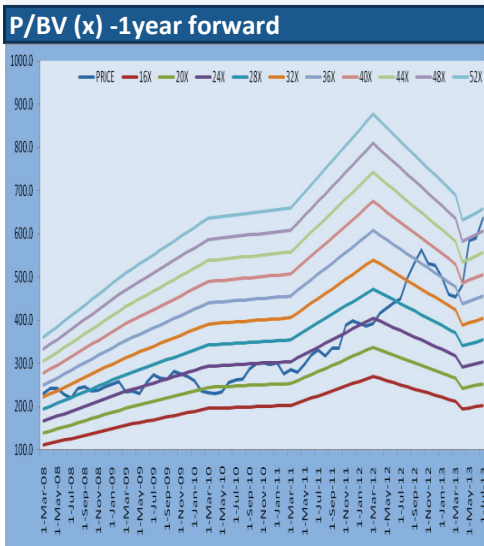


Result update	NEUTRAL
CMP	605
Target Price	-
Previous Target Price	-
Upside	-
Change from Previous	-

Market Data	
BSE Code	500696
NSE Symbol	HINDUNILVR
52wk Range H/L	725/432
Mkt Capital (Rs Cr)	130792
Average Daily Volume	2006314
Nifty	6221

Stock Performance-%			
	1M	1yr	YTD
Absolute	-2.6	9.6	6
Rel. to Nifty	-9.2	-0.2	-3.3

Share Holding Pattern-%			
	Current	1QFY14	4QFY13
Promoters	67.25	52.5	52.5
FII	15.33	20.23	22.1
DII	3.03	7.13	8.1
Others	14.39	20.16	17.3



Delivered stable set of numbers, still expecting key challenges ahead;

During 2QFY14, Hindustan Unilever(HUL) posted 9.2% (YoY) overall sales growth as domestic consumer business posted an underlying volume growth of 5% soaps & detergent segment posted a 6% yoy growth in revenue, while personal products posted a much improved 12% yoy. PAT grew by 10.3%(YoY).

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: Volume growth for the quarter was at 5%, which is slightly higher than the 4% registered in first quarter. Meanwhile, sales of personal products jumped 12%, beverages grew 16 % and packaged goods rose 9%. However, it has not seen any sign of slowdown in rural region.

Steady Margin: During the quarter, Despite its better hedging strategy and benign Palm Oil price EBITDA Margin was flat at 16.1% because of over exposure of Ad-spend on YoY basis. Overall industry media spend was up to its highest levels in over 18 quarters, with a particularly sharp increase in oral care segment. PAT margin flat at 13.2%.

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.

Products Strategies: The company has launched premium range of hair care products - Toni and Guy. This brands are sold through select top end outlets. However, its operating metrics was challenging given the volatile cost environment, led by the Rupee depreciation, and heightened competitive intensity during the quarter. Now rural growth moving faster than urban.

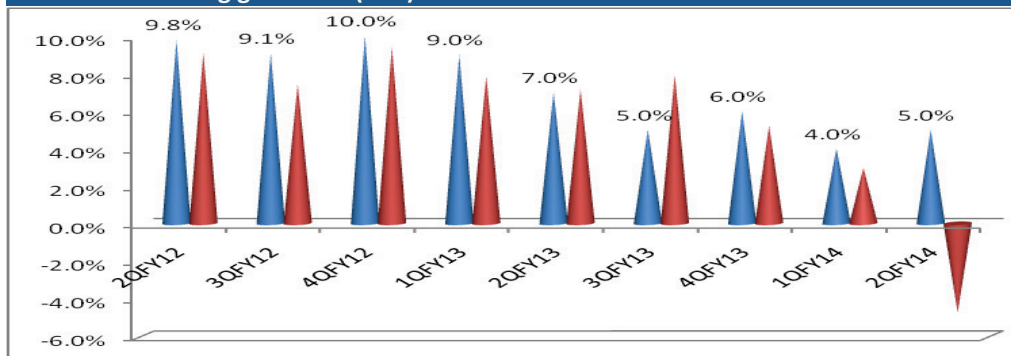
View and Valuation: To continue to deliver strong growth, HUL is likely to continue with aggressive marketing and offer discounts/price cuts, especially in soaps, detergents and personal products as input cost pressures remain low and the company fights off competition rivals domestic as well as multi-national. 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 605, stock trades at 13x FY14E P/BV. We have a NEUTRAL view on the stock.**

Financials	Rs, Crore				
	2QFY14	1QFY14	(QoQ)-%	2QFY13	(YoY)-%
Revenue	6747.2	6687.49	0.9	6155.41	9.6
EBITDA	1085.31	1085.6	(0.0)	975.74	11.2
PAT	888.3	935.7	(5.1)	806.92	10.1
EBITDA Margin	16.1%	16.2%	(10bps)	15.9%	(20bps)
PAT Margin	13.2%	14.0%	(80bps)	13.1%	10bps

(Source: Company/Eastwind)

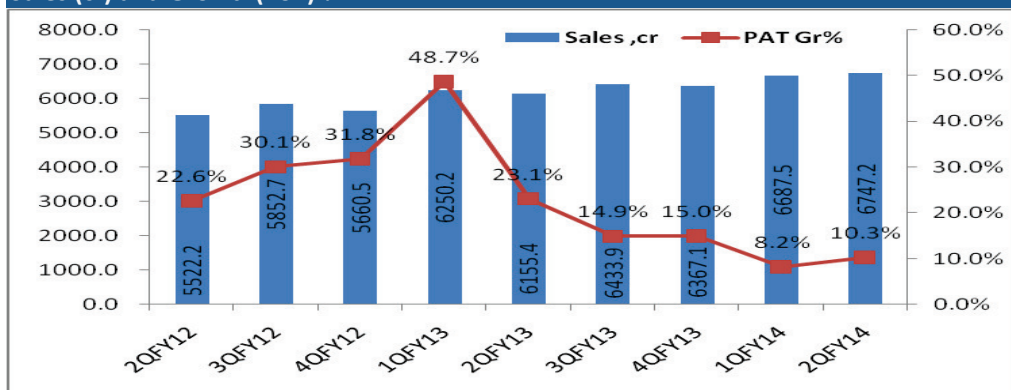
Hindustan Unilever

Volume and Pricing growth -(YoY)



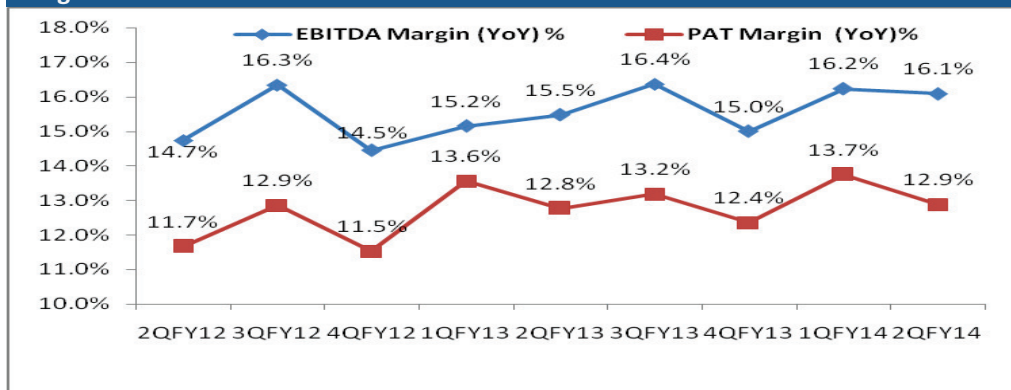
(Source: Company/Eastwind)

Sales (cr) and Growth(YoY)-%



(Source: Company/Eastwind)

Margin-%



(Source: Company/Eastwind)