

## Early 2021 consumption boom boosts HUL profit

### Bloomberg

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**MUMBAI:** Hindustan Unilever Ltd (HUL) posted a better-than-expected quarterly profit, boosted by a consumption boom early this year—a period of relative calm before a deadly second wave started devastating the country.

HUL, Asia's biggest maker of personal care products by market value, posted a 41% jump in net income to ₹2,140 crore in the quarter ended March 31, according to an exchange filing on Thursday. That beat the ₹1,970 crore profit forecast by analysts surveyed by *Bloomberg*. Revenue rose 34% to ₹11,950 crore.

The maker of Dove soaps and Cornetto ice-creams, benefited from a shopping spree in the first three months of this year, when new Covid-19 infections had ebbed to less than 20,000 cases on most days. Indians also started filling up malls and restaurants, coming out in large numbers after being grounded for weeks in the world's largest lockdown last year.

"It's been a very strong performance in a very challenging year," Srinivas Phatak, the outgoing chief financial officer, said during a briefing. "Big brands grow faster in this pandemic."

Hindustan Unilever's shares rose as much as 1.8% in Mumbai after the results were announced, before giving up the day's gains almost entirely by the



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time markets stopped trading.

With India now battling a record-breaking 3,00,000-plus Covid-19 cases every day for the past week and its central bank warning of possible supply chain disruptions, management and analysts see headwinds ahead.

While the Narendra Modi-led government has not indicated a repeat of last year's strict action, various states have been imposing lockdown-like restrictions to curb the virus. A national lockdown last year pummeled Hindustan Unilever's earnings. Rising costs of items ranging from palm oil and tea have also had an impact on the company's margins, Jefferies analysts wrote in a report on Thursday.

"We have a middling scenario where we have restrictions, activity is restrained, but at the same time the government is unable to completely contain the numbers—they continue to go

up at a pretty alarming rate," Barclays Plc chief India economist Rahul Bajoria said in an interview with Bloomberg TV on Tuesday.

HUL's factories and supply lines are still running, even though a number of employees have been infected, chairman and managing director Sanjiv Mehta told reporters.

During "the last two weeks there has been turbulence, but not as bad as last April," he said. "It's too early to say what impact it will have."

Mehta said HUL is also looking to pay to inoculate the 3,00,000 employees and "people in our ecosystem" as infection and death rates across India continue to rise to unprecedented levels and crack the country's health system. The company said 90% of its staff who are eligible have had at least one dose so far.