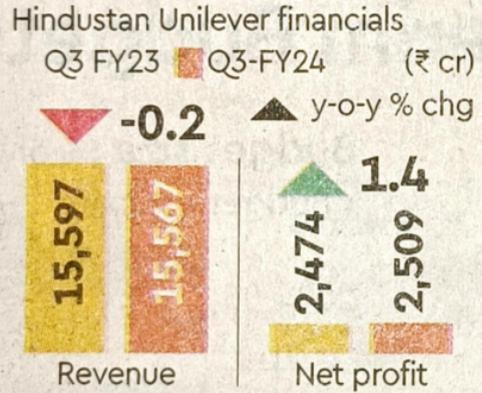


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Weak rural demand hurts HUL Q3

VIVEAT SUSAN PINTO
Mumbai, January 19

MARGINAL RISE



ROHIT JAWA, CEO & MD, HUL



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THE COUNTRY'S LARGEST consumer goods company, Hindustan Unilever (HUL), saw its third-quarter profit rise by a marginal 1.1% to ₹2,509 crore, as the business grappled with sluggish rural demand. Even though the volume increase was barely 2% for the quarter, both profit, and revenue, which came in at ₹15,567 crore, missed analysts' projections.

pegged Q3 net profit at ₹2,665 crore, while revenue for the period was estimated at ₹15,642 crore.

HUL cut prices of several products, including detergents and household care products, to pass on the benefit of easing commodity

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UltraTech Cement Q3 profit grows 67% **PAGE 4**
Paytm net loss narrows; revenue up 38% **PAGE 8**

prices. This resulted in pricing growth tapering off. Analysts tracking the company said that the transition from an inflationary to a deflationary environment would hurt price growth.

Bloomberg analysts had

The revenue miss came as

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Weak rural demand hurts HUL in Q3



HUL SAID THAT it was gaining market share in 75% of its businesses, which includes home and personal care, as it passed on price benefits to consumers. Analysts see this as a measure to tackle competition from small and regional players who've been eating into the company's market share in categories such as soaps and detergents.

In 25% of the businesses, however, which includes food & refreshments, HUL said it was seeing inflationary pressures compelling the firm to raise prices. This was hurting volume growth and market share, it said.

HUL's CEO & MD Rohit Jawa said: "Going forward, market demand conditions should improve aided by increased government spending, recovery in winter crop sowing and better crop realisation. In this context, our focus remains on driving competitive volume growth whilst stepping up investment behind our brands and long-

term strategic priorities."

Amnish Aggarwal, head of research at brokerage Prabhu-das Lilladher, said that he saw a delayed recovery in rural demand, as winter crop yields would be a key monitorable for the sector. HUL is regarded as a bellwether for consumer demand with its products sold in nine out of 10 households in India.

Shares of the company closed 0.66% higher on the BSE at ₹2,564.75, ahead of the earnings announcement on Friday.

HUL's home care segment fell 1% to ₹5,448 crore, registering a mid-single-digit volume growth. The margin stood at 18%. Growth in beauty and personal care was flat at ₹5,705 crore. Margin stood at 26%, while volume grew in mid-single-digit. Food and refreshment grew 1% to ₹3,733 crore, with a low single-digit decline in volume on account of high inflation. The margin was at 19%.