.0%	1.5%	3.4%
Foods	13.3%	13.1%	13.1%	10.0%	12.3%
Refreshment	9.9%	7.0%	7.7%	9.2%	8.5%
Others	2.3%	-8.2%	-6.8%	-6.1%	-5.1%

Categories	<u>Ind AS</u> Segmental Margins				
	JQ 15	SQ 15	DQ 15	MQ 16	FY 15-16
Home Care	12.1 %	9.4 %	10.0 %	12.2 %	10.9 %
Personal Care	26.7 %	23.8 %	26.1 %	25.7 %	25.6 %
Foods	8.4 %	6.1 %	12.8 %	13.5 %	10.3 %
Refreshment	15.8 %	13.9 %	15.1 %	16.9 %	15.4 %
Others	-0.9 %	1.7 %	-2.4 %	4.7 %	0.9 %



THANK YOU