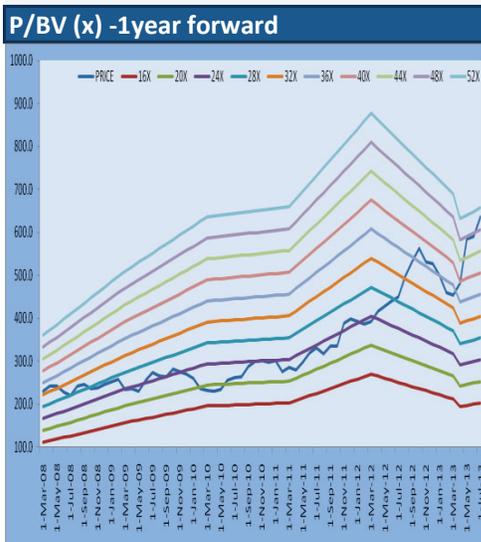


Result update	NEUTRAL
CMP	589
Target Price	-
Previous Target Price	-
Upside	-
Change from Previous	-

Market Data	
BSE Code	500696
NSE Symbol	HINDUNILVR
52wk Range H/L	597/407
Mkt Capital (Rs Cr)	127315
Average Daily Volume	2006314
Nifty	5415

Stock Performance-%			
	1M	1yr	YTD
Absolute	-14.5	17.26	14.28
Rel. to Nifty	-4.2	16.36	11.22

Share Holding Pattern-%			
	Current	4QFY13	3QFY1
Promoters	52.5	52.5	52.5
FII	22.1	21.7	21.1
DII	8.1	8.5	9
Others	17.3	17.3	17.4



Hindustan Unilever (HUL) declared almost inline numbers with lower volume growth in 1QFY14;

The company reported sales growth by 6.8% (YoY) led by 4% volume growth as well as the margin expansion, despite the increased spending on ad- front to 13.33%. Pat grew by 8% (YoY) on account of softness in raw material prices.

Increasing competitive intensity, slow consumer demand and expectation of hike in input cost in near term could be major concern for HUL. We expect these concerns could play out over the next couple of quarters.

Volume growth: Company reported 4% volume growth impacted by the management said that modern trade and rural market have led to its growth in Q1. Its ASP spend remain competitive in the market. Growth in Soap and detergent was price led while other business has shown growth on volume. However, it has not seen any sign of slowdown in rural region.

Margin expansion: During the quarter slightly inched down in margin front was seen, Its EBITDA margin inched down by 40bps to 15% and PAT margin flat at 13.74% on YoY basis. The company has completed its four quarter of margin expansion cycle and going forward, margin expansion will have high base.

On segment wise, On soap category, the management said that soap is not as highly penetrated in India as some of its neighboring countries and see good potential. Body wash market and hand wash market is seeing good traction and both segments are growing well above soap market growth rate. However, body wash market is smaller than hand wash market.

On Detergent, the management said that market is attractive, penetration is increasing, various categories are coming and premiumization is happening. The company's 6% - 7% comes from Canteen Store Department (CSD) and CSD inventory rationalization has not impacted it.

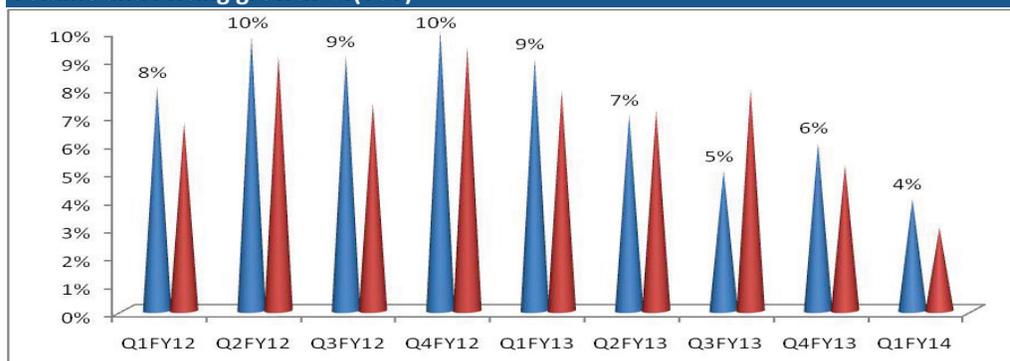
View and Valuation: To continue to deliver strong growth, HUL is likely to continue with aggressive marketing and offer discounts/price cuts, especially in soaps, detergents and personal products as input cost pressures remain low and the company fights off competition rivals domestic as well as multi-national. While there are near-term concerns around slowing market growth and inflationary pressures on consumers, we are confident of the medium to long-term growth prospects of the FMCG sector. **At a CMP of Rs 589, stock trades at 33x FY14E earnings. We have a NEUTRAL view on the stock.**

Financials	Rs, Crore				
	1QFY14	4QFY13	(QoQ)-%	1QFY13	(YoY)-%
Revenue	6809.04	6465.81	5.3	6378.77	6.7
EBITDA	1009.18	972	3.8	966.45	4.4
PAT	935.7	787.2	18.9	864.92	8.2
EBITDA Margin	14.8%	15.0%	(20bps)	15.2%	(40bps)
PAT Margin	13.7%	12.2%	(150bps)	13.6%	(10bps)

(Source: Company/Eastwind)

Hindustan Unilever

Volume and Pricing growth -(YoY)



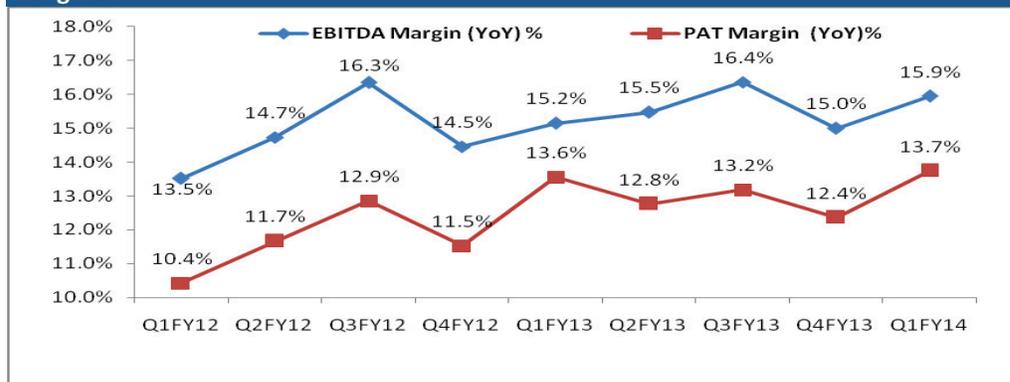
(Source: Company/Eastwind)

Sales (cr) and Growth(YoY)-%



(Source: Company/Eastwind)

Margin-%



(Source: Company/Eastwind)