

2nd wave impact not very bad: HUL

No disruption yet to manufacturing units, supply chains, says CMD Sanjiv Mehta

OUR BUREAU

Mumbai, April 29

With all its units running and supply chains intact, India's largest FMCG company Hindustan Unilever Ltd on Thursday said that it remains very bullish on India's growth story. The disruption in business is not as severe as what the company experienced last year. While it had to shut most of its factories last year, HUL has not closed any of its manufacturing units in the Covid-19 second wave-induced localised lockdowns.

"I firmly believe it is not going to be as bad as what happened in the June quarter of last year. All our factories are running. Right now, supply chains are running and even in places where there are localised lockdowns, stores are open in most places. So, the business, albeit impacted to some extent, is still running," said Sanjiv Mehta, Chairman and Managing Director, HUL India, while announcing the company's fourth quarter numbers.

Posts 45% rise in profit

HUL posted a consolidated net profit of ₹2,191 crore three-month period ended March 31, 2021, a 45 per cent increase over the corresponding quarter last year. Domestic consumer growth was 21 per cent with the underlying volume expansion

of 16 per cent. The health, hygiene and nutrition segment, forming around 80 per cent of the company's business, grew in double-digit for the third consecutive quarter.

Asked about the demand outlook amid as the Covid second wave rages across the country, Mehta said, "We had a great momentum coming into this new fiscal year and

the first two weeks of the new year (first two weeks of April) were again the same momentum building on. While disruption will be a way of life, I believe we have also learnt to navigate through this turbulence much better than what we were in the

beginning of the pandemic," he said.

Others, too, see low impact

Mehta's views have been echoed by other India Inc leaders, too. Bajaj Auto said on Thursday it will not change its investment plans and product launches for this year, nor will it be realigning its sales target.

"...at this point in time, we will not revisit any of our decisions. We... follow a rolling forecast model... We have a lot of capex and innovations lined up and none of them will go slow," Bajaj Auto CFO Soumen Ray told *BusinessLine*.

On Wednesday, Maruti Suzuki India said that there is no impact on its sales or production as of now, though 1,280 employees were down with Covid-19. The company's investment plan will not change for this year, Chairman RC Bhargava had said.

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Sanjiv Mehta

HUL Q4 profit jumps 45% to ₹2,191 cr

FMCG behemoth posts a total income of ₹12,542 crore for the quarter

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Hindustan Unilever Limited (HUL) on Wednesday posted a consolidated net profit of ₹2,191 crore in the fourth quarter ended March 31, 2020, a 45 per cent increase from the corresponding quarter last year.

The domestic consumer growth was at 21 per cent with underlying volume growth of 16 per cent, said HUL. The health, hygiene and nutrition segment — forming around 80 per cent of the company's business — grew in double-digits for the third consecutive quarter, while discretionary and out-of-home categories improved sequentially, it added.

The profits were up 13.05 per cent compared to the preceding quarter of the year. It had posted a consolidated net profit of ₹1,938 crore in the third quarter



HUL, the largest FMCG conglomerate, doing well is a good augury for the entire sector, feel experts

of the fiscal year. The total income during the fourth quarter stood at ₹12,542 — a 2.5 per cent increase compared to the third quarter's total income of ₹12,235 crore and 32.36 per cent compared to Q4FY20's total income of ₹9,475 crore.

Resilient performance

"Our in-quarter performance was strong on both the top-line and bottom-line. Despite challenging times, in FY21 our business ecosystem has withstood the disruption and demonstrated agility and resilience across the value chain. We have delivered on our multi stakeholder business model. Our purpose-led brands and capab-

ilities were further strengthened during the year and this positions us well to serve our consumers during this turbulent period. Our focus firmly remains behind delivering volume-led competitive growth," said Sanjiv Mehta, Chairman and Managing Director, HUL India.

The Board of Directors of the company has proposed a final dividend of ₹17 per share, subject to approval of shareholders at the AGM. Together with interim dividend of ₹14 per share, the total dividend for the financial year ending March 31, 2021 amounts to ₹31 per share. During the year, special dividend of ₹9.5 per share was also paid, it

said. The company's home care segment posted a growth of 15 per cent, the beauty and personal care segment posted a growth of 20 per cent, and the foods and refreshment segment posted a growth of 36 per cent.

"Nutrition volumes grew in double digits and we launched ₹2 sachets in Horlicks and Boost. Our goal remains to drive penetration in this category," said HUL.

For the full year, HUL delivered sales of around ₹45,000 crore, said Srinivas Phatak, CFO, HUL.

'Augurs well for the sector'

Naveen Kulkarni, Chief Investment Officer, Axis securities, said HUL being the largest FMCG conglomerate doing well does bode well for the sector. However, operating performance with the impact of higher raw material prices, pricing power and premium portfolio could differ across companies. Nonetheless, the recovery shown by HUL is good and its management of cost structure quite strong.