



"June Quarter 2025 Earnings call of Hindustan Unilever Limited"

July 31, 2025

Speakers:

Mr. Rohit Jawa - Chief Executive Officer & Managing Director

Ms. Priya Nair - Incoming Chief Executive Officer & Managing Director

Mr. Ritesh Tiwari - CFO, Executive Director, Finance & IT

Mr. Yogesh Mulgaonkar - Head of Investor Relations & Head of Finance, Personal Care

Moderator: Ladies and gentlemen, good day and welcome to the Hindustan Unilever Limited Conference Call for the Results of quarter-ended 30th June 2025.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yogesh Mulgaonkar – Head of Investor Relations & Head of Finance, Personal Care. Thank you and over to you, sir.

Yogesh Mulgaonkar: Welcome to the conference call of Hindustan Unilever Limited. This evening, we will be covering the results for quarter-ended 30th June 2025.

On the call with me is Rohit Jawa – CEO & Managing Director, Priya Nair, who has been appointed as the next CEO & Managing Director and Ritesh Tiwari, our CFO.

We will start with prepared remarks from Rohit and Ritesh. We expect this to take around 30 minutes, leaving us approximately an hour for the Q&A session. We will look to end the call by 5:30 pm.

Before we get started with the presentation, I would like to draw your attention to the safe harbor statement included in the presentation for good order sake.

With that, over to you, Rohit.

Rohit Jawa: Thank you, Yogesh. Good afternoon, everyone. Thank you for joining us on the call today. I will begin with an update on the operating context, followed by a summary of our performance and key highlights of the quarter. Subsequently, Ritesh will present a detailed walkthrough of our quarterly performance and conclude with a near-term outlook.

As indicated in the previous earnings call, we are seeing encouraging macro-economic conditions. The Reserve Bank of India has reduced repo rate by 100

basis points since January 2025, injecting greater liquidity into the system. Retail inflation primarily influenced by food prices has moderated to 2.1% as of June, its lowest level since 2019. This, along with the recent income tax relief measures, are expected to positively impact disposable income and consumer sentiment. Additionally, the Indian MET Department's forecast of an above-average monsoon bodes well for rural demand. Collectively, these tailwinds are helping to sustain the gradual recovery in consumption demand in the country. Consequently, consumption demand trends for last three months reflected a sequential improvement. However, at a MAT level, the consumption environment remained stable, with rural demand continuing to grow ahead of urban demand. This trend remains consistent even when e-commerce data is factored in.

Commodities continue to display divergent trends year-on-year. However, on a sequential basis, we are beginning to observe signs of softening across key raw materials, which has influenced our pricing strategy for the quarter. Ritesh will elaborate on this later in the presentation.

Over the past few years, we have accelerated our portfolio transformation journey by making sharper, more strategic portfolio choices. This has included divesting non-core businesses while simultaneously acquiring or scaling up businesses such as Minimalist, OZiva, and exports. As a result, we have substantial and strategically important businesses beyond the standalone entity. In light of this, we believe it is both timely and relevant to present our progress from a consolidated perspective, offering our investors a more holistic view of the company's performance. Therefore, while we have always reported both standalone and consolidated performance, we will now lead our results narrative from a consolidated perspective.

Our consolidated results incorporate the performance of seven subsidiaries – Unilever India Exports Limited, Unilever Nepal Limited, Lakmé Lever Private Limited, Unilever India Limited, Hindustan Unilever Foundation, Zywie Ventures Private Limited, which houses the brand OZiva, and Uprising Science Private Limited, home to the brand Minimalist. While the results of Uprising Science

Private Limited is included in both the topline and bottom-line, it is excluded from USG and UVG calculations for comparability.

With this, let me move on to our quarterly results:

With a turnover of Rs. 16,323 crores, we delivered an Underlying Sales Growth of 5% driven by an Underlying Volume Growth of 4%. We stepped up investments across lines of the P&L, resulting in an EBITDA margin of 22.8%. While this is a 130 basis points year-on-year decline, it remains in line with our guidance. We believe these investments are timely and strategic, aligned with the execution of our broader portfolio transformation agenda. As a result of these investments, our Profit After Tax before exceptional items declined by 5%. However, reported Profit After Tax increased by 6% primarily due to re-estimation of certain tax provisions pertaining to prior years. Ritesh will elaborate on this shortly.

As this marks the first quarter of transition to consolidated narrative, we are also presenting our standalone results to ensure clarity and transparency. Our standalone performance for the quarter reflects a USG of 4% with UVG of 3%. EBITDA margin stood at 22.6%, representing a year-on-year decline of 120 basis points. Profit After Tax grew by 8%, while Profit After Tax before exceptional items declined by 3%.

Our performance reflects the disciplined execution of our ASPIRE strategy. The strategic framework serves as a cornerstone for accelerating portfolio transformation with agility, pivoting investments towards emerging demand drivers, and accelerating the future-readiness of our distinctive capabilities. All of this is underpinned by our unwavering commitment to sustainability and strengthening of our organizational culture.

Our segmented portfolio strategy empowers us to allocate resources with precision. By channeling investments into high growth segments, we are seeing an accelerated pace of innovations, sharper execution, and more agile responses to market shifts. To give you a sense of scale, under 50% of our portfolio is

classified as Core, while slightly over 50% is split between Future Core and Market Makers.

Let me take you through some of the key actions that we are driving across each portfolio:

In our Core portfolio, our objective is to keep our brands healthy, contemporary, and competitive. With strong brand equities and unmatched reach, we continue to leverage these strengths to elevate consumer experiences. Harnessing our data-led predictive pricing platforms and agile capabilities, we have ensured consumers receive the right price-value equation. We have continued to strengthen our brands through breakthrough technologies and innovations. We have also expanded our brands into new benefit spaces with that of Glow & Lovely Glass Bright, freshness in soaps, and ready-to-drink formats, to name a few. Combined, these actions have driven sequential improvement in the performance of our Core portfolio of Lifestyle Nutrition, Glow & Lovely, and Lifebuoy.

Let me demonstrate our strategy in action with the example of the Tea business:

In Tea, we have market leadership and a comprehensive portfolio that spans the price-benefit pyramid. We are focused on product upgrades powered by our WiMi driven deep consumer insights, and differentiated technology. Innovations, renovations, and expansion into new spaces continue to be a critical aspect of this. For instance, we launched the Taj Mahal Deccan Rose in this quarter.

Equally important is our pricing agility. As market leaders, we have proactively aligned tea pricing to reflect replacement cost dynamics during the quarter.

We also employed evolving demand drivers to deepen our consumer engagement, whether through Social-first Demand Generation like the recent Three Roses 'Ask Thala' campaign, or Taj Mahal 'Chai Bansuri' installation in Vijayawada that also won us an award at the Cannes 2025.

Driven by our actions, 100% of our tea portfolio is rated superior to eyeball competition under the Unmissable Brand Superiority Framework, and we have delivered high single-digit growth driven by both price and volume in this quarter.

In our Future Core Portfolio, our strategic focus is on premiumizing offerings that elevate consumer experiences and enable consumer upgradation to higher-order benefits. This is complemented by market development efforts aimed at unlocking access for our consumers. Recognizing the rising importance of Channels of the Future, we have strategically invested across our Future Core portfolio, guided by sharp shopper acquisition playbooks.

A brand that exemplifies this ambition is Dove, where we are creating desire at scale. We have positioned Dove as an expert-led beauty brand, both in Hair Care and Skin Cleansing, introducing science-backed innovations rooted in deep consumer insight such as scalp therapy, peptide hair bond strengthening range, and the expert range of soaps that provide face care like benefits ranging from nourishment to radiance and hydration.

To broaden reach, we have introduced access packs across key Dove offerings, making superior care more affordable. We have also scaled up distribution of multi-variant packs in soaps catering to diverse consumer needs and usage occasions.

On media, we have pivoted spends to digital platforms, leveraging performance marketing and influencer ecosystems to drive precision engagement, boost conversion, and future-proof our go-to-market strategy.

As a result of these actions, we have consistently strengthened the brand, positioning it for sustained growth. Dove has delivered two consecutive quarters of double-digit growth.

Moving to Market Makers portfolio. We have identified six segments that we believe are poised for disproportionate growth in the years ahead. These

segments represent strategic growth vectors where we are investing with intent and speed. Our approach is anchored in high-velocity innovation, market development through Social-first Demand Generation, and focused investments towards building a digital-first ecosystem. These pillars collectively enable us to unlock new demand spaces, accelerate premiumization, and build future-ready brands.

Let me illustrate this with the example of OZiva, a brand that embodies our Market Maker strategy in action.

A little more than two years ago, we entered the Health and Wellbeing space through a majority acquisition of OZiva, a plant- and science-backed brand. Since then, the business has accelerated from a mere Rs. 100 crores ARR to Rs. 450 crores ARR. This transformation was made possible by unlocking synergies with the founding team and accelerating critical levers of the business. We sharply defined what OZiva stood for - an intersection of nature and science. OZiva uses modern science to extract potent plant actives that delivers transformative results. We focused on delivering bigger and better innovations driven by early trend-spotting, robust R&D, and distinctive superior product offerings. The brand built deep consumer resonance through authentic storytelling that addressed key consumer concerns while also dialling up product science to build trust and credibility. Importantly, OZiva concentrated on building a winning portfolio tailored for the digital ecosystem. This included designing products optimized for online discovery and conversion, leveraging data-driven insights to define targeting, and deploying agile content strategies. As a result, the brand continues to deliver stellar growth, having tripled its turnover year-on-year.

As you have seen, every brand action we undertake is intentionally designed to strengthen key drivers of demand, ensuring our portfolio remains relevant and competitive.

Strengthening Unmissable Brand Superiority is a core measure to drive competitiveness. We evaluate each brand across 21 strategic drivers, enabling

targeted interventions that reinforce brand equity and consumer relevance. Over 80% of our turnover consistently outperforms eyeball competition. In Personal Care, for instance, Lux is at the forefront of the UBS agenda, driven by superior product, superior packaging, and superior pricing - delivering high single-digit growth this quarter.

We have accelerated our innovation powered by three breakthrough platforms; Microbiome, Next-Gen materials, and Biotechnology fueling market-making innovations. Our Market Makers portfolio, with an annual turnover of Rs. 7,000 crores, continues to deliver high double-digit growth with a long runway for sustained high performance. For instance, we launched Surf excel Matic Express in the quarter, a game-changing innovation in liquid detergents that delivers 'Expert clean' in as short as 15 minutes. Powered by proprietary technology, this product will cater to growing demand for speed, convenience, and care in everyday laundry.

Our digital media investments are scaling rapidly, led by our proprietary tool, Sangam, which enables real-time automated optimization. Today, over 50% of our media spends is digital, a sharp rise from 32% just two years ago. Influencer marketing plays a key role. The recently launched 'Glow Up Academy' of Glow & Lovely is aimed at empowering the next generation of women influencers across the country with the ambition to nurture one digital creator in each of the 19,000 PIN codes of the country.

Our investments in the Channels of the Future are yielding robust results. Organized trade delivered double-digit growth this quarter and strengthened market shares. Within this, e-commerce grew in strong double-digit as we continue to expand our portfolio. The channel delivered competitive growth driven by strong share gains in our Beauty & Wellbeing segment. Quick commerce continues its growth momentum, doubling its turnover year-on-year.

Under the WiMI 2.0 framework, we are sharpening our focus on building dedicated go-to-market routes to serve niche, specialized and evolving

consumer needs. The Beauty PRO organization is one such example where we established a specialized go-to-market structure for premium beauty. The structure is already reaching outlets that account for over 70% of premium beauty sales in the health and beauty channels, ensuring focused distribution and tailored execution.

The actions we have undertaken are translating into consistent volume-led growth. We have systematically reshaped our portfolio to focus on high growth categories and future-ready segments aligned with the evolving consumer aspirations.

Through disciplined execution and strategic choices, we have initiated a strong transformation journey marked by a significant circa 500 basis points shift towards Future Core and Market Makers portfolio in the last 2 years. As a result, our growth trajectory has steadily improved with mid-single digit absolute volume growth sustained over the last 5 quarters, even amidst a moderating consumption environment.

In March last year, we spoke to you about how we saw a marginal dip in market shares in the deflation cycle. Over the last few quarters, we have strengthened our market shares driven by sharp focus on Channels of the Future and acceleration in performance of large categories such as Laundry, Skin Cleansing and Hair. Over a period of 5 years, we have gained circa 250 basis points of turnover-weighted market share, reinforcing our leadership and equipping us to emerge stronger through the inflation-deflation cycle and intense competitive heat.

Looking ahead, we remain firmly committed to driving competitive volume-led growth while creating long-term value for our shareholders.

Before I hand over to Ritesh to take you through the results in detail, I want to take this opportunity to express my heartfelt gratitude for the warmth and support you have extended to HUL and to me personally over the last 2 years. It's truly been a privilege to lead the company as CEO and Managing Director. After

spending more than 37 years in Unilever across 8 countries and more than 12 years in CEO roles across strategically significant markets in Asia, I will now move on to the next phase of my personal and professional journey. I also want to take this moment to introduce Priya, who is on the call with us today. With over 30 years of experience across HUL and Unilever, Priya rejoins us after a successful stint as the President of the Global Beauty & Wellbeing Business. She will succeed me as the CEO and Managing Director of HUL. I am sure you will continue to extend your support to her and to HUL. Priya, you may want to say a few words. Over to you.

Priya Nair: Thank you, Rohit. I am honored to be back. HUL is an exceptional business with a rich legacy and I am truly excited to shape the next chapter together with the team. I look forward to connecting and engaging with all of you soon.

Rohit Jawa: I will now hand over to Ritesh to follow the next section.

Ritesh Tiwari: Thank you, Rohit. Thank you, Priya. Good evening, everyone. I will now cover quarter results in more detail before closing with our outlook.

We delivered a competitive performance this quarter with an Underlying Sales Growth of 5% driven by an Underlying Volume Growth of 4%. Gross Margin stood at 49.5%, lower by 190 bps year-on-year, reflecting our investments to maintain an optimal price-value equation across the portfolio. I will delve deeper into the Gross Margin movement in the following slide. A&P at 10.1% has increased 40 bps sequentially. EBITDA margin remained healthy at 22.8% in line with the guidance shared previously. Profit After Tax grew at 6% primarily led out of a re-estimation of tax provision pertaining to prior year. I will provide further details on this later in the presentation.

We witnessed gross margin dilution led out of transitory price versus cost gap in the quarter. The chart on the left illustrates the comparison between our Net Material Inflation or NMI and the pricing actions undertaken in response. As evident in June Quarter '25, our pricing has trailed NMI, contributing to this margin compression.

We have made deliberate investment choices by offering the right price-value equation to focus on maximizing growth. Let me walk you through three categories where this price-to-cost dynamics has played out in the quarter.

First, in Home Care, we decreased prices not only on account of deflation but also in response to competitor pricing. This enabled the category to further strengthen its competitive position in the quarter.

Second, in Tea, we adopted a pricing strategy based on replacement cost rather than on consumption cost. A substantial portion of our tea was procured seasonally between June and September last year, when commodity prices were at its peak. Over December and March quarter, tea prices have sequentially softened. Consequently, while the cost of the tea consumed during the quarter was higher, we decided not to pass on the full cost to consumers. This strategy supported our high single-digit USG with a positive UVG in Tea for the quarter.

Third, in our Horlicks portfolio, as highlighted last quarter, we made interventions to incentivize consumption. We narrowed the price gap between sachets and large packs in order to accelerate pack upgradation journey of consumers. While we are seeing early positive signs, we anticipate it will take a few more quarters to fully assess the long-term impact of these interventions.

Looking ahead, we remain committed to sequentially strengthening our Gross Margin through a combination of actions, including narrowing the price-cost gap, accelerating our end-to-end Net Productivity program, and driving a favorable mix. Gross Margin is a critical enabler of our ability to invest in the business, fueling innovation, market development, digital transformation, and other strategic priorities. These investments are essential to ensure the long-term health of the business and to strengthen our competitive edge. In the near term, we will continue to reinvest the benefits of Gross Margin improvement into the business.

Coming to our segment-wise performance for the quarter:

Home Care delivered another quarter of robust volume growth. High single-digit UVG in the segment translated to 4% USG as we continued to pass on the benefits of lower commodity prices to our consumers and ensured competitive pricing.

Fabric Wash delivered mid-single-digit UVG. Our liquids portfolio continued to perform well, delivering sustained double-digit growth. Discipline focused on product superiority, an innovation-led premiumization strategy, and consistent execution of market development initiatives has enabled the category to continue strengthening its market leadership, despite an intense competitive environment.

Household Care delivered double-digit UVG. This was driven by broad-based performance across Dishwash and Liquids. Growth in Channels of the Future has seen acceleration over the last year driven by expansion of liquids portfolio.

We continue to advance our Home Care liquids portfolio through purposeful technology-led innovation. We relaunched Vim Liquid Range, powered by revolutionary RhamnoTech. This technology combines the power of nature and science to deliver superior performance, cutting through grease, eliminating odour, and leaving dishes sparkling clean. The upgraded formula not only enhances efficacy but also elevates consumer experience, making dishwashing more effortless and sensorially rewarding.

Beauty & Wellbeing delivered a 7% USG driven by low single-digit UVG in the quarter.

Hair Care grew in mid-single-digit, further strengthening its market share. The performance was driven by our premium brands - Dove, TRESemme, and Love, Beauty & Planet. On-trend and science-backed innovations continued to propel our Market Makers portfolio, delivering strong double-digit volume growth.

We launched Nexxus in India, elevating our portfolio and making an entry into India's prestige and professional beauty segment. The brand embodies the future of hair care: precise, effective, and powered by science. It is designed to offer

Indian consumers transformative results while indulging them in a luxurious experience. Bringing Nexus reinforces our commitment to pivoting our portfolio to premium and high growth spaces.

Skin Care and Colour Cosmetics grew in low single-digit, led by a strong performance in our Future Core and Market Makers portfolio. Our investments in Channels of the Future continue to deliver competitive double-digit growth. Glow & Lovely recorded a sequential uptick in performance supported by its key innovation, GAL Glass Bright. Glow & Lovely's March quarter relaunch has been actively reinforced through culturally resonant, digital-first initiatives such as 'Noor' Music Video, which has reached over 100 million views.

We have continued to expand our Health and Wellbeing portfolio, underpinned by a robust pipeline of innovations in OZiva and introduction of Liquid I.V., our hydration brand. This category is at a nascent stage in India but is gaining strong momentum, and we remain committed to building a substantial and scalable business in the years ahead.

With the completion of Minimalist acquisition and acceleration in performance of OZiva, we have now further added an annualized Rs. 1,000 crore portfolio in high growth demand spaces.

Personal Care grew 6% driven by pricing. Skin Cleansing delivered mid-single-digit growth. We continued to accelerate performance in non-hygiene segment, resulting in double-digit growth. Lifebuoy has seen a sequential improvement in performance underpinned by the momentum of its recent relaunch effort. Bodywash continued to deliver competitive double-digit growth.

Oral Care grew in mid-single-digit led by Closeup. We relaunched Closeup with an upgraded formulation powered by Zinc-fresh technology designed to deliver up to 18 hours of long-lasting freshness. The new formulation has multiple natural extracts, offering a dual benefit of intense freshness and holistic oral health protection, delivering both functional and sensorial superiority.

In the quarter, Foods delivered a 5% USG driven by mid-single-digit UVG. Our Beverages portfolio consisting of Tea and Coffee delivered double-digit growth. Within that, Tea grew in high single-digit with positive UVG. Coffee continues to deliver double-digit growth driven by strong performance in Channels of the Future.

We continue to strengthen our market leadership in Lifestyle Nutrition and have seen a sequential improvement in performance. We expanded the strong equity of Boost to enter the adult protein drink segment with Boost Protein. Boost Protein has a clean formulation with higher protein and zero added sugar while being attractively priced. It is designed for adult men & women, who want the same loved taste of Boost, but with more protein.

Packaged Foods delivered mid-single-digit volume led growth. Future Core and Market Maker's portfolio delivered strong growth supported by portfolio expansion, enhanced distribution and impactful collaboration with organized trade partners.

Ice Cream Business saw a volume-led high single-digit growth for the quarter. The performance was impacted by early monsoon.

Moving on to a summary of our performance for this quarter, I have taken you through top-line growth and margins. The year-on-year moderation in other incomes primarily reflects reduced cash reserves post-special dividend payout in November and Minimalist acquisition in April, alongside softer interest rate trends. Exceptional items saw an increase on account of restructuring expenses incurred to optimize supply chain network and drive net productivity.

Tax expense is lower this quarter as the company has reassessed risk of potential disallowance of expenses and resulting tax exposure pursuant to an outcome under Income Tax Dispute Resolution mechanism. Accordingly, we have re-estimated tax provision pertaining to prior years. Consequently, our PAT grew 6% while PAT (bei) declined 5%. Effective tax rate for the quarter was 16.2% after

taking into consideration the tax adjustment for the quarter. Excluding this, the effective tax rate for the quarter was 26.4%.

Next, let me share an update on Ice Cream demerger and acquisition of Minimalist. We have received a "no objection" letter from the stock exchanges regarding the proposed demerger of our ice cream business. The Honorable National Company Law Tribunal has directed that the meeting of HUL shareholders be convened to consider and approve the demerger scheme on 12th August 2025. The voting will begin on 7th August. To recap, a mirror demerger is being proposed. That is, for every one share held in HUL, shareholders will receive one share in Kwality Walls India Limited. This will unlock value for all the shareholders of HUL and give them the flexibility to stay invested in the growth journey of Ice Cream business. Comprehensive details of the scheme, including all requisite annexures, have already been issued and are available on our website for reference. We are on track to complete the demerger process by Q4 of Financial Year'26 subject to necessary approvals.

Moving on to Minimalist, we successfully concluded the acquisition of 90.5% stake with a total payout of Rs. 2,706 crores. HUL along with the founders are now working closely to chart the future course of the brand's growth trajectory. We have identified four key synergy work streams – R&D and Innovations, Supply Chain Optimization, International Expansion and Offline Distribution Scale up. Execution across each of these is underway. Minimalist continues to demonstrate strong business momentum. In this quarter as well, the brand delivered robust double-digit growth. We remain confident in Minimalist's potential to contribute significantly to our premium beauty portfolio.

Moving to our near-term outlook, our growth guidance remains unchanged. We expect the first half of this financial year to be better than second half of last financial year. If commodity prices stay within the current range, we anticipate low single-digit price growth.

As stated before, we are committed to driving sequential improvement in Gross Margin to fuel investment. We will sustain our investments across the P&L, particularly in Channels of the Future, Multi-year Market Making platforms and strategic capabilities to execute our portfolio transformation. Consequently, we expect EBITDA to be in the range of 22%-23%. We remain focused on driving competitive volume-led growth across our business by transforming our portfolio into high-growth spaces and investing behind our brands and strategic priorities.

With this, we conclude our prepared remarks and will now hand back to Yogesh to commence the Q&A session.

Yogesh Mulgaonkar: Thank you, Rohit, Priya and Ritesh. With this, we now move to Q&A. The Q&A session today will be led by Rohit and Ritesh. We request you to kindly restrict the number of questions to a maximum of two at a time. In case you have further questions, please join the queue again. In addition to the queue, our participants have an option to post the questions to the web option on your screen. We will take those questions just before we end. With that, I would like to hand the call back to you, Nirav, to manage the next session for us.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press '*' and '1' to ask a question.

The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Yeah, thanks for the opportunity and congrats on good recovery in many of your categories. My first question is on the beverage portfolio. You have made a very interesting comment which we have not heard earlier very regularly - Pricing in Tea based on replacement cost. Now, tea buying is a multi-month phenomenon. So, deciding in Q1 on a multi-month buying which will say happen one month

down the line, what are the risks involved there? And do you use this kind of a strategy buying on replacement cost in many of your other categories or this was a one-time usage in tea? Similarly, if you see coffee cost has also crashed 30%. Is there a similar strategy there also? And coming back to tea, is next one year taken care of in terms of raw material? Because in Q1, if you are not taking the desired price hike, is that a measure, is that proof of your higher aggression or next one year is taken care of in terms of the tea RM? That is first question.

- Ritesh Tiwari:** Yes, thanks Abneesh. So, let me pick this up. So, Beverage, as you know the tea buying season is typically between June and September-October. This is when we end up buying bulk of the commodity that we end up using to making our tea. And of course, the different kind of teas have different peaking in terms of when season comes in, but the premium tea, which we are over-indexed, that is the key buying season. So, typically when you are operating in December quarter, March quarter, you by and large know the price levels at which you bought the tea and then you also see sequentially prices, if at all they come off, which is what happened this time between December quarter and March quarter of the tea pricing. Now, we had two choices. We could have priced our June quarter product price portfolio at consumption cost, which we bought between June and September or from September onwards, as the prices came down, we price to replacement; which we made a choice of pricing to replacement to ensure that we are competitive. Tea is a category, as an exception, we had mentioned quite a few times is going through a downgradation cycle, where we have seen consumers downgrading and hence it is a very price sensitive category at this point in time, which is why our decision to price at replacement cost. Now, to your point, sitting today would we know where the season and the price levels of the season would be? Now, there is a pretty good understanding sitting today that this is a crop, the new crop, which has started as we speak last month. The crop is a good production crop and all things points now that sequentially prices will come off. So, that is the length that we have taken in terms of holding our current pricing levels. Now, nothing stops us for us to titrate our

pricing one quarter down the line, up or down as required to respond to commodity.

It is a little different scenario when we talk about other commodity driven categories that you spoke about. And let me give two different examples, Coffee which you asked and Home Care I want to add in. Now, Home Care, for example, is exposed to crude oil and with the pricing agility that we have in Home Care, our decision making depends upon what happens to crude oil and the basket of commodities that go into laundry business. With a shorter pricing horizon, which means an increased pricing agility, because you keep buying material for Home Care, unlike tea, all across the year, you are able to take your pricing decision at a different agility compared to what you do for a tea category. But coming to coffee, remember the conversation that we had, over a couple of years, coffee has seen 70%-80% cumulative inflation. And we had pointed out we never price to the peak of inflation, which is why we were sitting on a price versus cost gap and hence gross margin dilution in coffee. And like every other category when the inflation is too high compared to what we would want to take meaningful small bite chunks of price increase, we remain with that price versus cost gap. As commodity price reduces, first we allow for the price versus cost gap to start getting normalized. That is exactly what we are doing for coffee now. As and when required, we will of course pass on the benefit of lower consumption costs and on coffee as well to consumers. So, a little different play, but I hope you get an understanding how we are trying to deal with pricing out here. For us, the bottom-line principle, Abneesh, always remain, competitive right price-value equation.

Abneesh Roy:

Understood. Very helpful. Thanks. My second question is on the two acquisitions, recent acquisitions. So generally, we see first year post the acquisition is generally tough. We have seen many cases where in fact the revenue goes down. In your case, Minimalist has done a good start with double-digit sales growth. So, what is the confidence level on the balance three quarters? Second on OZiva tripling in one year, very, very good numbers. Marico is also seeing very good growth in almost similar category. So, if you could talk about OZiva now in

terms of distribution scale up, how much has been done in terms of Kirana, what kind of number is now coming from there? That will be my second question.

Ritesh Tiwari: Yeah. So, talking about OZiva and Minimalist, both put together now, it's a Rs. 1,000 crore portfolio. This gets added, Abneesh, to already existing Rs. 2,000 crore portfolio that we have in Beauty & Wellbeing across the six big bet demand spaces. If I add all three put together now, the Rs. 2,000 crore existing portfolio, Rs. 1,000 crore from OZiva and Minimalist put together the Rs. 3,000 crore portfolio, which is digital first, organized trade indexed is growing at more than 25%. OZiva, as you mentioned, is almost three times the business now what we had a year ago. The innovations that we have done in the business has driven the growth that we have seen. So, a better job in terms of crafting the brand - more precise and sharp, innovation intensity dialed up, continuous engagement on social media and performance marketing has yielded the results.

OZiva's footprint even now is still by-and-large digital and digital first. Offline expansion will be done at a later point in time when we start seeing more traction and more penetration for such business and categories across the country.

Minimalist is the first quarter since we acquired and completed acquisitions on 21st of April. So almost a quarter of numbers get added to our reported total turnover. Of course, from a USG, Underlying Sales Growth perspective, you will not see the impact. Once the business laps 12 months, you will start seeing the growth coming in. But of course, Uprising Limited that we bought has its own base. The business has grown strong double-digit in the quarter. The job that we have to do out here is first expand the portfolio beyond skin. And which is what in last quarter the business has done, has launched business more in hair care and body care. We're seeing early, very encouraging signals with that performance. Overall, there are four elements of synergy that we want to unlock. Number one, R&D and innovation. Number two, supply chain synergy, because we have amazing amount of supply chain systems and processes and structure that will help us to drive more synergy on cost front for Minimalist. Third, offline distribution. As and when it becomes relevant, we will start leveraging our offline

distribution, including Beauty PRO, which Rohit was talking about as part of our capabilities. And last but not least, leveraging the network of Unilever for international expansion as needed. So those are the four elements. We remain very confident. It's a very sharp brand with a very good momentum. And we do believe that with the synergies that I just talked about, we should be able to create more value with this business.

Abneesh Roy: Thanks. I'll ask a very quick question. I know I'm going beyond my two questions, but this is a very small one. One very interesting development is across even modern trade players, private labels in liquid detergents are happening, you and other large powder players have come out with very affordable options in the liquid detergent. So good, consumer up-trading from powder to liquid detergent will happen because of the pricing. Now we are seeing Rs. 170 to Rs. 200, 2 liter kind of liquid detergent offerings have also come. Premium are also there. My quick question here is, yes, the shift of consumer behavior happens, but what happens in terms of your pricing growth? For example, 1 kg powder detergent versus 1 liter liquid detergent, is the time of usage similar because pricing has almost converged? So that's my quick question.

Rohit Jawa: What we are really saying is basically, we started building liquid detergents almost more than a decade back. They were driven by the thesis that as people moved to washing machines, they needed specialists and liquids were a modern format that started to gain momentum. We built close to almost Rs. 3,000 crore portfolio in Home Care liquids, extending that also to Dishwash liquids. What really is happening now is that it's getting democratized, particularly in the South, where the washing machine penetration is high, but also now expanding to general trade channels and also to the rest of the regions. What we are now really seeing is that, like in many other markets, as the cost per wash gets closer to powder, the transformation to or upgradation from powders to liquids starts to accelerate. We are seeing Surf excel as a brand getting new users in and brands like Rin, our second-tier liquid, getting people to essentially increase the share of requirements. We also have, in some cases, an opportunity to bring Sunlight in as well. We have done that also in the case of dishwash with a Sun

brand. Basically, we're paying all the price tiers, but it's really Surf excel and Rin that's driving the conversion for us and the game has just started. Liquids contribute to only under 10%, and we expect many, many more years of conversion from powders to liquids. As people move from bars to powders, powders to liquids, and eventually to capsules, that's the journey of upgradation we have seen many times in other parts of the world, and we're essentially driving that in this country, as we should as market leaders in Home Care.

Abneesh Roy: Sure. Thanks for the opportunity, and thanks to Rohit for his insights, time, and best wishes to him. Thank you.

Rohit Jawa: Thanks, Abneesh, for being always the first. We like that very much. Thank you very much.

Moderator: Thank you. Next question is from Arnab Mitra from Goldman Sachs. Please go ahead.

Arnab Mitra: Hi. My first question actually is on the Foods business, where you've seen the largest swing in the UVG from negative mid-single-digit to a positive mid-single-digit. I just wanted to understand, is it the Tea or the Nutrition business which is driving this mid-single-digit growth, or are there other parts of the business which have grown strongly, which we don't normally talk about, which has driven this growth? Why I'm asking this question is from your commentary. It seems the Nutrition and the Tea business is still maybe flattish to low growth. So, I just wanted to understand where it is coming from, and is it sustainable, you think, in the coming quarters?

Ritesh Tiwari: Yeah. So if I just segment the foods business into its component, so Tea has seen a high single-digit growth, driven both by volume and, of course, supported by price. Coffee has seen double-digit growth. If I add Tea and Coffee put together, total Beverages have seen a double-digit growth in the quarter. So that is one driver which is different, especially Tea, compared to the growth levels we have spoken about in the last few quarters. You see a step-up in the Tea overall growth, and that has helped the Foods growth overall. Packaged Foods, which is

our Kissan, Knorr portfolio, and the space that we are innovating continuously, we spoke about mid-single-digit growth performance there as well. So that has also helped growth. Horlicks and Boost, which comprises our Lifestyle Nutrition business; Boost is a brand which is strong and has given good growth in the quarter, which again helps overall growth. Horlicks, we had spoken about the job that we have to do in terms of turning around the business of Horlicks and start to make the business grow. Now, Horlicks never had a challenge on competitiveness. It was always a business which we have gained shares, we have spoken consistently. But the job that we had in Horlicks to do is to increase consumption. We are market leaders there and we want to create market, and hence driving consumption is a top priority for us. And we have called out in the past few quarters that business had declined. Now, we have seen improvement compared to that position. The business is still declining in the quarter, but lesser, but we have seen improvements sequentially in the business for Horlicks. The job going forward for us, we had called out, we are relaunching Horlicks with a more sharper proposition and product. And in times to come, that's a space you should watch out for. So that's indeed the composition of total growth, which adds up to 5% growth for Foods business, the right balance between volume and price.

Rohit Jawa:

If I may add that we have seen broad-based growth in foods this time. We have seen volume growth in Tea because we priced all our brands across the portfolio in the sweet spots. We have seen Coffee growing also quite handsomely despite the price inflation. Kissan and packaged foods, is a mid single-digit, we are gaining market shares in ketchups. And on Boost as well, we have grown by mid-single digits, a little bit above that. And Horlicks decline has reduced. In fact, if you take away the Lifestyle Nutrition drinks out, we are actually close to double-digits. So, we are very excited about the future of this business. And our brands are very strong. And we expect good work in this space to essentially create that momentum that will help us basically drive the entire business forward. So, on the whole, a good quarter for Foods, but only beginning of our change agenda.

Arnab Mitra:

Got it. Thanks for that answer. My second question was on the overall growth outlook. So, I think that the catalysts are all there, but your own data or the Nielsen data doesn't show a significant growth acceleration in the industry. But you, of course, have access to other sources of data, household panel, and those kinds of things. So, are you getting a sense that there is actually some pickup starting to happen on the ground? Or is it still that catalysts are there and we hope that a pickup would happen at a macro level? And also in that light, just wanted to understand in the outlook slide, last time you had a comment saying that gradual improvement as the year goes ahead. This time, you don't have that comment. Anything to read into that in terms of your confidence on how this growth could shape up from this decently good 4% number that you had this quarter?

Rohit Jawa:

Let me paint the picture of the market and request Ritesh to talk about the future. Basically, what we see is gradual recovery led by rural that is sustaining. We see urban growth coming back in the market. More recently, it's still below rural, which is indeed how it was before we went through those few years of demand compression. So that's quite expected. The growth uptick is coming from small cities and e-commerce, especially quick commerce. So, on the whole, we see gradual recovery that is sustaining. Its volume led in most categories except Foods, where generally we see price being the driver. Not in our category, it's more generally the food market. But by and large, it's a volume-led with low pricing. And that's basically what we see in the market. This actually reflects somewhat to the improvement in the economy when it comes to the informal urban and informal rural sectors of the economy, driven by, as you know, things like Agri economy being stronger, monsoons, low food inflation, and in the future, of course, also incentivized by the fact that we have fiscal and monetary impulses that are positive. So given all of this, we expect this kind of growth to stick. There's no magic shift that's likely to take place, but we do expect sustained and gradual recovery to remain in place. And for us as a company, our job is to essentially keep moving our portfolio to the faster growth parts of that market, of which there are many. And as naturally our portfolio gets more and more indexed towards faster growth spaces, our growth will get easier and more organically in

the larger turnover-weighted growth parts of the market. So that's basically our read of the market and what we're doing about that. And over to Ritesh on our guidance for the future.

Ritesh Tiwari: Yes. So, as Rohit mentioned that if I look at the overall FMCG market, we have seen on a MAT level trends being stable. And we have seen gradual improvement in the latest three months. Given all the context Rohit mentioned about the macro, we do expect this gradual recovery to sustain as far as FMCG consumption demand is concerned. And hence when it comes to Hindustan Unilever, both because of the work that we have done internally in the portfolio, and we called out as part of the prepared remarks, how we have now shifted more 500 bps of our portfolio towards Future Core and Market Makers. And that's the area which is where the market is also growing. So, we are getting more in the spaces where market is growing. So, because of the factors of portfolio transformation supported by overall macro outlook of FMCG industry, we do expect that the recovery that we have spoken about that our own results in this quarter, June quarter have improved compared to what we had reported in March quarter. We expect this improvement to be sustained. So that's the HUL outlook. And in summary, we have spoken last quarter that first half of this fiscal year will be better than the second half of the previous fiscal year. It's the same basically commentary and outlook is what we maintain in our outlook for this quarter as well.

Arnab Mitra: Thanks. That's it from my side. All the best, Rohit for your future journey and thanks for all the insights over the last couple of years. And best of luck to Priya for the next coming years.

Rohit Jawa: Thank you.

Moderator: Thank you very much. Next question is from Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra: Hi Team, Thank you for the opportunity. First of all, thank you, Rohit, for all the engagements and insights over the last two years. And Priya, welcome back to

India. And wish you the best in the new role. I have two questions. First one is on Skin Care. This quarter, we saw a positive low-single digit growth after two quarters of muted growth. Clearly, your premium portfolios are doing better, but I wanted to get some flavor on, how the mass portfolio is doing. Is it still a negative? Is it still in the negative territory or has it started to turn flattish? And with multiple interventions that you're in, what is the confidence in driving growth in skin care to move more towards the high-single digit range? The second piece within this segment of Beauty & Wellbeing is on margins. You know, this segment has seen margin decline. Just wanted to understand, is it just higher A&P spends or is there a channel mix impact as well as you've gained market shares on quick commerce and e-commerce?

Rohit Jawa:

Let me just address the first question on our confidence in skin growth part of the story and then margin, I'll hand over to Ritesh and anything else you want to compliment on that. Firstly, this quarter, we're beginning to see the benefit of shifting our portfolio to faster growth spaces in modern, e-commerce channels in more premium areas. Our masstige portfolio represented by brands like Love, beauty and planet, Simple, parts of Lakmé, even Pond's more, Future Core type portfolios have done well. Pond's has done very well. It's been a double-digit quarter for Pond's again. It's a really big brand for us. We have gained market share in e-commerce and in modern trade, in the toughest of competitive hotspots. And that part is going well. And of course, as we spoke, Wellbeing part of the portfolio, OZiva, Minimalist is also doing quite well. Where we do have more work to do, which is a multi-quarter work, is Glow & Lovely. The relaunch in Glow & Lovely is also a significant part of our portfolio. Glow & Lovely was relaunched, as you know, earlier this year. We also have a new variant in place, Glass Bright. We see clear sequential improvement. We can see that, in fact, we are near flat this quarter with all considered. There's more work to be done. And we expect this to continue improving. Excluding Glow & Lovely, we, in fact, have a near double-digit quarter for Beauty & Wellbeing. So, as Glow & Lovely starts to get normalized, and we start to increase more scale, the variant that's doing quite well, and the core brand renewal lands in the market, we should expect to

see Glow & Lovely becoming less of a drag, and also, in fact, if at all, add to the growth. So, yes, that's on the growth equation. And now, move to the second question you had was in the margins?

- Ritesh Tiwari:** So, let me pick it up. So, overall, Laitka the margin that we made in this quarter for Beauty & Wellbeing is 28%. It's a pretty healthy margin when you compare to the overall EBITDA margin or EBIT margin for HUL. So, it's a business which is accretive to overall margin for the company. And we had maintained this. In fact, we spoke about it in the Capital Markets Day as well, that the role of B&W is to be growth accretive to Hindustan Unilever. So, this quarter, when you see B&W 7% growth, HUL 5% growth, that's the exact equation that you want to do. And which means, if at all, we have to invest more in B&W, we will invest more. And when we had called out that we will end up making investments in the business, we had alluded that Beauty & Wellbeing is one important space, we will end up dialing up more investments. And these investments across multiple lines of the P&L. It's on e-commerce, it's on modern trade in terms of platform channel investments, and investment by working with the customer. We have increased the amount of innovation intensity in the business. So, that also leads to more amount of investment in product, in market research, in capabilities. And working through different lines of the P&L, including A&P, we spoke about in our presentation prepared remarks, how we're dialing up more in terms of digital media. In fact, digital media, this year, last 12 months now, is more than 50%. And this quarter, in fact, is more than 60%. So, there's disproportionate investment that's going behind B&W. And you will see, let me say, medium to long term, some amount of dilution in Beauty & Wellbeing margin, but we're completely okay with it, because it will always be accretive to HUL. And if at all, we continue to get growth ahead of average HUL, it will be overall mix accretive to us. This quarter, we spoke about our A&P investments, which went up by 40 bps and 150 crore plus. And B&W, of course, gets a lion's share of that increase that happens. So, all in all, it's a winning investment case for us.

- Laitka Chopra:** Understood. The second question that I had was on Skin Cleansing. There was a revenue growth improvement to mid-single digits. I think it could possibly be

because of pricing. But I wanted to understand better on the volume growth trends here. Do you concur that, you know, in the coming quarters, the base actually eases out, maybe the price value equation is looking better? If you can comment on that. And also, any comments on the market share trends, in this category for you? That was the last question. Thank you.

Rohit Jawa: So, we're very happy with our Skin Cleansing performance. We have had an all-round strong quarter. It's, of course, driven by price because the input costs have been quite high, as with our any other competitors in the market. What we are happy about is the fact that we have seen very good robust growth on the premium part of the portfolio, Dove and Pears, and on the liquids where we continue to sort of grow very handsomely. Our Lux brand that's heart of our business is quite strong and robust and is gaining market shares. We do have work to do on Lifebuoy. Excluding Lifebuoy, Skin Cleansing business would have been close to double-digit. Lifebuoy agreed, and we have done changes on the core, relaunched it with new formulation, with a new packaging, refreshed core proposition. Early this year, we have had a successful entry with our freshness variant or re-entry that's doing well. But admittedly, there's a lot of work to be done on Lifebuoy. It's not an easy fix, but we are quite clear and we have very exciting plans on modernizing the brand, expanding its range, getting into other formats too. So, we are quite certain that Lifebuoy will see an improvement, but it's going to take a few more quarters. On the whole, I would say that Skin Cleansing, good topline growth, good margins, competitive and in the right shape, meaning premium and premium formats going faster than the rest. So, we want to remain consistent. This is a very important category for price -quality, sweet spot. So, we must keep it right as we have done with Tea and Laundry. We will not let that go. As long as that stays on the core, we know that the premium will grow with better marketing, which is indeed the case as we have done with relaunches on Dove and action on Pears, to name a couple. So, that's pretty much the story in Skin Cleansing.

Latika Chopra: Thank you, Rohit and Ritesh.

Rohit Jawa: Thank you, Latika.

Moderator: Thank you. Next question is from Manoj Menon from ICICI Securities. Please, go ahead.

Manoj Menon: Hi, team. Just continuing with the question or clarification which Arnab had on the macros. Now, looking at your data, if you could help us understand, let's say, texture, color in whichever form of, let's say, the volume part and the mix part of UVG? So, that might, let's say, give us some cues or clues about what's already happening, which may or may not be forecastable.

Ritesh Tiwari: Yes. So, when you ask, Manoj, volume and mix part, are you talking HUL, are you talking industry macro?

Manoj Menon: HUL. Let's say, what your portfolio is telling, because you are a large player. So, some way, we can, at least in some categories, we can actually use it for a larger picture.

Ritesh Tiwari: Yes. So, if I talk about HUL numbers to start with. So, this quarter, for example, we have spoken about 4% UVG growth and 5% total growth, alluding to, let me say, 1% pricing. In this 4% UVG growth, our volume growth, which is tonnage growth is ahead of the UVG growth we spoke about. We have spoken about the mix being negative, and we also spoke a few quarters ago that the number was material, and we spoke that that is transitory in nature, and over the next few quarters, that gap will reduce. That's exactly what has happened. So, there's a convergence happening as we speak between UVG growth and tonnage growth in the business. So, overall, when we see from a macro perspective, then having a tell to HUL, the only thing which is different compared to what you see for the last 5-10 years is the pricing growth component to the total growth of the business. Growth continues to be volume led, and price remains a small component. All of us know that over the last 10-20 years, 4%-5% is typically the growth of FMCG industry that comes from pricing, which, as you know, is more like 1% now. So, that's one element which is different. Otherwise, the volume recovery, which we have seen has been pretty comfortable, and we expect that this gradual

recovery should sustain, both for the macro industry and equally for HUL outlook, as I spoke earlier, the gradual recovery to be sustained.

Manoj Menon: Very clear. Ritesh, just a quick follow-up on this link to the Skin Cleansing category. I understand that the reasons for the volume decline have been therefore, I know you have explained earlier. But let's say, example of Rs. 10 price point, where there is a grammage price interplay, would the volumes would have grown on the non-Rs 10 price point off soap bars.

Ritesh Tiwari: Skin Cleansing, Manoj, remember, I've spoken sometime back as well. It is one of the categories which is sensitive to price increases and is elastic. We have seen not now, but multiple times in the past as well. When you have such material inflation overall for commodity, which leads to price increase, it always impacts overall volume - And in different formats, volumes of single packs, multi-packs, and of course, the grammage changes that we end up doing, it does impact. And consequently, whenever the deflation happens, you've seen tonnage to volume picks up. So, that's the impact which you see in this quarter as well. Now, of course, as we keep lapping, the price changes, the impact of volume declines for the category and hence for us as well keeps reducing. This quarter, it's a growth that we have overall at mid-single digit, which is price-led and the overall, let me say, decline in volume is much smaller compared to what we saw at the peak of inflation for us or for that matter for the industry.

Manoj Menon: Understood. Just second and last question is, you did speak a lot about the interventions which you are making in many of the Core categories. One request would be if you could talk a little more about, let's say, the actions that are already there in the market, obviously, it is a bit sensitive. Let's say for Horlicks and Glow & Lovely. Specifically on Glow & Lovely, what I'm trying to understand is, look, it's a product which we see as a product which doesn't really have a substitute. Let us say I discussed with the company about a hair oil portfolio because hair oiling is meant for conditioning. So, where is the consumer gone? Is it just a case of titrating consumption which is linked to macros or anything else which we are

unaware of? So, some more color on, let's say, actions which have gone into the market about Horlicks and Glow & Lovely, both.

Rohit Jawa:

On Glow & Lovely, which is an iconic brand used by more than half the consumers, speaking that loosely, critical brand for us, has two parts, the Core and now the Future Core. The Future Core launched with modern sensorials called Glass Bright, doing extremely well. In fact, we will be scaling it aggressively going forwards. That is helping us grow the brand, making it available for people looking at modern versions of it, modern benefit spaces, modern format and sensorials. The core Glow & Lovely has been relaunched with a renovated promise of renewing cells with a communication that's more engaging and a new pack design and some product upgrade in parts of the country which is appropriate to the new consumer preference for lighter sensorials than what traditionally Glow & Lovely has offered. We have tested this exhaustively because it's a big brand and we find that consumers like it and we have already started to see some bends towards an improving trend on brand and usership penetration, particularly in more urban areas. But it will take time as the brand reaches more rural and consumers start to see the improvement. We expect to see the improvement also come through in the rural areas. So, we are at it. We are going to scale up the Future Core premium version that I believe is a slam dunk idea to grow the brand and that's helping the brand reduce its decline and keep the Core more contemporary. All of this is seeing sequential improvement over the last few quarters but it will take a few more quarters of hard work for the brand to basically get to an even keel but we are on it. That's on Glow & Lovely. Very important for us as you mentioned.

When it comes to Horlicks, we have seen again in this case, basically we have two core actions. One is to improve the relevance of the core product because consumers have more options as we have spoken about it before for their children for that breakfast moment and the snacking moment in the day and also address the fact that consumers were dropping consumption as discretionary consumption came under stress. What we are now doing is working on a relaunch on Horlicks which we can't of course give you more details on but I tell

you that we have, for a brand that's very popular and used quite deeply in South and East, it's very important that we don't alienate the consumers. So, we again have to be doubly sure. We have a product that will be better. We have a proposition, we will not be able to tell you more details on that but that is compelling and modern and improves relevance and all of this will come together somewhere towards the end of the year. It's a long haul and therefore we're not in a hurry by months, but to make sure that we have the right mix in the market that improves the relevance of the core Horlicks for our consumers. In the meantime, tactically we also want to make sure that we promote the large pack usage particularly in the South where consumers were titrating to smaller packs. That action is in play, and we start to see that already making a big difference especially Boost that has grown mid-single digits this quarter and our pack-price architecture is broadly stabilizing and that should over a period of time also settle down. So, I think that's really what we need sequentially to bring back the core Horlicks back to growth and we have a few more quarters of work left there. So, in summary sequential improvement in Glow & Lovely led by its premium Future Core brand but on the way and Horlicks more work to be done but Boost already showing signs of promise this quarter.

Manoj Menon: Thank you, Rohit and Ritesh for the comprehensive response and good luck to Rohit and Priya for your future endeavors and one observation if I may maybe bordering trivia, is there a particular reason why Liril is up there in the first slide itself?

Rohit Jawa: It's there because it's done very well in the summers and it's really a summer focus and since we're covering summer, we put it up there. Isn't it beautiful?

Manoj Menon: Sure, absolutely. I can't agree more because we have not seen it in a long time. Thank you.

Rohit Jawa: We are focused on it especially in the summer season and that's why we did a whole summer focus this time with Liril and Lifebuoy and both of them did very well and we are going to continue doing that every summer.

Manoj Menon: Thank you.

Moderator: Thank you very much. Next question is from line of Vivek from Jefferies India.
Please go ahead.

Vivek: Hi good evening team. So, one more question on your slide #4 which is operating context. Ritesh, you have explained it you know a few times on this call but when we look at rural numbers actually at least the industry trends seems to be going down in terms of growth whereas urban is picking up. So, what exactly is and I understand that you may have gained market shares but other than in your outlook other than a low base do you genuinely think things are picking up on the ground, at least industry chart doesn't show that and especially I'm more worried about the rural bit over here.

Ritesh Tiwari: Yeah, so rural to start with, Vivek, first of all as a context is one third of the business that we have. So, I know the two-third population lives in rural but one third FMCG consumption and also one third of our business comes from rural. What we have seen basis Nielsen data and our own internal read we have seen an uptick in rural and even when I take urban data and I add e-commerce to it and then look at the number rural is still ahead of urban. Rural we know had got impacted and this overall macro of rural should do better than urban is a secular trend that should happen in the country when in fact \$25-\$30 is per capita consumption in rural vis-à-vis \$80-\$85 per capita consumption in urban. Now disposable income purge is what had really hurt the rural population where cumulative inflation was nowhere getting compensated by the income level increase which we had seen. Now with substantial amount of easing on inflation including food inflation, continued government support on schemes, good agriculture last year and a promising monsoon this year as well. All put together we have seen improvement in income levels in the rural areas including the non-farm income which is typically one-third of the rural economy. So, the signs that we are seeing is that overall there is recovery in the industry and we see that coming from rural as well. So, we are not picking up a concern for rural I think given the improvement in disposable income it only augurs well for rural area.

Rohit Jawa: And the growth is sustaining. It's not that we are suddenly seeing a massive change in trend by the way. There was a Kumbh effect in the middle but generally the growth is sustaining at reasonably strong levels.

Ritesh Tiwari: And hence to Rohit's point the operating word I will add to it is gradual recovery to be sustained, if I have to give outlook as well on that.

Vivek: Got it. It's just that the chart shows the trend drifting down starting December last year. So that was the reason, but I get it.

Ritesh Tiwari: The chart, Vivek, just to clarify it's an MAT trend as we called out and if you see the subtext on the chart, it calls out that L3M improved gradually. So, we are seeing last three months better than the MAT trends which you see in the chart. We always put the charts on MAT trend because we know a quarter can go up and down but within that MAT trend which is stable, we do see uptick in the latest quarter market numbers.

Vivek: Okay, got it. So, exit is better. Got it. The second thing, Ritesh, you mentioned about, also on the acquisition couple of things I wanted to ask. On the Minimalist bit you have explained and articulated very well on how the portfolio will be run and how will it benefit from HUL, how do you think about how HUL portfolio - the online one particularly can benefit from Minimalist or you think that that there is no much upside for your base portfolio by acquiring these Digital-first or D2C brands?

Ritesh Tiwari: Yes, so overall if I look, Vivek, we have a Rs. 2,000 crore portfolio I had mentioned a little while ago in the six big bets within Beauty & Wellbeing and this Rs. 2,000 crore portfolio is by and large organized trade heavy and more e-commerce and Digital-first. That Rs. 2,000 crore business now becomes Rs. 3,000 crore with OZiva and Minimalist. Definitely, both OZiva and Minimalist are a fabulous addition to business. Put together this Rs. 3,000 crore portfolio, like-for-like, is today growing at more than 25%. I was speaking about it when we spoke in the Capital Markets Day that there are both things important out here. Growth portfolio is important but equally business model is important for it to remain sustainable. Now this Rs.

3,000 crore business that we have makes double-digit margins and it has a sustainable business model because of all the work that we have done in supply chain, supply chain for smalls, the entire nano factory concept that we have spoken about, so there are many things that HUL adds in terms of scale, capability to these businesses. Equally there is reverse learning as well from both OZiva and Minimalist and OZiva more because we have been running that business for last more than two years now along with the founders and Minimalist has just gotten added. We do believe that the equal learning of how these businesses are being run in a very agile and successful manner, so the team will co-create many of these learning together and overall portfolio of Hindustan Unilever will benefit from this ecosystem.

Rohit Jawa: But just to specifically talk about say OZiva, in fact just a few weeks back we had the OZiva team come and talk to our top 100 people. They spoke about how they built the brand, what they do in digital, the metrics they focus on, the importance of social, building credibility by talking about the science behind products, the kind of metrics that really drive the right return on advertising spend etc. So, we are creating a very active way of osmosis of learning from Minimalist and Oziva. They happen to be in the same business unit that also helps. So, there is an active intentional cross transfer of learning both ways to absolutely reinforce the point that HUL mainline can also learn a lot as can these companies or units by leveraging the skills synergies of supply chain media etc. from HUL.

Vivek: Got it and the last one on the same theme, with platforms becoming more and more demanding do you think there is a case of going let's say aggressive and buy out some more, D2C given such a good experience you have had with OZiva and Minimalist hopefully will also do well and that's just sheerly because the smaller brands are complaining about higher take rates so when you have such a large sizable portfolio you can actually negotiate the terms far better against the platforms versus smaller brands. What are your thoughts on that?

Rohit Jawa: We look at it more as a portfolio play, so we have as we have said before we have 4 levers of building a portfolio to cover the demand spaces, acquisitions which

Minimalist is one, build a new brand like Novology which is our homegrown with Unilever Tech, to actually launch a global Unilever brand like Simple or Love, Beauty and Planet in the market or to extend our core brand. So, we have done all of that which is why Ritesh's Rs. 3,000 crore, let's call it digital-first portfolio has been sourced from exactly these four levers which is now growing at 25% and I'm making up some rough numbers that this Rs. 3,000 crore if this was a company would probably have 40%-50%-60% of their throughput of sales through modern channels including e-commerce, so we don't always have to go ahead and buy a brand to create scale, we can always build or borrow from Unilever to create exactly that kind of coverage. We have also brought Liquid I.V. as well as Nexus. So, we have many more levers than acquisition to create that portfolio play in these markets for especially the higher income consumers where actually these brands have high relevance. But that doesn't take away from our openness to constantly scout the market as we do and to evaluate new brands for fit this is how we found Minimalist as an exciting target and it's now part of our family.

Vivek: Got it. Thank you very much. And Rohit and Priya, wishing you all the very best.

Rohit Jawa: Thank you, Vivek.

Moderator: Thank you. The next question is from line of Amit from UBS Group. Please go ahead.

Amit: Hi, Thank you so much for taking my question. So, my question is on Minimalist and you clearly shared that the equity in skin that has been built very well, brand has scaled up and is going strong double-digit. Now you plan to also take the skin equity to hair and body, and which is a very interesting perhaps direction in that sense of the brand is already growing in 25% this portfolio. What I want to ask is that is this a possibility and is this the right direction to see that the brand could actually double by say FY'27 if not this year because it has not yet seen the might of distribution or channel mix or it is an online brand run differently, but is there something that the ambition should be much larger than what it has and you

clearly see that potential how can we see that kind of largely within a year or two times that's our question number one and I'll follow up with that.

Ritesh Tiwari: Yes, so just to clarify when we quoted the number of more than 25% growth, we spoke about the entire 3,000 crores portfolio put together. We did call out that Minimalist has grown strongly in double digit growth without specifying a number for Minimalist. That's one. And second, of course Minimalist is a brand in beauty space and focused and anchored in skin and we will do selective portfolio expansion of that as we speak, leveraging all the four synergies. We have a very clear business case which is what the board approved as we acquired the business and our job now will be as a team. Remember we just acquired the business on 21st of April, so it's been like a quarter since we are now running the business with the founder and all the four synergies that we spoke about be it R&D innovation, be it offline expansion selectively, be it leveraging the network of Unilever for international expansion or for that matter the supply chain benefit that Minimalist should get. We are focused on realizing all these synergies to drive topline growth and profitability and invest back in the business. So yes we are committed to ensure that the business grows very well and we had called out when we had acquired the business it's a brand that is pretty well crafted and built up in four years' time, since launch it had a scale and reached a Rs. 500 crore ARR business. So that's the scale at which Minimalist has grown, and we want to keep supporting and ensure that we will be able to use the full opportunity that the brand presents itself with by leveraging scale and benefit of Hindustan Unilever.

Amit: Got it. That's very helpful and let me just stretch it a little bit on, because I think the skin is fragmenting because of the large benefit spaces are emerging and so maybe the one brand or new two brands even the architecture needs maybe more plethora of brands to capture all the benefit spaces and one way to acquire, one way to build one way to borrow from Unilever as you rightly say, but do you see any Unilever brand which you kind of think that could come to India or is it possible that you acquire a brand outside with an intention to bring to India specifically all these options are possible for sitting in your portfolio

because I believe that skin needs a lot more brand and given the fragmentation is on the rise to play rather than playing through 3 or 4 major brands. Well I don't know, want to get your thoughts on how organically or inorganically this business could be beefed up from what it is today?

Rohit Jawa: We acknowledge that you need more than just a few big core brands, which is why we have Core, Future Core and Market Makers mindset especially for B&W which is why you've seen us doing exactly those things. We have built brands for the market say Novology. We have brought brands like Simple from Global Unilever into India, expanding fast with more than a Rs. 100 crore ARR and Love, beauty & Planet, also more than Rs. 100 crore ARR. We have brought in the global brand Liquid I.V. and Nexxus just this year. Both of these are serving very niche segments in Wellbeing and the Beauty market respectively. We have full intentions of bringing the prestige brands from the global stable into India and the work is well on the way to do that. So there will be a few core big brand equities, let's call it to the center of our plate like Pond's, Lakmé, Glow & Lovely, Dove to name four, and then there'll be satellites serving several small need spaces in this area such as Minimalist on Active Science or Simple on Clean Beauty and so on so forth. So, there's basically every intention we have of us to serve all of segments with this kind of portfolio play.

Amit: That's very helpful, Rohit. Thank you so much for that and can I ask just one small bit on Glow & Lovely. You said the Glow & Lovely sequentially has done better and it's kind of largely flattish but a lot of this portfolio action has happened in early part of the year and do you see portfolio reshaping is complete and its other actions on promotion and distribution and building reaching out to more consumers that's a path pending for kind of turning into growth or how in second half this portfolio could jump to positive territory from where it is today? What could you specify what would take it there?

Rohit Jawa: So, we are doing three main actions. First of all, we are not yet above water fully and there's work to be done, but it is sequentially improving from last year. That is definitely helping us and like I said even that decreased decline so to speak we

take it out, the rest of the business is growing near double digits but Glow & Lovely is an important part, profitable part of our business and we are fully focused on making that grow. So 3 main actions; one is to renovate the Core to make it contemporary and we have done that early this year, so that started with new proposition of renewing cells, a new pack which is more modern, even sensorial, very important change by the way, because we're finding that as weather conditions have changed as consumers reference points of what is good moisturization or brightening has changed or sensorials have changed. We have also had to change the way the product feels on skin, less sticky, less heavy, etc. but it's not a straightforward call, it's quite nuanced because our consumers for tubes and sachets are different. The weather conditions in North, Central and South are different, so we have done a lot of work to optimize the product now and that's also gone into the market. We have of course new advertising. So, on the core, we are addressing all levers, all six P's to get the usership of the core to grow. What's already working for us is our extension to a lighter sensorial Glass Bright product with a jar. That extension is doing quite well in fact we were supply short now, we are actually scaling it and we expect to make it a significant part of the total brand and that could also drive our growth on the total, going forwards. And that is basically a modernized Glow & Lovely for consumers looking at a modern premium type proposition but not at a very high cost and I think only Glow & Lovely with its reach and brand name recall can offer that. We are also entering new formats like serums and sunscreens. Those are relatively small at this point but that basically makes sure that Glow & Lovely offers consumers there for every type of benefit and format that they seek without shelling out a huge amount from their pocket and I think our distribution reach of both media and availability are under our spotlight and those are also being driven. So, we are very focused on this Core business and are making sequential progress.

Amit: Okay. Thanks so much, Rohit. Thanks for the details this time. Wish you all the best. Thanks a lot.

Rohit Jawa: Thank you, much appreciated.

Moderator: Thank you. Next question is from the line of Percy Panthaki from IIFL Securities.

Please go ahead.

Percy Panthaki: Hi, good evening, everyone. My first question is on the detergent's portfolio. So, you had mentioned this last quarter also and it's going according to that only that there is a sort of going to be further investments in detergents and we have also seen an average selling price kind of a decline there. Just wanted to understand how much of this decline in ASP is driven by the price competitiveness in the liquids portfolio? I mean liquids is maybe let's say 10%-15% of whatever of the business. So would you say that it has its fair share of the decline or it's lower than the fair share, higher than the fair share, that is one. And secondly you mentioned that this is also in response to higher competitive intensity in the overall detergent space, I'm assuming this is including powders not just liquids. And if that is the case in powders who's driving this competitive intensity? Is it the other large MNC or any other large sort of national player or is it some sort of small and regional players who are driving this? So, this is my first question on Home Care please.

Ritesh Tiwari: So overall on Home Care as you rightly alluded, Percy, that we have grown high-single digit in terms of volume and you saw that our reported growth, our Underlying Sales Growth was 4% which means we had negative pricing. Now all the pricing actions that we had to do for two reasons, A) because of deflation in commodity, the entire crude basket and many of the commodities like soda ash had seen deflation - Those we had already passed on to consumers. The second area and reason why we had done a price decrease was competitive reason and I'll click down since your question is more focused on that. So, both put together the pricing actions have got deployed in the previous quarters. In this quarter no further new action happened. It is basically the play out of decisions that we have done previous to this. So, year-on-year hence you see a decline in terms of pricing in the business. Now when it comes to what part of the portfolio to your question has been commodity linked and what part of the portfolio is competition linked, of course very difficult to let me say give a number to each of them but let me still help you with some color on it. The area which has seen more commodity decline is crude oil and crude basket, that impacts more on

laundry powders and detergent bars. When it comes to liquids, remember liquids are basically by and large, there are many materials in it but again that's palm oil and palm oil derivative linked active detergent in it. So, there we have seen inflation. So, for competitive reasons when we have reacted to price we reacted to price in liquids and in laundry bars. By and large, powders have been more commodity linked. So, I hope that gives your understanding which portion has been driven with what.

Percy Panthaki: And the competitive action more by MNC or national players or more by small regional players?

Ritesh Tiwari: What happens for liquids you see it's still a concentrated market with few players. When it comes to detergent bar, it's pretty well spread out with multiple players, global players, local players, regional players. So, it's a pretty spread out competition on the detergent bar. Liquids is more concentrated to few players.

Percy Panthaki: So, on powders whatever price cuts have happened, have happened mainly on account of commodity only and not any competitive action?

Ritesh Tiwari: You can never say it only on account of A or only on account of B.

Percy Panthaki: But very largely?

Ritesh Tiwari: As I mentioned largely is on account of reason of commodity for powders largely.

Percy Panthaki: Sure. My second question is on Glow & Lovely again, of course a lot of it has already been discussed but see right now the brand is in decline and of course it's improving but it's still in decline. So, this is my thought process and let me know whether it's a fair way to look at it. That a combination of whatever little bit of demand revival on a macro basis plus the actions you are putting in place will bring the brand back to sort of even keel, it will not decline. But we should not have too much of a growth expectation from this brand even if it remains sort of flat it should be okay. The reason is that we should probably be looking at

whether we are serving the customer in some way or the other. Now if the customer is upgrading and we catch that upgrading in some other brand that should also be okay so would this be a fair thing to say that over the next, let's say 3 to 5 years if Glow & Lovely sort of remains flat that's a more realistic expectation and we will catch those customers in some of the other brands?

Rohit Jawa: Firstly, we play a portfolio, high level for Skin Care as we just said we have to go where the growth is. Growth is more premium, more new formats and spaces more modern channels. So clearly we're going to go where the growth is and clearly consumers are upgrading, and we want to be the one driving those upgradations. So high level what you suggested is the right allocation of resources that's exactly what we are doing. We call it ASPIRE but it's pretty much that. That said each and every brand manager who handle a particular brand, their job is to grow the brand and the Glow & Lovely brand manager has got that mission - is to grow the brand as if it was a company. It's already close to Rs. 2,000 crores, so it could be a company and the mission to that particular brand manager is please grow this brand, get more users, more usage, more benefits and that's what they're going to do. Obviously given it's already at a big scale and many of the consumers are upgrading, could be users of Glow & Lovely, there will be that pressure but we have so many more brands like Pond's, Lakmé and others that we just spoke about to really take those consumers to those new brands. That's what we have done in Home Care with Surf excel and with Taj and Lipton in Tea. So that's the story of the Indian market upgradation.

Percy Panthaki: Sure and with the actions you've taken, how long do you think it will be before this brand comes back to a YOY growth?

Rohit Jawa: I think it would be difficult to put a number, specific precise number to that. We do see sequential improvement. So, if that continues to be the case in the future which is what our plans are, then it should be a few quarters at which time this should be in that position. I think that is as much of precision as I can give at this point.

Percy Panthaki: And very quickly last question would be that in Skin Cleansing, for the last few quarters we have seen Lux doing much better and sort of Lifebuoy lagging. There are certain issues with Lifebuoy. I think you did a relaunch as well. So, can you give some idea as to whether now Lifebuoy is more or less growing in line with your category growth or not yet?

Rohit Jawa: Lifebuoy is clearly not yet growing in line with the total business, but our intention there is for it to gain share of the hygiene segment because what we can't do is go against the consumer shifts. Consumer shifts are going more and more towards upgrading to new formats, more beauty, more skincare etc. where we have absolutely the right brands to catch those consumers through Dove, Pears and liquids agenda. The hygiene segment is clearly, after COVID, under more pressure and within that we want Lifebuoy to gain market share. It is doing better than its peers in that segment, but there's more work to be done and we are on the journey.

Moderator: Thank you. Next question is from the line of Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Thank you for taking my question. Firstly on Gross Margin, the gap between NMI and UPG has widened this quarter also if I see the palm oil prices recently they've started to become inflationary again, how should one triangulate your comment on sequential improvement in Gross Margin with low pricing led growth going forward and this GPM improvement that you are expecting will it largely be driven by cost efficiencies and better mix, so that's my first question?

Ritesh Tiwari: Overall as you saw that there's a price versus cost gap that we have this point in time and we label that that gap is more transitory in nature and we called out three different reasons for that as part of the prepared remarks. Tea, we are pricing to replace not to consumption so there is a price versus cost gap. It sorts itself out as we move forward number one. Number two for Home Care all that we had to do we have done in terms of passing on the benefit of commodity and also competitive reason for taking price decrease and that's second reason why

we have seen the price versus cost hurt and third is in the space of overall Horlicks where the pack-price architecture correction that we did to drive consumption. Now good news is all three actions are yielding results in terms of growth and we had anticipated this, which is why in our prepared remarks in the previous quarter we had called out that you will see gross margin moderation in quarter to come. That's exactly what the quarter has played out. Now going forward we believe that from next quarter onwards we should start seeing improvement in Gross Margin levels compared to where we are now and this improvement will come from a better let me say a smaller price versus cost gap, number one. Number two, improved mix as we're driving more sales or Beauty & Wellbeing ahead and other parts of the premium portfolio - We spoke about 500 bps is the amount of change which is happening towards Future Core and Market Makers portfolio. And third by driving net productivity across all lines of the P&L. So all those three actions put together we will be able to improve Gross Margin compared to where it is today but as I mentioned earlier that we will invest back this improvement of Gross Margin into other lines of the P&L to drive growth and hence our EBITDA margin, our outlook doesn't change, it remains what we gave in the previous quarter which is the range of 22% to 23% is what we want to operate for next few quarters.

Mihir Shah:

Understood. Thanks for that. Secondly, on your comment on your ad spends again, so basically if you see your lower raw material prices usually also lead to higher competitive intensity. Are you sensing any competitive intensity to go up and hence the higher ad spends budgeting apart from the investment that you want to do in the brands and also with the economy opening up or getting better, how should one think about the new digital brands again to mushroom and start growing faster and know probably some way hurt the growth of other legacy brands. So, your comments on competitive intensity on this?

Ritesh Tiwari:

So, coming to A&P and the intensity there, a year back in the period of deflation, we had seen heightened intensity and which is why our A&P levels were different. Regardless, in a time where there's a higher heat or lower heat, our principle is very clear. Share of voice ahead of share of market and that's how we

operate - that's principle number one. And of course then you always do A&P for the objective of reach and frequency depending upon the activity that we have on innovation in the quarter. That is what determines the absolute amount of A&P that you want to spend in the business. This quarter as we spoke we spent sequentially 40 bps more - Rs. 150 crores more because this is exactly what we had to do to deliver on our objectives of the way we allocate media. The second big thing which is changing there is, of course, the composition of how much is traditional media how much is digital media. If I look at last 12 months' time now we have crossed more than 50%, now 50% of media investment goes into digital compared to traditional, in fact in the latest quarter the number is even higher. So, as intensity happens, we are very clear that for us driving competitive volume led growth is first priority and we will do investments in the business as required and that's also the reason I called out earlier that the improvement of Gross Margin we will invest in the business. We have a large agenda of portfolio transformation and dialing up more growth in the demand spaces which is where consumers are going and spending money in the Market Makers portfolio and Future Core and we will continue to dial up and reallocate our resources to that space. So, you will see this happening going forward as well.

Mihir Shah: Understood. Thank you very much. Mr. Jawa, it was a pleasure interacting with you and wishing you all the very best and also Priya best of luck for your new role. Looking forward to interacting with you.

Rohit Jawa: Thank you so much.

Moderator: Thank you very much. Ladies and gentlemen, I'll now hand the conference over to Mr. Yogesh Mulgaonkar for closing comments.

Yogesh Mulgaonkar: With that we now come to the end of the Q&A session. Before we end, let me remind you that the playback of this event will be available on the Investor Relations website in a short while. Thank you everyone for your participation and have a great evening.

Ritesh Tiwari: Thank you very much.

Rohit Jawa: Thank you all.

Priya Nair: Thank you.

Moderator: Thank you very much. On behalf of Hindustan Unilever Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

Disclaimer: This transcript has been edited to remove any grammatical inaccuracies or inconsistencies of English language that might have occurred inadvertently while speaking