



# Hindustan Unilever

BSE SENSEX 18,969  
S&P CNX 5,687

Rs271

Neutral

		YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
		END	(RS M)	(RS M)	(RS)	GR. (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
Bloomberg	HUVR IN											
Equity Shares (m)	2,177.5	03/10A	177,253	20,587	9.4	-0.4	28.7	22.9	79.7	105.1	3.2	20.4
52-Week Range (Rs)	329/218	03/11E	195,487	20,802	9.5	1.0	28.4	19.8	69.8	88.4	2.9	21.4
1,6,12 Rel. Perf. (%)	-1/3/-10	03/12E	218,873	22,851	10.5	9.9	25.9	17.6	68.2	87.5	2.6	19.2
M.Cap. (Rs b)	590.1	03/13E	244,038	25,872	11.9	13.2	22.9	15.7	68.7	88.6	2.3	16.7
M.Cap. (US\$ b)	12.9											

## Key takeaways from the concall

- The 3QFY11 concall highlighted innovation and market intervention strategies that enabled Hindustan Unilever Ltd (HUL) to grow ahead of the market, strengthening its leadership.
- Palm fatty acid and other crude-linked costs are rising. HUL is making calibrated price increases but it is not possible to completely mitigate the impact of input cost inflation.
- Although inflation is high, consumer demand has not been impacted so far.
- The FMCG market will be very competitive and adspends are unlikely to fall in the medium term.

## 3QFY11: 13% volume growth, margins fall 310bp, PAT down 2%

HUL's 3QFY11 volumes grew 13%, the fourth consecutive quarter of double digit volume growth. FMCG sales grew sequentially from 9.7% to 11.5%. Gross margins expanded 180bp to 49.9%. Adspends grew 17.4% YoY to Rs7.4b, ad/sales expanded 70bp YoY to 14.5%. EBITDA margins contracted 310bp to 14.1% and EBITDA de-grew 8% to Rs7.2b (against our estimate of Rs7.9b). Soaps and detergents EBIT margins fell 570bp to 7.7% and personal products EBIT margins fell 310bp. Adjusted PAT fell 2.1% to Rs5.9b.

## Cutting estimates due to higher input costs, competitive pricing; Neutral

- We expect sequential improvement in 4QFY11 profit margins of soaps and detergents due to (1) a low base in 4QFY10 and (2) benefit from 4-5% increase in toilet soap prices.
- HUL will face strong headwinds due to (1) a likely increase in competition, (2) high input costs and (3) a higher base.
- We are cutting FY10-13 estimates by 4-8% to factor in the impact of (1) input cost inflation, (2) competitive pricing and (3) higher financial other income due to an increase in interest rates.
- We are reducing FY11 EPS estimates to Rs9.5 (earlier Rs9.9), FY12 EPS estimates to Rs10.5 (Rs11.2 earlier) and FY13 EPS estimates to Rs11.8 (Rs12.9 earlier). The stock trades at 25.9x FY12E and 22.9x FY13E. **Neutral.**

## QUARTERLY PERFORMANCE

Y/E MARCH									(Rs Million)	
	FY10				FY11				FY10	FY11E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Volume Growth (%)</b>	<b>2.0</b>	<b>1.0</b>	<b>5.0</b>	<b>11.0</b>	<b>11.0</b>	<b>14.0</b>	<b>13.0</b>	<b>9.0</b>	<b>4.8</b>	<b>11.5</b>
<b>Net Sales (incl service inc)</b>	<b>45,026</b>	<b>42,692</b>	<b>45,732</b>	<b>43,802</b>	<b>48,762</b>	<b>47,647</b>	<b>51,277</b>	<b>47,801</b>	<b>177,253</b>	<b>195,487</b>
<i>YoY Change (%)</i>	<i>6.3</i>	<i>3.9</i>	<i>4.4</i>	<i>8.5</i>	<i>8.3</i>	<i>11.6</i>	<i>12.1</i>	<i>9.1</i>	<i>5.4</i>	<i>10.3</i>
<b>Gross Profit</b>	<b>21,910</b>	<b>21,181</b>	<b>23,622</b>	<b>21,627</b>	<b>24,296</b>	<b>23,817</b>	<b>25,586</b>	<b>22,663</b>	<b>88,474</b>	<b>96,361</b>
Margin %	48.7	49.6	51.7	49.4	49.8	50.0	49.9	47.4	49.9	49.3
<b>EBITDA</b>	<b>7,150</b>	<b>6,520</b>	<b>7,875</b>	<b>5,955</b>	<b>6,809</b>	<b>6,469</b>	<b>7,250</b>	<b>5,582</b>	<b>27,500</b>	<b>26,110</b>
<i>Margins (%)</i>	<i>15.9</i>	<i>15.3</i>	<i>17.2</i>	<i>13.6</i>	<i>14.0</i>	<i>13.6</i>	<i>14.1</i>	<i>11.7</i>	<i>15.5</i>	<i>13.4</i>
Depreciation	425	462	450	503	535	554	563	575	1,840	2,227
Interest	52	15	2	1	1	1	1	3	70	5
Other Income	335	473	389	284	421	768	770	494	1,481	2,454
<b>PBT</b>	<b>7,009</b>	<b>6,515</b>	<b>7,812</b>	<b>5,735</b>	<b>6,695</b>	<b>6,683</b>	<b>7,456</b>	<b>5,498</b>	<b>27,071</b>	<b>26,331</b>
Tax	1,643	1,520	1,822	1,513	1,485	1,426	1,589	1,030	6,481	5,530
<i>Rate (%)</i>	<i>23.4</i>	<i>23.3</i>	<i>23.3</i>	<i>26.4</i>	<i>22.2</i>	<i>21.3</i>	<i>21.3</i>	<i>18.7</i>	<i>23.9</i>	<i>21.0</i>
<b>Adjusted PAT</b>	<b>5,367</b>	<b>4,995</b>	<b>5,990</b>	<b>4,221</b>	<b>5,210</b>	<b>5,257</b>	<b>5,867</b>	<b>4,468</b>	<b>20,590</b>	<b>20,802</b>
<i>YoY Change (%)</i>	<i>-0.6</i>	<i>9.4</i>	<i>-1.8</i>	<i>-7.6</i>	<i>-2.9</i>	<i>5.2</i>	<i>-2.1</i>	<i>5.8</i>	<i>0.7</i>	<i>1.0</i>
Extraordinary Inc/(Exp)	65	-710	501	1,591	122	404	508	0	1,430	1,035
<b>Reported Profit</b>	<b>5,432</b>	<b>4,285</b>	<b>6,491</b>	<b>5,812</b>	<b>5,332</b>	<b>5,661</b>	<b>6,375</b>	<b>4,468</b>	<b>22,020</b>	<b>21,837</b>

E: MOSL Estimates, PFAD - 1QFY08 as 100 with 3month lag

### Key takeaways from the concall

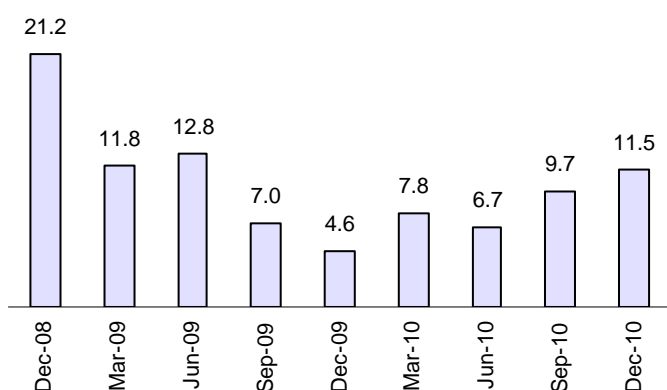
- 3QFY11 concall highlighted the fourth consecutive quarter of double digit volume growth, which indicates the success of the company's innovation programs and market intervention strategies as it grew ahead of the market in terms of volume and value, strengthening its leadership.
- Input costs are a key concern as prices of palm oil-based inputs (above their 2008 peak) were up by more than 50% in 3QFY11. Besides, crude-linked carriage and freight costs are also rising. HUL has increased toilet soap prices by 4-5% since September 2010, though it is not possible to completely mitigate the impact of input cost inflation.
- HUL continues to invest in the categories of tomorrow, including water, hair conditioners, fabric conditioner, deodorants and premium skin care. HUL said it would continue to make new innovations and product launches.
- Although inflation is high, consumer demand has not been impacted so far.
- The Indian FMCG market will be extremely competitive due to long term attractiveness and advertising spends are unlikely to decline in the medium term.

### Volume up 13% but margin contraction drives 2.1% PAT decline

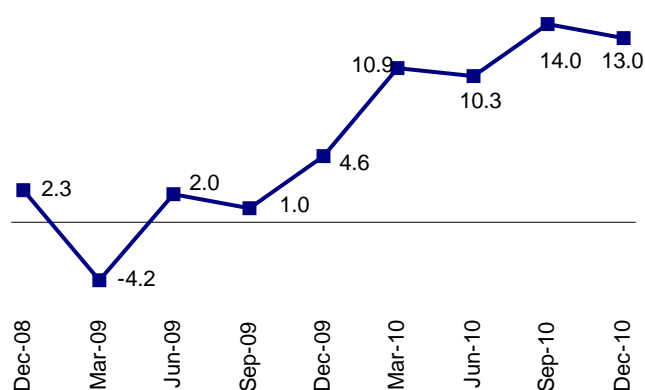
HUL 3QFY11 sales grew 12.1% to Rs51.3b and adjusted PAT declined 2.1% to Rs5.9b.

- Volumes grew 13%, the fourth consecutive quarter of double digit volume growth. FMCG sales growth increased QoQ from 9.7% to 11.5%.
- Gross margins expanded 180bp to 49.9%. Ad-spends grew 17.4% YoY to Rs7.4b, ad/sales expanded 70bp YoY to 14.5% and other expenses increased 17.7% YoY to 16.8% of sales.
- EBITDA margins contracted 310bp to 14.1% and EBITDA de-grew 8% to Rs7.2b.
- A 98% increase in financial other income and a 200bp lower tax rate cushioned PAT growth decline to 2%. Reported PAT of Rs6.4b included exceptional income from gain on the sale of long-term investment (Rs159m) and properties (Rs492m).
- Soap and detergent EBIT margins were at an all time low of 7.7% and margins are likely to expand sequentially.
- Personal care: sales were up 20% YoY and EBIT margins were down 310bp. We expect competition to stiffen.
- Food sales were up 13% YoY and beverage EBIT increased 24% due to higher prices. Export EBIT rose 200%.

Domestic FMCG sales up QoQ ...

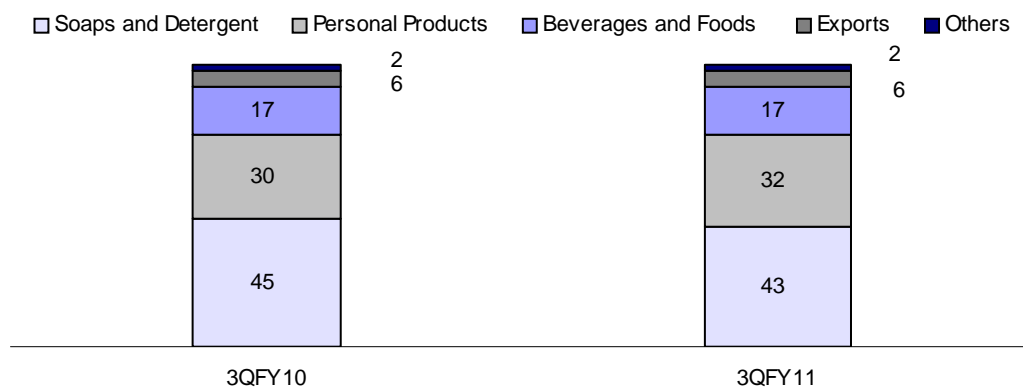


... helped by 13% volume growth

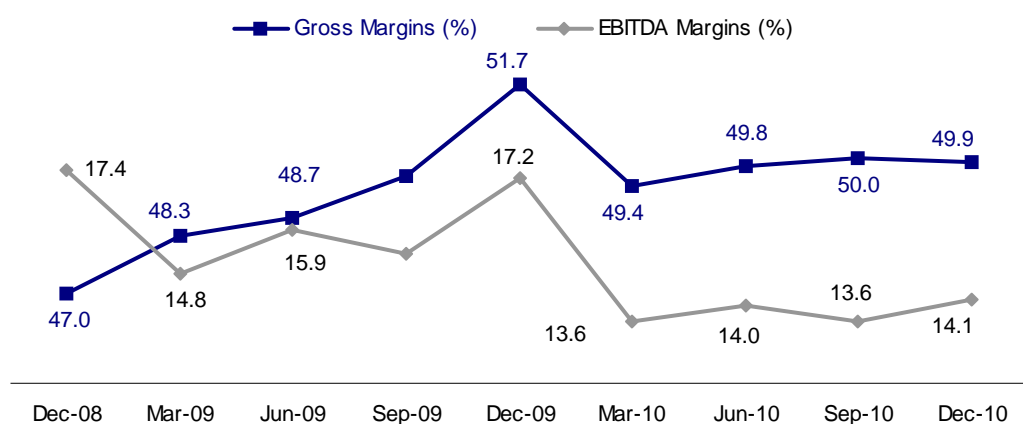


Source: Company/MOSL

**Higher share of personal products arrest gross margin contraction**



**Higher share of personal products arrest gross margin contraction**



Source: Company/MOSL

**Quarterly segment analysis**

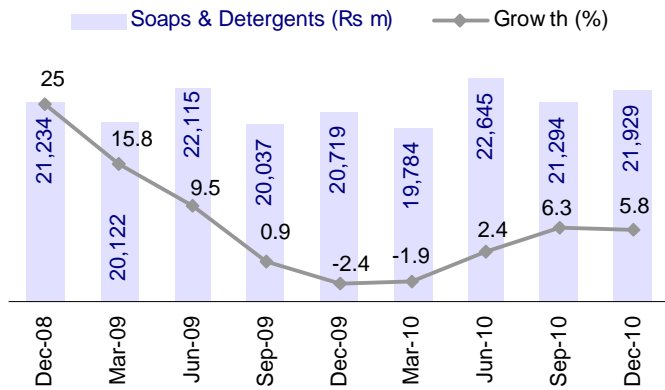
	3QFY11	3QFY10	Chg. %	9MFY11	9MFY10	Chg. %
<b>Net Sales (Rs m)</b>						
Soaps and Detergents	21,929	20,719	5.8	65,868	62,872	4.8
Personal Products	16,547	13,770	20.2	43,850	37,927	15.6
Beverages	6,022	5,511	9.3	17,101	15,723	8.8
Processed Foods	2,219	1,872	18.6	6,525	5,332	22.4
Ice Creams	481	368	30.9	2,076	1,757	18.2
Exports	2,909	2,653	9.7	8,204	7,497	9.4
<b>EBIT (Rs Mn)</b>						
Soaps and Detergents	1,693	2,785	-39.2	6,682	9,325	-28.3
Personal Products	4,769	4,399	8.4	11,296	10,232	10.4
Beverages	1,014	817	24.0	2,585	2,408	7.3
Processed Foods	-161	-13	1184.8	45	-35	-230.6
Ice Creams	-6	-37	-84.5	202	143	41.8
Exports	227	75	201.2	643	452	42.1
<b>EBIT Margin %</b>						
Soaps and Detergents	7.7	13.4	-5.7	10.1	14.8	-4.7
Personal Products	28.8	31.9	-3.1	25.8	27.0	-1.2
Beverages	16.8	14.8	2.0	15.1	15.3	-0.2
Processed Foods	-7.2	-0.7	-6.6	0.7	-0.6	1.3
Ice Creams	-1.2	-10.2	9.0	9.7	8.1	1.6
Exports	7.8	2.8	5.0	7.8	6.0	1.8

Source: Company/MOSL

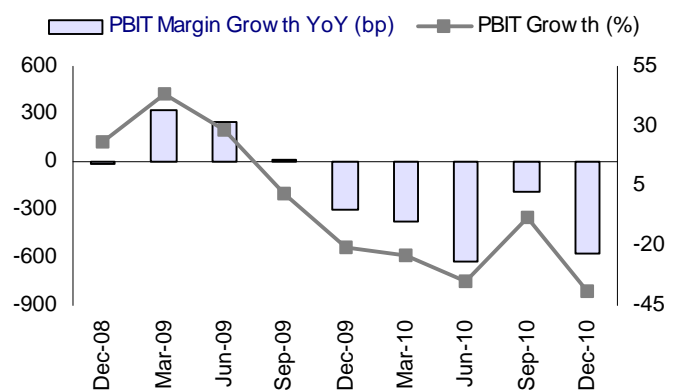
**Soaps, detergents EBIT margins at all time low; may expand QoQ**

Soaps and detergents (43% of sales) posted 5.8% sales growth and 39.2% decline in EBIT, indicating 570bp YoY and 400bp QoQ decline in margins. EBIT margins are at an all time low for HUL in the segment. Competition and a delay in passing on input cost increases impacted profit margins. HUL raised prices of Pears and Dove but prices were left untouched in the laundry segment in 3QFY11, possibly due to concerns over market share loss.

**Sales growth 5.8%**



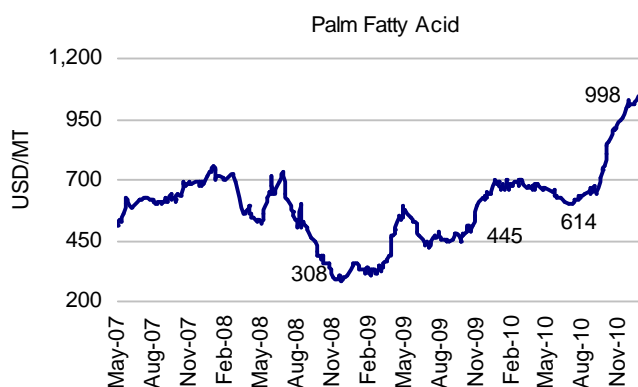
**Margins at all-time low of 7.7%**



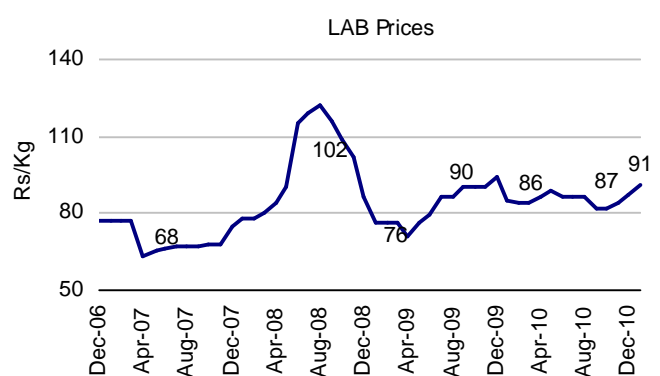
Source: Company/MOSL

The premium personal wash portfolio and Rin recorded good volume growth with overall growth ahead of the market. HUL reported small market share gains in toilet soaps after a long gap. PFAD (Palm Fatty Acid) and LAB prices were up ~50% and 11% respectively in 3QFY11. Our channel check suggests HUL is increasing Lux and Lifebuoy prices by 4-5% (price increase and grammage change) which should relieve input cost pressure in 4QFY11. However, margins are unlikely to return to 14-15% as they were 12-18 months earlier.

**PFAD prices up ~50% in 3QFY11**



**LAB prices up 11% in 3QFY11**

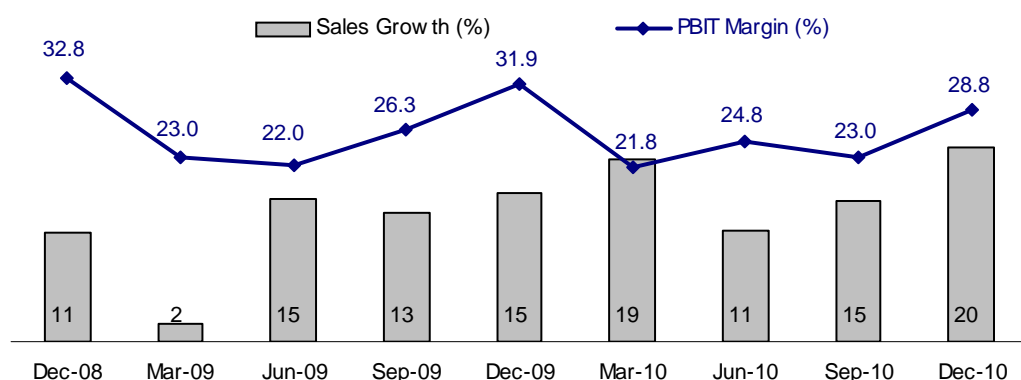


Source: Company/MOSL

### Personal care sales up, EBIT margins down; stiff competition expected

Personal product sales grew 20% and margins contracted 310bp to 28.8% but EBIT grew just 8.4%. Skin care led sales growth due to strong demand for winter creams and the success of innovations in Fair & Lovely, Ponds White Beauty and Vaseline. HUL had increased prices of personal care products like FAL, Close-Up and Pepsodent, which partially offset the impact of input cost inflation. HUL is leading innovation in skin care, deodorants and hair care but competitive intensity is increasing in key sub-segments in high margin skin creams, and competition in hair care is particularly fierce. We believe competitive intensity in personal care could intensify due to (1) the likely entry of P&G in toothpastes and (2) reduction in entry level prices by P&G and other MNCs in the skin care segment. Margins are likely to be under pressure.

#### Personal products margins disappoint



Source: Company/MOSL

### Food sales up, beverage EBIT up on higher prices; exports EBIT up 200%

Food, beverages and ice-cream sales grew 12.5% and EBIT grew 10%. Growth was led by the beverage segment, which posted a 9% increase in sales and 24% increase in EBIT as margins expanded 200bp. Processed food sales grew 18.6% to Rs2.2b and EBIT loss increased to Rs161m as margins declined 660bp due to high input costs and ad spends on key brands. Higher prices of tea and coffee brands and the relaunch of Red Label tea boost beverage performance. Exports posted 500bp margin expansion and 200% jump in EBIT.

#### Estimates cut due to higher input costs, competitive pricing; Neutral

- HUL posted all-time low EBIT margins of 7.7% in soaps and detergents due to competitive pricing in laundry and a sharp increase in input costs of PFAD (Palm Fatty Acid), a key input in toilet soaps. We expect sequential improvement in profit margins of soaps and detergents due to (1) a low base in 4QFY11 and (2) benefits from 4-5% increase in toilet soap prices.
- HUL aggressively launched new innovations and products but rising competition and input costs impaired profitability.
- We expect increased competition in the personal care segment due to (1) P&G's likely entry in the toothpaste segment and (2) a reduction in entry level prices by P&G and other MNCs in the skin care segment. We believe structural adjustment in personal care margins is a key determinant for the coming couple of years. It is the most

profitable segment with 25.8% EBIT margins v/s 14.1% for HUL and accounted for 51% of EBIT in 9mFY11.

- We believe HUL will face strong headwinds due to (1) the likelihood of increased competition in the toothpaste and skin creams segments, (2) high input costs and (3) a higher base as it has reported its fourth consecutive quarter of double digit volume growth.
- We are cutting FY10-13 estimates by 4-8% to factor in the impact of (1) input cost inflation, (2) competitive pricing and (3) higher financial other income due to an increase in interest rates.
- We are reducing FY11 EPS estimates to Rs9.5 (earlier Rs9.9), FY12 EPS estimates to Rs10.5 (Rs11.2 earlier) and FY13 EPS estimates to Rs11.8 (Rs12.9 earlier). The stock trades at 25.9x FY12E and 22.9x FY13E. Maintain **Neutral**.

#### Downgrading estimates by 4-8%

Particular	FY11			FY12			FY13		
	Prev. Est	New est	% Chg	Prev. Est	New est	% Chg	Prev. Est	New Est	% Chg
<b>Net Sales</b>	<b>196,288</b>	<b>195,487</b>	<b>-0.4</b>	<b>219,701</b>	<b>218,873</b>	<b>-0.4</b>	<b>245,486</b>	<b>244,038</b>	<b>-0.6</b>
Sales Growth (%)	10.7	5.1		11.9	12.0	11.7	11.5		
<b>EBITDA</b>	<b>27,470</b>	<b>26,110</b>	<b>-5.0</b>	<b>31,168</b>	<b>28,751</b>	<b>-7.8</b>	<b>35,604</b>	<b>32,548</b>	<b>-8.6</b>
EBITDA Margin (%)	14.0	13.4		14.2	13.1		14.5	13.3	
<b>PAT</b>	<b>21,688</b>	<b>20,802</b>	<b>-4.1</b>	<b>24,465</b>	<b>22,851</b>	<b>-6.6</b>	<b>28,154</b>	<b>25,872</b>	<b>-8.1</b>
PAT Growth (%)	5.3	2.9		12.8	9.9		15.1	13.2	
<b>EPS (Rs)</b>	<b>9.9</b>	<b>9.5</b>	<b>-4.1</b>	<b>11.2</b>	<b>10.5</b>	<b>-6.6</b>	<b>12.9</b>	<b>11.9</b>	<b>-8.1</b>
EPS Growth (%)	5.3	2.9		12.8	9.9		15.1	13.2	

Source: Company/MOSL

## Hindustan Unilever: an investment profile

### Company description

Hindustan Unilever Ltd (HUL) is the largest company in the FMCG industry, with market leadership in soaps, detergents and personal care categories. It has a wide distribution network with direct reach of over 1m retail outlets. HUL is a subsidiary of Anglo Dutch FMCG giant Unilever.

### Key investment argument

- It is the market leader in most of the categories and has strong brands.
- It has a product range that straddles categories and it has a presence at all price points.
- A decline in raw material prices will result in improved margins.

### Key Investment risk

- Loss in market share has forced HUL to pass on significant benefit from reduction in raw material prices.
- Competitive pressure has intensified with more companies entering personal care and toilet soap and detergents which account for 80% of HUL' profits.

### Recent developments

- HUL has increased prices in key mass market soap brands over the past 15 days.
- During the quarter the company launched Bedami flavored Ice Cream.

### Valuation and view

- We are reducing FY11 EPS estimates to Rs9.5 (earlier Rs9.9), FY12 EPS estimates to Rs10.5 (Rs11.2 earlier) and those for FY13 to Rs11.8 (Rs12.9 earlier).
- The stock trades at 25.9x FY12E and 22.9x FY13E. Maintain **Neutral**.

### Sector view

- We have a cautious view on the sector due to inflationary pressure in the economy.
- Companies with competitive positions (Dabur is a follower in bigger categories) will be better placed to withstand a slowdown in a particular segment.
- Long term prospects are bright given rising incomes and low penetration.

### Comparative valuations

		HLL	ITC	Nestle
P/E (x)	FY11E	28.4	26.2	41.4
	FY12E	25.9	22.3	34.4
EV/EBITDA (x)	FY11E	21.4	16.4	27.7
	FY12E	19.2	13.7	22.7
EV/Sales (x)	FY11E	2.9	5.8	5.4
	FY12E	2.6	5.0	4.5
P/BV (x)	FY11E	19.8	7.5	42.4
	FY12E	17.6	6.3	29.7

### EPS: MOSL forecast v/s Consensus (Rs)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY11	9.5	10.1	-5.9
FY12	10.5	11.5	-8.5

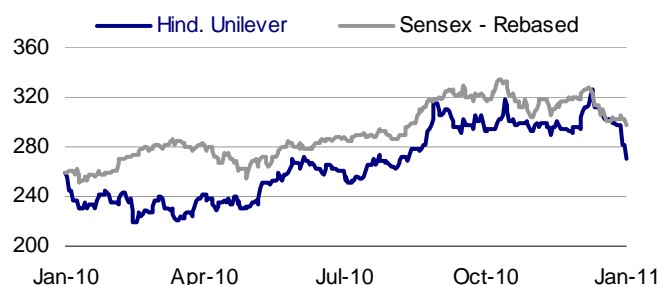
### Target price and recommendation

Current Price (Rs)	Target Price (Rs)	Upside (%)	Reco.
271	261	-3.7	Neutral

### Shareholding Pattern (%)

	Dec-10	Sep-10	Dec-09
Promoter	52.0	52.0	52.0
Domestic Inst	12.7	12.9	13.9
Foreign	17.8	17.5	15.4
Others	17.5	17.6	18.7

### Stock performance



## Financials and Valuations

INCOME STATEMENT					RATIOS				
(RS MILLION)									
Y/E MARCH	FY10	FY11E	FY12E	FY13E	Y/E MARCH	FY10	FY11E	FY12E	FY13E
<b>Net Sales</b>	<b>175,238</b>	<b>191,945</b>	<b>214,997</b>	<b>239,765</b>	Basic (Rs)				
Other Operating Income	2,015	3,542	3,876	4,273	<b>EPS</b>	<b>9.4</b>	<b>9.5</b>	<b>10.5</b>	<b>11.9</b>
<b>Total Revenue</b>	<b>177,253</b>	<b>195,487</b>	<b>218,873</b>	<b>244,038</b>	Cash EPS	10.3	10.6	11.6	13.1
<i>Change (%)</i>	<i>-14.0</i>	<i>10.3</i>	<i>12.0</i>	<i>11.5</i>	BV/Share	11.8	13.7	15.4	17.3
COGS	88,779	99,125	112,004	124,361	DPS	6.5	7.0	7.5	8.5
<b>Gross Profit</b>	<b>88,474</b>	<b>96,361</b>	<b>106,870</b>	<b>119,678</b>	Payout %	68.9	73.4	71.6	71.7
Operating Exp	60,975	70,252	78,119	87,130	<b>Valuation (x)</b>				
<b>EBIDTA</b>	<b>27,500</b>	<b>26,110</b>	<b>28,751</b>	<b>32,548</b>	P/E	28.7	28.4	25.9	22.9
<i>Change (%)</i>	<i>-9.5</i>	<i>-5.1</i>	<i>10.1</i>	<i>13.2</i>	Cash P/E	26.4	25.7	23.4	20.7
<i>Margin (%)</i>	<i>15.5</i>	<i>13.4</i>	<i>13.1</i>	<i>13.3</i>	EV/Sales	3.2	2.9	2.6	2.3
Depreciation	1,840	2,227	2,446	2,637	EV/EBITDA	20.4	21.4	19.2	16.7
Int. and Fin. Charges	70	5	10	10	P/BV	22.9	19.8	17.6	15.7
Other Income - Recurring	1,481	2,454	3,002	3,482	Dividend Yield (%)	2.4	2.6	2.8	3.1
<b>Profit before Taxes</b>	<b>27,071</b>	<b>26,331</b>	<b>29,296</b>	<b>33,383</b>	<b>Return Ratios (%)</b>				
<i>Change (%)</i>	<i>-10.5</i>	<i>-2.7</i>	<i>11.3</i>	<i>13.9</i>	RoE	79.7	69.8	68.2	68.7
<i>Margin (%)</i>	<i>15.4</i>	<i>13.7</i>	<i>13.6</i>	<i>13.9</i>	RoCE	105.1	88.4	87.5	88.6
Tax	6,262	5,319	6,152	7,177	<b>Working Capital Ratios</b>				
Deferred Tax	221	211	293	334	Debtor (Days)	14	14	14	14
<i>Tax Rate (%)</i>	<i>24.0</i>	<i>21.0</i>	<i>22.0</i>	<i>22.5</i>	Asset Turnover (x)	6.8	6.4	6.4	6.4
<b>Profit after Taxes</b>	<b>20,587</b>	<b>20,802</b>	<b>22,851</b>	<b>25,872</b>	<b>Leverage Ratio</b>				
<i>Change (%)</i>	<i>-16.0</i>	<i>1.0</i>	<i>9.9</i>	<i>13.2</i>	Debt/Equity (x)	0.0	0.0	0.0	0.0
<i>Margin (%)</i>	<i>11.7</i>	<i>10.8</i>	<i>10.6</i>	<i>10.8</i>					
Non-rec. (Exp)/Income	1,433	1,035	0	0					
<b>Reported PAT</b>	<b>22,020</b>	<b>21,837</b>	<b>22,851</b>	<b>25,872</b>					

BALANCE SHEET					CASH FLOW STATEMENT				
(RS MILLION)					(RS MILLION)				
Y/E MARCH	FY10	FY11E	FY12E	FY13E	Y/E MARCH	FY10	FY11E	FY12E	FY13E
Share Capital	2,182	2,182	2,182	2,182	OP/(loss) before Tax	27,500	26,110	28,751	32,548
Reserves	23,653	27,622	31,329	35,504	Int./Div. Received	1,481	2,454	3,002	3,482
<b>Net Worth</b>	<b>25,835</b>	<b>29,804</b>	<b>33,510</b>	<b>37,685</b>	Interest Paid	-70	-5	-10	-10
Loans	0	0	0	0	Direct Taxes Paid	-6,262	-5,319	-6,152	-7,177
<b>Capital Employed</b>	<b>25,835</b>	<b>29,804</b>	<b>33,510</b>	<b>37,685</b>	(Incr)/Decr in W/C	12,190	-577	4,719	4,982
					Change in Deff	60	-170	-182	-194
Gross Block	35,820	40,320	43,320	46,820	<b>CF from Operations</b>	<b>34,898</b>	<b>22,493</b>	<b>30,128</b>	<b>33,630</b>
Less: Accum. Depn.	-14,199	-16,426	-18,872	-21,509	Extraordinary Items	1,433	1,035	0	0
<b>Net Fixed Assets</b>	<b>21,621</b>	<b>23,894</b>	<b>24,448</b>	<b>25,311</b>	(Incr)/Decr in FA	-5,021	-3,260	-3,000	-3,500
Capital WIP	2,740	1,500	1,500	1,500	(Pur)/Sale of Investments	-10,055	-1,409	-7,574	-7,640
Investments	29,249	30,658	38,232	45,872	<b>CF from Invest.</b>	<b>-13,643</b>	<b>-3,634</b>	<b>-10,574</b>	<b>-11,140</b>
Deferred Charges	2,488	2,658	2,840	3,034	Change in Networth	-239	0	0	0
					(Incr)/Decr in Debt	-4,219	0	0	0
<b>Curr. Assets, L&amp;A</b>	<b>37,854</b>	<b>39,859</b>	<b>43,720</b>	<b>47,825</b>	Dividend Paid	-16,561	-17,868	-19,144	-21,697
Inventory	21,799	23,697	26,219	28,887	Others	172	-996	-293	-334
Account Receivables	6,784	7,362	8,246	8,868	<b>CF from Fin. Activity</b>	<b>-20,848</b>	<b>-18,864</b>	<b>-19,437</b>	<b>-22,031</b>
Cash and Bank Balance	2,314	2,308	2,425	2,884	<b>Incr/Decr of Cash</b>	<b>407</b>	<b>-6</b>	<b>117</b>	<b>459</b>
Others	6,957	6,491	6,829	7,185	Add: Opening Balance	1,906	2,314	2,308	2,425
<b>Curr. Liab. and Prov.</b>	<b>67,332</b>	<b>68,765</b>	<b>77,229</b>	<b>85,857</b>	<b>Closing Balance</b>	<b>2,313</b>	<b>2,308</b>	<b>2,425</b>	<b>2,884</b>
Account Payables	43,737	44,402	50,037	55,694					
Other Liabilities	15,374	16,064	17,691	19,443					
Provisions	8,221	8,299	9,500	10,719					
<b>Net Current Assets</b>	<b>-29,478</b>	<b>-28,907</b>	<b>-33,509</b>	<b>-38,032</b>					
<b>Application of Funds</b>	<b>26,620</b>	<b>29,804</b>	<b>33,510</b>	<b>37,685</b>					

E: MGS Estimates



**N O T E S**



For more copies or other information, contact

**Institutional:** Navin Agarwal. **Retail:** Manish Shah

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motiloswal.com

**Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021**

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Motilal Oswal Securities Limited (*hereinafter referred as MOST*) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. MOST or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

MOST and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

**Disclosure of Interest Statement**

**Hindustan Unilever**

- |   |    |
|---|----|
| 1. Analyst ownership of the stock                       | No |
| 2. Group/Directors ownership of the stock               | No |
| 3. Broking relationship with company covered            | No |
| 4. Investment Banking relationship with company covered | No |

This information is subject to change without any prior notice. MOST reserves the right to make modifications and alternations to this statement as may be required from time to time. Nevertheless, MOST is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.