

## HUL

### Performance Highlights

HUL reported a Top-line growth of 8.2% yoy, in-line with our estimates of a 7.3% yoy growth. However, while reported Earnings grew 47% yoy (aided by one-off items), recurring earnings declined by 23% yoy, below our estimate of a 4% yoy decline, impacted by Margin contraction (Gross Margin gains re-invested into higher ad-spends) and a higher Tax rate. Although the volume growth was positive at 11% yoy, the underlying competitive pressures in most categories (particularly core Soaps and Detergents) remain high. **We maintain our Neutral view on the stock.**

**Volume growth at 11% positive; Earnings disappoint:** HUL posted a Top-line growth of 8.2% yoy to Rs4,316cr, largely driven by volume growth of 11% yoy (low base of -4.5% yoy growth). However, negative value growth of ~3% (due to price cuts in detergents) dragged the Top-line growth. Overall FMCG sales grew 7.8% yoy, with a 5.5% yoy growth in HPC and a 17.9% yoy growth in the Foods Business. In terms of segments, the Soaps and Detergents (S&D) segment posted a decline of 1.9% yoy, while Personal Products posted an 18.9% yoy growth. At the operating level, HUL posted a weak performance, despite a fall in input costs, largely on account of a significant jump in Advertising spends (up 39% yoy), due to intense competitive pressures. In terms of Reported Earnings, HUL posted a growth of 47% yoy, largely boosted by one-off items to the tune of Rs196cr. However, on a recurring basis, HUL reported a sharp decline of 23% yoy to Rs386cr, impacted due to a sharp spike in the Tax rate by 2,035bp.

**Outlook and Valuation:** We expect HUL to post a 10.8% CAGR in its Top-line over FY2010-12E, despite the steep price cuts, largely aided by the steady performance of its Personal Care and Foods Division, spike in detergent Volume growth and a modest performance of its Soaps business. In terms of Earnings, we expect HUL to post a weak 9% CAGR during the period, impacted by the dip in Margins and higher Tax rate. HUL is currently trading at 20x FY2012E EPS of Rs11.3, a 50% premium to the Sensex (v/s the 5-year average of a 60% premium). We maintain our Neutral view on the stock, with a Fair value of Rs226 (based on 20x FY2012E EPS), owing to weak Earnings growth vis-à-vis the FMCG Sector, uncertain Earnings environment and significantly higher competitive intensity.

### Key Financials

Y/E March (Rs cr)	FY2009#	FY2010E	FY2011E	FY2012E
<b>Net Sales</b>	<b>20,239</b>	<b>17,524</b>	<b>19,305</b>	<b>21,530</b>
% chg	48.0	(13.4)	10.2	11.5
<b>Net Profit (Adj)</b>	<b>2,501</b>	<b>2,091</b>	<b>2,167</b>	<b>2,473</b>
% chg	47.2	(16.4)	3.7	14.1
OPM (%)	13.2	14.5	13.5	13.8
<b>EPS (Rs)</b>	<b>11.5</b>	<b>9.6</b>	<b>9.9</b>	<b>11.3</b>
P/E (x)	20.1	22.8	23.1	20.3
P/BV (x)	24.3	19.4	16.9	14.8
RoE (%)	121.3	80.9	73.1	72.8
RoCE (%)	111.4	101.3	87.5	86.6
EV/Sales (x)	2.4	2.7	2.4	2.1
EV/EBITDA (x)	18.1	18.4	17.9	15.5

Source: Company, Angel Research; #Note: FY2009 Results are for 15 Months

## NEUTRAL

CMP	Rs230
Target Price	-

Investment Period	-
-------------------	---

### Stock Info

Sector	FMCG
Market Cap (Rs cr)	50,896
Beta	0.4
52 WK High / Low	306/218
Avg. Daily Volume	382,957
Face Value (Rs)	1
BSE Sensex	16,022
Nifty	4,807
Reuters Code	HLL.BO
Bloomberg Code	HLVR @IN

### Shareholding Pattern (%)

Promoters	52.0		
MF/Banks/Indian FIs	17.6		
FII/NRIs/OCBs	14.8		
Indian Public	15.6		
Abs. (%)	3m	1yr	3yr
Sensex	(1.4)	15.2	11.7
HUL	(2.2)	(0.9)	13.3

Anand Shah  
 Tel: 022 – 4040 3800 Ext: 334  
 E-mail: anand.shah@angeltrade.com

Chitragda Kapur  
 Tel: 022 – 4040 3800 Ext: 323  
 E-mail: chitragdar.kapur@angeltrade.com

**Exhibit 1: Financial Performance Update**

Y/E March (Rs cr)	4QFY10	5QFY09	% chg	FY2010	FY2009#	% chg
<b>Net Sales</b>	<b>4,315.8</b>	<b>3,988.3</b>	<b>8.2</b>	<b>17,523.8</b>	<b>20,239.3</b>	<b>(13.4)</b>
Consumption of RM	2,217.5	2,080.5	6.6	8,877.9	10,810.0	(17.9)
(% of Sales)	51.4	52.2		50.7	53.4	
Staff Cost	238.1	234.4	1.6	936.3	1,152.1	(18.7)
(% of Sales)	5.5	5.9		5.3	5.7	
Advertising Expenses	626.5	450.6	39.1	2,391.4	2,130.9	12.2
(% of Sales)	14.5	11.3		13.6	10.5	
Other Expenses	702.6	695.6	1.0	2,769.7	3,490.2	(20.6)
(% of Sales)	16.3	17.4		15.8	17.2	
<b>Total Expenditure</b>	<b>3,784.8</b>	<b>3,461.0</b>	<b>9.4</b>	<b>14,975.4</b>	<b>17,583.3</b>	<b>(14.8)</b>
<b>Operating Profit</b>	<b>531.0</b>	<b>527.3</b>	<b>0.7</b>	<b>2,548.4</b>	<b>2,656.0</b>	<b>(4.1)</b>
OPM (%)	12.3	13.2		14.5	13.1	
Interest	0.1	2.2	(93.7)	7.0	25.3	(72.4)
Depreciation	50.3	41.3	21.9	184.0	195.3	(5.8)
Other Income	92.9	89.2	4.1	349.6	589.7	(40.7)
<b>PBT (excl Ext)</b>	<b>573.5</b>	<b>573.1</b>	<b>0.1</b>	<b>2,707.1</b>	<b>3,025.1</b>	<b>(10.5)</b>
Extr Income/(Exp)	195.5	(107.1)		111.3	(25.1)	
<b>PBT (incl Ext)</b>	<b>769.0</b>	<b>466.0</b>	<b>65.0</b>	<b>2,818.4</b>	<b>3,000.0</b>	<b>(6.1)</b>
(% of Sales)	17.8	11.7		16.1	14.8	
Prov. for Taxation	187.8	71.0	164.3	616.4	503.6	22.4
(% of PBT)	32.7	12.4		22.8	16.6	
<b>Recurring PAT</b>	<b>385.7</b>	<b>502.1</b>	<b>(23.2)</b>	<b>2,090.7</b>	<b>2,521.6</b>	<b>(17.1)</b>
PATM (%)	8.9	12.6		11.9	12.5	
<b>Reported PAT</b>	<b>581.2</b>	<b>395.0</b>	<b>47.1</b>	<b>2,202.0</b>	<b>2,496.5</b>	<b>(11.8)</b>
Equity Shares (cr)	218.2	218.0		218.2	218.0	
<b>Adjusted EPS (Rs)</b>	<b>2.7</b>	<b>1.8</b>		<b>10.1</b>	<b>11.5</b>	

Source: Company, Angel Research; #Note: FY2009 Results are for 15 Months

**Top-line growth in-line with estimates; Volume growth at 11% a positive**

For the quarter, HUL posted a Top-line growth of 8.2% yoy to Rs4,316cr (Rs3,988cr), in-line with our estimates of a 7.3% yoy growth to Rs4,280cr, largely driven by a volume growth of 11% yoy (low base of -4.5% yoy growth). We note that the price war between P&G and HUL started only in early February; hence, the current quarter does not fully reflect the competitive pressures. However, negative value growth of ~3% yoy (due to price cuts/promotional offers, largely in the detergents category) dragged the Top-line growth. Overall FMCG sales grew 7.8% yoy, with a 5.5% yoy growth in HPC and a 17.9% yoy growth in the Foods Business. In terms of segments, the Soaps and Detergents (S&D) segment posted a decline of 1.9% yoy to Rs1,978cr (Rs2,016cr), due to price cuts and intense competition in the detergents category. However, the management has indicated a positive volume growth in Soaps. Among other segments, the Personal segment posted an 18.9% yoy growth, Beverages posted a 15.3% yoy growth and Foods posted a strong 22.7% yoy growth.

**Higher Advertising leads to Margin contraction of 92bp**

At the operating level, HUL posted a weak performance, despite a fall in input costs (down 78bp yoy, which is impressive given the price cuts undertaken this quarter), savings in staff costs (down 36bp yoy) and a reduction in overheads (down 116bp yoy), largely on account of a significant jump in Advertising spends (up 39% yoy in absolute terms, 322bp yoy), due to intense competitive pressures. Hence, the EBITDA for the quarter remained flat at Rs531cr (Rs527cr).

## One-off gains boost Reported Earnings; higher Tax drags Recurring Earnings

In terms of Reported Earnings, HUL posted a growth of 47% yoy to Rs581cr (Rs395cr), despite muted Top-line growth and Margin contraction, largely boosted by one-off items to the tune of Rs196cr, which include: 1) Profit on sale of long-term investments (Capgemini) amounting to Rs91cr, 2) reduction in provision for retirement benefits of Rs53cr, and 3) write-back of provision against advances and diminution in value of investments in Bon Ltd (vis-à-vis loss of Rs107cr yoy), due to: a) Provision for retirement benefit amounting to Rs60cr, and b) provision for remediation of site amounting to Rs25cr. However, on a recurring basis, HUL reported a sharp decline of 23% yoy to Rs386cr (Rs502cr), below our estimates of a 4% yoy decline, impacted by a sharp spike in the Tax rate by 2,035bp yoy to 32.7% (12.4%), attributed to high extraordinary gains this quarter and a rise in the MAT rate.

## Segment-wise Performance

### Exhibit 2: 4QFY2010 Segmental Performance

Y/E March (Rs cr)	4QFY10	5QFY09	% chg	FY2010	FY2009#	% chg
Soaps & Detergents	1,978	2,016	(1.9)	8,266	9,885	(16.4)
Personal Products	1,255	1,056	18.9	5,048	5,385	(6.3)
Beverages	570	494	15.3	2,142	2,300	(6.8)
Processed Foods	198	161	22.7	731	808	(9.6)
Ice Creams	55	45	21.7	231	235	(1.8)
Exports	256	221	15.7	1,005	1,576	(36.2)
Others	64	65	(1.0)	347	359	(3.3)
Less: Inter Seg. Rev	-	(2)		(4)	(8)	
<b>Total Gross Income</b>	<b>4,377</b>	<b>4,057</b>	<b>7.9</b>	<b>17,766</b>	<b>20,539</b>	<b>(51.4)</b>
Soaps & Detergents	253	334	(24.2)	1,185	1,482	(20.0)
Personal Products	273	239	14.4	1,297	1,429	(9.3)
Beverages	79	66	20.5	320	308	3.8
Processed Foods	8	(4)		4	1	206.2
Ice Creams	(2)	(2)	(15.6)	13	9	47.2
Exports	13	14	(7.1)	59	108	(45.9)
Others	(19)	(24)		(72)	(134)	
<b>Total PBIT</b>	<b>605</b>	<b>622</b>	<b>(2.6)</b>	<b>2,805</b>	<b>3,203</b>	<b>(12.4)</b>
Less: Interest Exp	(0)	(2)		(7)	(25)	
Less: Other Exp	112	(154)		(36)	(169)	
<b>PBT</b>	<b>717</b>	<b>466</b>	<b>53.8</b>	<b>2,763</b>	<b>3,009</b>	<b>(8.2)</b>
<b>PBIT Margin (%)</b>						
Soaps & Detergents	12.8	16.5		14.3	15.0	
Personal Products	21.8	22.6		25.7	26.5	
Beverages	13.8	13.3		14.9	13.4	
Processed Foods	4.0	(2.8)		0.6	0.2	
Ice Creams	(2.8)	(4.1)		5.5	3.7	
Exports	5.2	6.5		5.8	6.9	
Others	(29.9)	(37.2)		(20.8)	(37.5)	

Source: Company, Angel Research; #Note: FY2009 Results are for 15 Months

### Soaps and Detergents impacted due to down-trading and price cuts

HUL's Soaps and Detergents segment witnessed another disappointing quarter, registering a de-growth of 1.9% yoy to Rs1,978cr (Rs2,016cr) in revenue and a 377bp drop in PBIT Margins, impacted by steep price cuts in the laundry segment due to the Price war with P&G.

However, the management indicated that volumes remained strong, aided by promotional offers, product re-launches and pricing actions. In Laundry, *Rin*, after the steep price cuts, witnessed accelerated growth momentum and registered strong double digit volume growth. The Personal Wash portfolio maintained its market share, sequentially aided by broad-based, robust growth across the premium portfolio.

**Going ahead, we believe that HUL's core category of S&D will continue to remain under pressure in the near-to-medium term, until the competitive intensity lessens. We expect the S&D Segment to post a 3% growth in the Top-line in FY2011E, as growth in Soaps and spike in detergent volumes, due to the price cuts, gets offset by negative Value growth in detergents. Moreover, we have modeled in around a 200bp erosion in the S&D Segment's Margins for FY2011E to factor in the impact of the price cuts.**

### Double digit volume growth in PP, led by Shampoo and Skin care

The Personal Products segment delivered another quarter of steady performance, registering a robust growth of 18.9% yoy to Rs1,255cr (Rs1,056cr), partially aided by a weak base, led by strong growth in categories like Shampoo and Skin care. However, in terms of profitability, the segment registered a Margin contraction of 85bp yoy (on account of higher ad spends), resulting in a 14.4% yoy growth in the PBIT.

Skin care registered strong double digit growth, which was largely volume-driven, aided by sequential market share gains (premium segments) and new product launches (entered into male grooming through the *Vaseline Menz* range). In Hair Care, both Shampoos and Conditioners continued to gain market share, led by innovations (improved formulations in *Clinic Plus*, co-creation in *Sunsilk* and strengthened credentials in *Clear*). In Oral care, volume shares have finally stabilised.

### Impressive growth in Foods, driven by Tea, Knorr and Ice Creams

The Foods segment recorded a growth of 17.9% yoy, driven by growth across segments. Beverages witnessed a growth of 15.3% yoy in revenue, driven by robust volume growth. HUL strengthened its Tea portfolio at the mass end, with the launch of *Brooke Bond Sehatmand*. Coffee delivered double-digit volume growth, which was led by volumes. PBIT Margins of the segment witnessed an expansion of 60bp yoy. The Processed Foods business registered a strong growth of 22.7% yoy, driven by new launches like *Knorr Soupy Noodles* (launched nationally in modern trade and across channels in the South). Among other brands, *Kissan Jams* and *Ketchups* registered double-digit growth, while *Annapurna* (primarily Atta) posted good growth. In terms of Margins, HUL reported a sharp improvement, with PBIT in the segment at Rs8cr (Loss of Rs4.5cr). The Ice cream business registered a 21.7% yoy growth in revenue, led by the *Impulse* and *Take Home* categories, covering all price points. HUL undertook 8 new launches in 3 different formats in the segment during the quarter.

### Exports grow 16%; Water business continues to grow

Exports registered a growth of 15.7% yoy in revenues this quarter. The water segment continues to grow on track, driven by *Pure-It Autofill* (Pure-it that fills itself) and *Pure-It Compact* (launched at Rs1,000).

## Outlook and Valuation

After the 4QFY2010 results, we have marginally tweaked our Top-line (to model in a higher growth in Foods and Personal products) and Earnings estimates (modeling in a higher Tax rate due to the rise in MAT, as reflected in this quarter).

### Exhibit 3: Revision in Estimates

(Rs cr)	Old Estimate		New Estimate		% chg	
	FY11E	FY12E	FY11E	FY12E	FY11E	FY12E
Revenue	19,157	21,517	19,305	21,530	0.8	0.1
OPM (%)	13.5	13.7	13.5	13.8	-	13bp
EPS	10.2	11.7	9.9	11.3	(2.5)	(3.2)

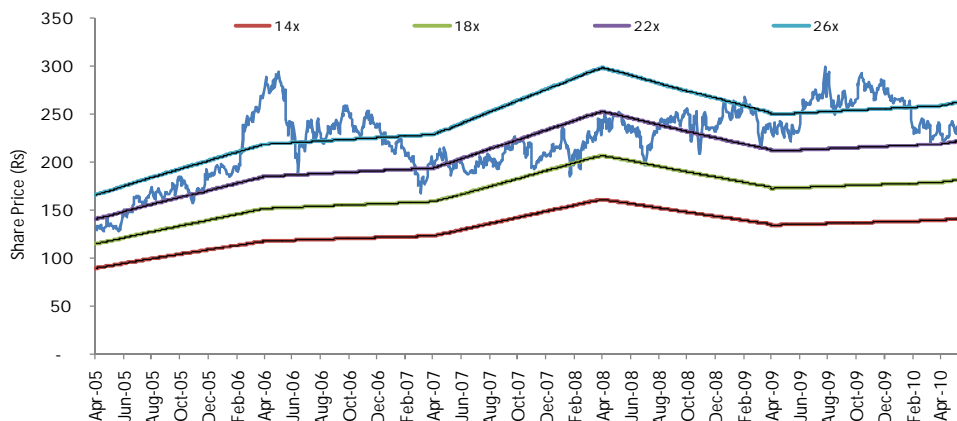
Source: Angel Research

Prima facie, while the strong 11% yoy volume growth posted during this quarter looks exciting, we note that the same is boosted via: 1) a weak base, Jan-March 2009 quarter had registered a volume decline of 4.5% yoy, due to inventory pipeline clearance, and 2) the current quarter does not capture the full impact of competitive pressures and price cuts (war with P&G only started in early February, through a range of steep price cuts in the Laundry segment).

We expect HUL to post a 10.8% CAGR in the Top-line over FY2010-12E, despite the steep price cuts largely aided by a steady performance of its Personal Care and Foods Division (aided by innovations and higher ad spends), spike in detergents Volume growth (due to price cuts) and a modest performance of its Soaps business (aided by brand re-launches and select price cuts). In terms of Earnings, we expect HUL to post a weak 9% CAGR during the period, impacted by the dip in Margins (due to the price cuts) and a higher Tax rate (on account of the increase in MAT). However, further price cuts, spillover of the price war to other categories and a poor response to brand re-launches, promotions and price cuts carry downside risks to our estimates.

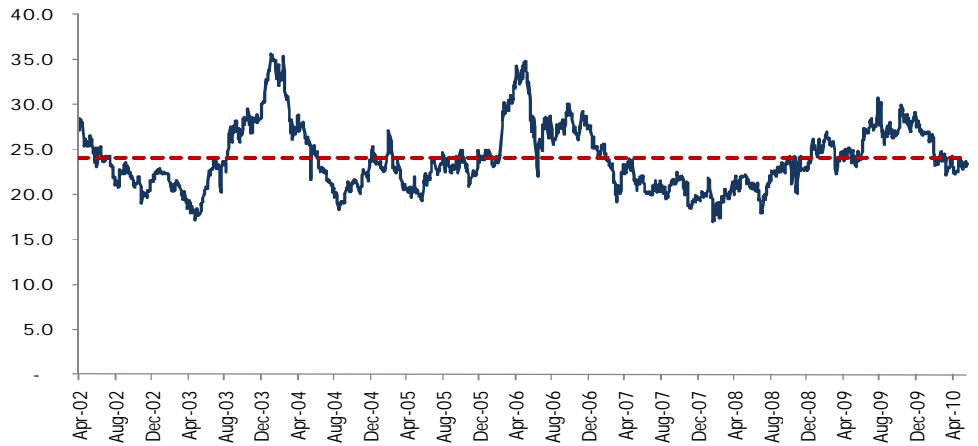
Consistent market share loss across categories and a slowdown in the underlying Volume growth (particularly in Soaps/Detergents), coupled with price cuts (leading to lower Value growth), have emerged as the key concerns for HUL in the recent quarters, leading to a sharp underperformance of the stock. HUL is currently trading at 20x FY2012E EPS of Rs11.3, at a 50% premium to the Sensex (v/s the 5-year average of a 60% premium). **We maintain our Neutral view on the stock, with a Fair value of Rs226 (based on 20x FY2012E EPS), owing to the weak Earnings growth vis-à-vis the FMCG Sector, uncertain Earnings environment and significantly higher competitive intensity.**

### Exhibit 4: 1-year forward P/E band



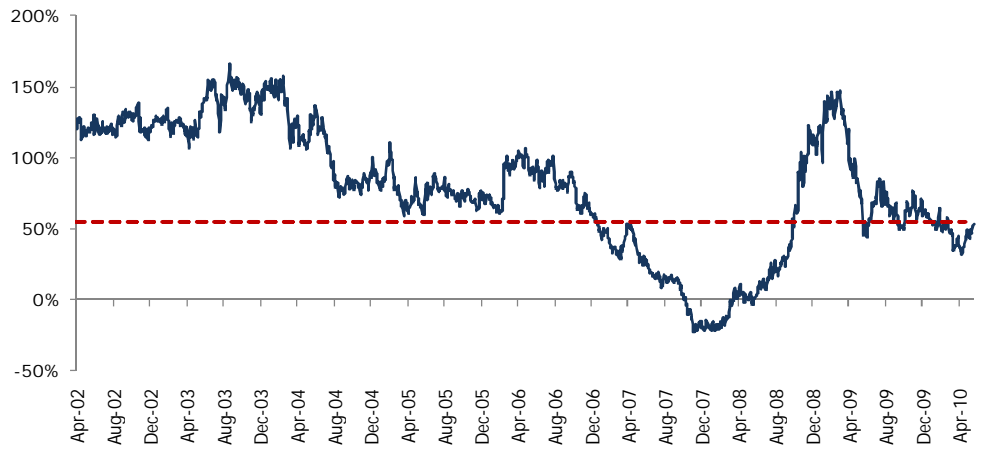
Source: Bloomberg, Angel Research

**Exhibit 5: 1-year forward P/E Chart**



Source: Bloomberg, Angel Research; Note: Red-line indicates 5-year average

**Exhibit 6: 1-year forward Premium to Sensex Chart**



Source: Bloomberg, Angel Research; Note: Red-line indicates 5-year average

<b>Profit &amp; Loss Statement</b>						<b>Rs crore</b>
<b>Y/E March</b>	<b>CY2006</b>	<b>CY2007</b>	<b>FY2009#</b>	<b>FY2010</b>	<b>FY2011E</b>	<b>FY2012E</b>
<b>Gross sales</b>	<b>13,035</b>	<b>14,715</b>	<b>21,650</b>	<b>18,642</b>	<b>20,581</b>	<b>22,978</b>
Less: Excise duty	932	1,040	1,410	1,119	1,276	1,448
Net Sales	12,103	13,675	20,239	17,524	19,305	21,530
<b>Total operating income</b>	<b>12,103</b>	<b>13,675</b>	<b>20,239</b>	<b>17,524</b>	<b>19,305</b>	<b>21,530</b>
% chg	9.4	13.0	48.0	(13.4)	10.2	11.5
Total Expenditure	10,455	11,797	17,561	14,975	16,704	18,559
Cost of Materials	6,503	7,269	10,838	8,878	10,019	11,282
Advertising Exp	1,273	1,440	2,131	2,391	2,703	2,907
Personnel	643	768	1,152	936	1,023	1,141
Others	2,037	2,320	3,440	2,770	2,959	3,229
<b>EBITDA</b>	<b>1,648</b>	<b>1,879</b>	<b>2,678</b>	<b>2,548</b>	<b>2,600</b>	<b>2,971</b>
% chg	14.2	14.0	42.5	(4.8)	2.0	14.3
(% of Net Sales)	13.6	13.7	13.2	14.5	13.5	13.8
Depreciation & Amortisation	130	138	195	184	224	245
<b>EBIT</b>	<b>1,518</b>	<b>1,740</b>	<b>2,483</b>	<b>2,364</b>	<b>2,376</b>	<b>2,726</b>
% chg	15.1	14.7	42.7	(4.8)	0.5	14.7
(% of Net Sales)	12.5	12.7	12.3	13.5	12.3	12.7
Interest & other Charges	11	25	25	7	-	-
Other Income	355	432	568	350	420	485
(% of PBT)	19.0	20.1	18.8	12.9	15.0	15.1
Share in profit of Associates	-	-	-	-	-	-
<b>Recurring PBT</b>	<b>1,862</b>	<b>2,146</b>	<b>3,025</b>	<b>2,707</b>	<b>2,796</b>	<b>3,211</b>
% chg	16.0	15.3	40.9	(10.5)	3.3	14.8
Extraordinary Expense/(Inc.)	(316)	(182)	4	(111)	0	0
<b>PBT (reported)</b>	<b>2,177</b>	<b>2,329</b>	<b>3,021</b>	<b>2,818</b>	<b>2,796</b>	<b>3,211</b>
Tax	322	403	524	616	629	739
(% of PBT)	17.3	18.8	17.3	22.8	22.5	23.0
<b>PAT (reported)</b>	<b>1,540</b>	<b>1,743</b>	<b>2,501</b>	<b>2,091</b>	<b>2,167</b>	<b>2,473</b>
Add: Share of associates	-	-	-	-	-	-
Less: Minority interest (MI)	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>1,540</b>	<b>1,743</b>	<b>2,501</b>	<b>2,091</b>	<b>2,167</b>	<b>2,473</b>
<b>ADJ. PAT</b>	<b>1,855</b>	<b>1,925</b>	<b>2,496</b>	<b>2,202</b>	<b>2,167</b>	<b>2,473</b>
% chg		3.8	29.7	(11.8)	(1.6)	14.1
(% of Net Sales)	15.3	14.1	12.3	12.6	11.2	11.5
<b>Basic EPS (Rs)</b>	<b>7.0</b>	<b>8.0</b>	<b>11.5</b>	<b>9.6</b>	<b>9.9</b>	<b>11.3</b>
<b>Fully Diluted EPS (Rs)</b>	<b>7.0</b>	<b>8.0</b>	<b>11.5</b>	<b>9.6</b>	<b>9.9</b>	<b>11.3</b>
% chg	12.3	14.7	43.3	(16.4)	3.7	14.1

#Note: FY2009 Results are for 15 Months

<b>Balance Sheet</b>							<b>Rs crore</b>
<b>Y/E March</b>	<b>CY2006</b>	<b>CY2007</b>	<b>FY2009#</b>	<b>FY2010E</b>	<b>FY2011E</b>	<b>FY2012E</b>	
<b>SOURCES OF FUNDS</b>							
Equity Share Capital	221	218	218	218	218	218	
Preference Capital	-	-	-	-	-	-	
Reserves& Surplus	2,503	1,221	1,844	2,365	2,747	3,180	
<b>Shareholders Funds</b>	<b>2,723</b>	<b>1,439</b>	<b>2,062</b>	<b>2,584</b>	<b>2,965</b>	<b>3,398</b>	
Minority Interest	-	-	-	-	-	-	
Total Loans	73	89	422	0	0	0	
Deferred Tax Liability	(225)	(212)	(255)	(249)	(249)	(249)	
<b>Total Liabilities</b>	<b>2,572</b>	<b>1,315</b>	<b>2,229</b>	<b>2,335</b>	<b>2,717</b>	<b>3,149</b>	
<b>APPLICATION OF FUNDS</b>							
Gross Block	2,463	2,669	2,882	3,458	3,861	4,222	
Less: Acc. Depreciation	1,062	1,147	1,275	1,459	1,683	1,928	
<b>Net Block</b>	<b>1,401</b>	<b>1,523</b>	<b>1,607</b>	<b>2,000</b>	<b>2,178</b>	<b>2,294</b>	
Capital Work-in-Progress	110	186	472	437	386	422	
Goodwill	-	-	-	-	-	-	
<b>Investments</b>	<b>2,414</b>	<b>1,441</b>	<b>333</b>	<b>1,264</b>	<b>1,764</b>	<b>2,264</b>	
Current Assets	3,170	3,277	5,601	5,368	5,658	6,053	
Cash	417	201	1,777	1,892	1,807	1,767	
Loans & Advances	765	680	758	617	695	797	
Other	1,988	2,397	3,066	2,858	3,156	3,489	
Current liabilities	4,523	5,111	5,784	6,733	7,269	7,884	
<b>Net Current Assets</b>	<b>(1,353)</b>	<b>(1,834)</b>	<b>(183)</b>	<b>(1,365)</b>	<b>(1,612)</b>	<b>(1,831)</b>	
Mis. Exp. not written off	-	-	-	-	-	-	
<b>Total Assets</b>	<b>2,572</b>	<b>1,315</b>	<b>2,229</b>	<b>2,335</b>	<b>2,717</b>	<b>3,149</b>	

#Note: FY2009 Results are for 15 Months

<b>Cash Flow Statement</b>							<b>Rs crore</b>
<b>Y/E March</b>	<b>CY2006</b>	<b>CY2007</b>	<b>FY2009#</b>	<b>FY2010E</b>	<b>FY2011E</b>	<b>FY2012E</b>	
Profit before tax	1,862	2,146	3,025	2,707	2,796	3,211	
Depreciation	130	138	195	184	224	245	
Change in Working Capital	(13)	122	(330)	1,266	155	190	
Interest / Dividend (Net)	(136)	(142)	(126)	(103)	(125)	(145)	
Direct taxes paid	322	403	524	616	629	739	
Others	567	(26)	(19)	135	7	(10)	
<b>Cash Flow from Operations</b>	<b>2,087</b>	<b>1,836</b>	<b>2,220</b>	<b>3,573</b>	<b>2,427</b>	<b>2,752</b>	
Inc./ (Dec.) in Fixed Assets	(107)	(289)	(629)	(541)	(352)	(397)	
Inc./ (Dec.) in Investments	(594)	998	1,167	(931)	(500)	(500)	
<b>Cash Flow from Investing</b>	<b>(701)</b>	<b>709</b>	<b>538</b>	<b>(1,473)</b>	<b>(852)</b>	<b>(897)</b>	
Issue of Equity	36	(633)	39	(9)	0	0	
Inc./ (Dec.) in loans	16	16	333	(422)	0	0	
Dividend Paid (Incl. Tax)	1,511	2,292	1,677	1,658	1,785	2,040	
Interest / Dividend (Net)	(136)	(148)	(122)	(103)	(125)	(145)	
<b>Cash Flow from Financing</b>	<b>(1,324)</b>	<b>(2,762)</b>	<b>(1,181)</b>	<b>(1,986)</b>	<b>(1,660)</b>	<b>(1,895)</b>	
Inc./ (Dec.) in Cash	62	(216)	1,576	115	(85)	(40)	
<b>Opening Cash balances</b>	<b>355</b>	<b>417</b>	<b>201</b>	<b>1,777</b>	<b>1,892</b>	<b>1,807</b>	
<b>Closing Cash balances</b>	<b>417</b>	<b>201</b>	<b>1,777</b>	<b>1,892</b>	<b>1,807</b>	<b>1,767</b>	

#Note: FY2009 Results are for 15 Months



**Key Ratios**

Y/E March	CY2006	CY2007	FY2009#	FY2010E	FY2011E	FY2012E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	27.4	26.0	20.1	22.8	23.1	20.3
P/CEPS	30.0	26.7	18.6	22.1	21.0	18.5
P/BV	18.4	34.9	24.3	19.4	16.9	14.8
Dividend yield (%)	2.6	3.9	3.3	2.8	3.0	3.5
EV/Sales	3.9	3.6	2.4	2.7	2.4	2.1
EV/EBITDA	28.7	25.8	18.1	18.4	17.9	15.5
EV / Total Assets	18.4	36.9	21.7	20.1	17.1	14.6
<b>Per Share Data (Rs)</b>						
EPS (Basic)	7.0	8.0	11.5	9.6	9.9	11.3
EPS (fully diluted)	7.1	8.0	11.5	9.6	9.9	11.3
Cash EPS	7.7	8.6	12.4	10.4	11.0	12.5
DPS	6.0	9.1	7.5	6.5	7.0	8.0
Book Value	12.5	6.6	9.5	11.9	13.6	15.6
<b>Returns (%)</b>						
RoCE (Pre-tax)	64.4	89.5	140.1	103.6	94.1	93.0
Angel RoIC (Pre-tax)	-	-	-	-	-	-
RoE	61.2	83.7	142.9	90.0	78.1	77.7
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	4.9	5.1	7.0	5.1	5.0	5.1
Inventory / Sales (days)	47	52	46	45	46	46
Receivables (days)	13	12	10	14	14	14
Payables (days)	97	102	77	106	105	101

#Note: FY2009 Results are for 15 Months

Research Team Tel: 4040 3800

 E-mail: [research@angeltrade.com](mailto:research@angeltrade.com)

 Website: [www.angeltrade.com](http://www.angeltrade.com)

## DISCLAIMER

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Angel Securities Limited, its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. The views contained in this document are those of the analyst, and the company may or may not subscribe to all the views expressed within.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable source believed to be true, and is for general guidance only. Angel Securities Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Securities Limited endeavours to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Angel Securities Limited and its affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Neither Angel Securities Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section).

Disclosure of Interest Statement	HUL
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	Yes
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below Rs 1 lakh for Angel and its Group companies.

<b>Ratings (Returns) :</b>	Buy (> 15%) Reduce (-5% to -15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
----------------------------	-------------------------------------	---	--------------------

Address: Acme Plaza, 'A' Wing, 3rd Floor, M.V. Road, Opp. Sangam Cinema, Andheri (E), Mumbai - 400 059.  
 Tel : (022) 3952 4568 / 4040 3800

Angel Broking Ltd: BSE Sebi Regn No : INB 010996539 / CDSL Regn No: IN - DP - CDSL - 234 - 2004 / PMS Regn Code: PM/INP000001546 Angel Securities Ltd: BSE: INB010994639/INF010994639 NSE: INB230994635/INF230994635 Membership numbers: BSE 028/NSE:09946  
 Angel Capital & Debt Market Ltd: INB 231279838 / NSE FNO: INF 231279838 / NSE Member code -12798 Angel Commodities Broking (P) Ltd: MCX Member ID: 12685 / FMC Regn No: MCX / TCM / CORP / 0037 NCDEX : Member ID 00220 / FMC Regn No: NCDEX / TCM / CORP / 0302