

Conference Call Transcript

Event: Hindustan Unilever Limited MQ'11 & FY 2010-11
Results Conference Call

Date/ Time: May 09, 2011 / 1700 hrs

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CEO – Hindustan Unilever Limited

PRESENTATION**Namita-Moderator**

Good Evening. Ladies and gentlemen, I am Namita, the moderator for this conference call. Welcome to the Hindustan Unilever Limited, March Quarter 2011 earnings call. For the duration of the presentation all the participants' line will be in the listen only mode. After the presentation the question and answer session will be conducted for all the participants on this call. Present with us on the call today, is the Senior Leadership Team of Hindustan Unilever Limited. We propose to commence this call with opening remarks by Mr. Srinivasan, Vice President, Treasury, M&A and Investor Relations of Hindustan Unilever Limited. Followed by results presentation after which the floor will be opened for the question and answer session. I now hand over this call to Mr. Srinivasan. Thank you and over to you Mr. Srinivasan.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

Good Evening everyone and welcome to Hindustan Unilever March Quarter 2011 and Financial Year ending March 31, 2010-11 results conference call. We have with us Nitin Paranjpe our CEO and Sridhar our CFO. Sridhar is having a bad throat and hence I will be taking the results presentation. We will start with the presentation on March Quarter and 2010-11 results. Nitin will then share his perspective on the business performance. We can then have a question and answer session. If you have question I would request you to register with the moderator. Please identify your name and organization before asking the question. Before I start the presentation, I would like to draw your attention to the safe harbor statement included in this presentation for the sake of good order.

I will start with an update on FMCG markets followed by the key highlights of this quarter along with our performance in individual categories. We will then discuss our financial results for March Quarter followed by the performance review for the financial year. I will then conclude with our outlook going forward. If you look at the FMCG market, the FMCG market grew in low double digit during the quarter, as the price increases take effect, mix of growth is being shifted from being only volume driven to a mix of both price and volume

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especially in commodity sensitive categories of soaps and detergents. The competitive environment remained intense with step up in some categories like hair.

In the context of high input cost inflation, we saw some moderation in the FMCG industry media spends as reflected in lower GRP; however, other competitive variables remain strong. Input cost inflation continues to be high despite the recent corrections in palm oil and more recently in crude with volatility being an added challenge.

I will now share the highlights of our March Quarter top line performance. Our domestic consumer business and FMCG grew 14% entirely driven by strong volume growth. All business segments grew double digit; on a like-to-like basis, our growth is ahead of market in aggregate. Growth in HPC segments is broad-based. Soaps and Detergents grew in double digits while personal products continued to grow strongly as the momentum built up from previous quarters.

Beverages delivered robust growth across tea and coffee. In packaged foods we have expanded our portfolio into three new segments which is consistent with our strategy of building a large foods business. Strong growth momentum in packaged food was maintained.

Now coming to profitability our cost of goods sold has gone up by 290 bps in the current quarter as a result of steep increase in material cost especially in commodity sensitive categories like soaps and detergents. We continue to focus on buying efficiencies and cost effectiveness programs. A&P spends were maintained as Rs. 623 crores, at 12.7% of sales, the A&P levels remain competitive. Our share of voice was competitive across each segments in the portfolio and we continue to increase brand investments in personal products and foods. During this quarter, the operating profit grew 8.4% with operating margins lower by 60-basis points due to input cost impact.

PAT bei which in a way is an intrinsic results of the business was up 22%, at Rs.515 crores and net profit at Rs.569 crores was down 2% when compared to March Quarter 2010, entirely due to the extraordinary income in the previous year.

Looking at the topline trends during March Quarter, the strong volume growth momentum was sustained and as you will see in the chart we have been growing at double digit over the last few quarters. Even on a high base we delivered a 14% underlying volume growth and for the full year the underlying volume growth was 13.1%. During the March Quarter all the segments grew in double digits. Driven by the strong volume growth each of the segments has grown well. Soaps and laundry segment has grown well underpinned by volumes. Personal products grew strongly by 16%; beverages by 11%, packaged foods grew 27% and ice creams by 21%. In aggregate, FMCG businesses as well as domestic consumer business have grown by 14% during the quarter.

This has been underpinned by strong innovation-led growth in the core categories as part of our strategy to strengthen the core and here are some examples, like Lux Fresh Splash, New Active Wheel Gold, Ponds

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Talc was relaunched with four variants, Lifebuoy Health Talc. In foods, 3Roses builds on the health proposition and instant coffee portfolio was expanded with the launch of Bru Lite. At the same time we expanded our portfolio into new categories and segments. Here are some examples, Axe Googly linked to the World Cup was introduced, FAL Anti-Mark Eraser Pen, Lakme Sun Expert was relaunched with increased SPF and our ice cream segment is preparing itself for the summer season.

At the bottom of the chart you can also see three offerings under Kissan, Juice and Soya with 9 minerals and vitamins and heralds our entry in to the juice segment. Three variants of the Kissan creamy spreads were launched to develop the spread market in India. Kissan Nutri Smart was also launched on MFD segments in select markets. As I mentioned before, we did see some moderation in the FMCG industry media spends. Brand investment levels remained high during the quarter. However as you can see the moderation in the GRP during the March quarter, however when compared to the previous two years, the GRP levels are still at a very high level. When we see category wise split of GRP, moderation is largely in soaps and detergents while other categories like personal products media continues to remain high.

In the context of overall media spend levels in FMCG market, our brand investment remains very competitive. As you can see from this chart the ratio of share of voice and share of market, which the indicator of the brand competitiveness, is competitive in all categories. Talking about input costs, we did see high inflationary trend in input costs across different commodities like palm oil, crude and coffee. So, on the cost front input cost inflation remained high combined with the challenge of volatility despite some corrections in palm and more recently in the crude. As you would see in the indexed chart of market prices of the major raw materials, palm oil prices, despite some recent corrections, are still at high levels. Crude has gone up by 21% in March Quarter after increasing by 13% in DQ and coffee prices are at all time high.

Even in this context, the savings delivery and focus on operating leverage continued. This is very important as we direct our resources towards brand building and build capabilities for the future.

We now come to the category highlights. I will start with Laundry, as you are aware that we took several actions to defend and further strengthen our leadership positions. These actions are bearing fruit. Laundry grew in strong double digit significantly ahead of market. Growth was broad-based across powders and bars. All the three brands in the portfolio, Wheel, Surf and Rin, grew well with double digit volume growth and during the course of the financial year Rin crossed the Rs.1000 crore mark in turnover. New Active Wheel Gold was relaunched while Comfort continues to develop the fabric conditioner market with strong traction.

Coming to Skin Cleansing, consumers continue to premiumize in this category. Our growth during the quarter is ahead of the market and all the key brands in the premium portfolio, Dove, Pears and Liril, grew robustly with double digit volume growth. During the quarter, a new variant of Lux, Fresh Splash was launched with the freshness proposition. In emerging categories, our liquid portfolio of both hand wash and body wash is performing well – doubling volumes in the quarter.

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In Skin Care, strong performance was underpinned by innovations and the segment grew strong in double digit across brands. Vaseline sales doubled during the quarter with all the products including Vaseline Body Lotion, Aloe Fresh, Healthy White and Petroleum Jelly performing well. New innovations were launched in the market, Lakme Sun Expert, FAL Anti Marks Eraser Pen, Ponds Talc was relaunched with four variants and Lifebuoy Health Talc for Prickly Heat was also launched during the quarter.

Let us now come to Hair and Oral category, both hair and oral care delivered volume driven growth. In Hair, sustained volume growth was double digit while Dove grew strongly and it is expanding consumer franchise. At the same time, Clinic Plus also grew robustly underpinned by volumes. Toothpastes performed well, strong growth in Pepsodent and Close Up brands.

I would now like to take a minute and explain our strategy in the Hair Care segment and the competitive environment. As we have said in the past, we have an unmatched strong portfolio which not only straddles the consumer pyramid from premium to mass but the products are available across price points and benefits. Equally, all the brands are accessible with sachet offering. Clinic Plus which serves the consumers at the mass end of the pyramid is the number one brand in the shampoo market while Dove, a premium offering, is number one in modern trade, a channel of the future. With a strong portfolio, we continue to focus on strengthening our leadership position in the shampoo, at the same time we are leading the market development in conditioners with a strong portfolio across Dove and Sunsilk. This segment is growing well and expanding fast. However, in the context of attractiveness of the hair care segment, the competitive environment has further intensified. Here is the glimpse of the activities in the market place. Promotional activities have increased manyfolds in the market with free volumes, free conditioners and price offs on sachets as well as on bottles. We have also responded with actions across the brands and we remain committed to unblinkingly defend our leadership position. Going forward, we will respond in an appropriate manner. At the bottom of the chart you may see some of the actions which we have already taken and are being implemented in the market place.

Coming to beverages, in March Quarter beverages delivered strong growth across segments. Tea grew in volume as well as price. 3Roses has joined Red Label in promoting health benefits of tea. We continue to lead market development in tea bags while growing in strong double digits. Coffee delivered double digit growth with good performance in both the formats, conventional as well as in instant Coffee. We launched Bru Lite in this quarter, which is a premium offering in Instant Coffee.

Packaged Foods portfolio grew strongly and expanded with innovations. Both the brands Kissan and Knorr performed well. Focus on innovation continues in this category. With the launch of Knorr Soupy Noodles last year, Knorr expanded its franchise and now Kissan has expanded its portfolio with three new offerings. As you will see from this chart the three new categories in which Kissan has entered and it is consistent with our strategy to expand the portfolio in foods. Kissan Juice and Soya is available in select markets and in four variants - Orange, Mango, Soya and Apple. Kissan Creamy Spread is available in three flavors across top cities while Kissan Nutri Smart was relaunched in select markets with two flavors.

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In March Quarter ice cream delivered double digit growth led by volumes. With five new variants, we are geared up for the summer season. Twenty parlours were added in Swirls during the quarter and we have now more than 150 parlours in operation.

In Pure-It water business, progress was in line with the plan and we continue to lead market development in this segment. During the quarter, Pure-It water business rolled out new integrated 'Go to Market' distribution model through expansion of the retail channel and an integrated direct to home and retail distribution model which is more scalable, efficient and builds on strong relationship with trade partners. In this quarter, Pure-It has won three prestigious awards, including the Golden Peacock Innovation Award in the FMCG sector and two awards from the UNESCO for water Digest.

We will now discuss our financial performance in some detail. Our net sales was up by 13.5%, gross margin after cost of goods sold declined by about 290 bps, largely on account of high input cost inflation in commodity sensitive categories like soaps and detergents. A&P spends remain flat at Rs.623 crores; however at 12.7% of sales they remain competitive. PBIT grew 8.4% while operating margins declined by 60 bps on account of input cost inflation. PAT bei was higher at Rs.515 crores up 22% while net profit at Rs.569 crores was lower by 2% entirely due to extraordinary income in the previous year. This gives you a list of the exceptional items in our results. The movement in exceptional items was due to sale of fixed assets, mostly unused residential properties, 39 crores was from actuarial valuation of employee benefits which was 53 crores last year.

Looking at our March Quarter performance in summary – During this quarter we saw a strong volume driven growth at 14% in domestic consumer business, which is ahead of market. Growth momentum continues across the portfolio with each of the segments registering double digit growth. We continue to strengthen the core and expand the portfolio through new offerings. High input cost inflation led to cost of goods sold being higher by 290 bps; however, buying efficiencies and cost savings program remain a priority and are being further scaled up. Brand investments are Rs.623 crores, remain competitive at 12.7% with increased brand investment in Personal Products and Foods. PAT bei at Rs.515 crores was up 22%.

Let me now share with you the highlights of the Financial Year 2010-11. With strong volume growth across four quarters domestic consumer business grew 13.1% in volume translating into an 11% sales growth during the course of the year. More than 50% of the core portfolio was innovated during the year and the portfolio expanded to many new segments some of which we have shared with you during the previous quarter like male grooming, premium anti-ageing, moisturizing cream etc and juice, spread and MFD during this quarter. During the year, there have also been significant progress in building capability for the future, direct coverage in the rural was tripled and project iQ, which we also have shared with you earlier, has been rolled out successfully. We continue to make strong progress in our modern trade channel with growth and high customer service scores. We have been rated number one by an independent survey.

Coming to the profitability during the year, cost of goods sold rose by 120 bps. We continue to invest behind our brands through the year. A&P level for the year was 14.1% of sales which was 60-basis points up from

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last year. Here, it is worth mentioning that over a period of two years total increase in A&P levels was 400 bps which reflects our commitment to invest behind our brands and develop categories for the future. Amidst high volatility and increasing input cost inflation we continue to focus on cost management.

Operating profit for the year was at 12.8%, a decline of 190 bps. PAT bei and net profits were up by 5%. PAT bei at Rs. 2159 crores and net profit was at about Rs. 2300 crores. We have also completed our share buyback successfully. The Board has proposed a final dividend of Rs.3.50 per share which combined with interim dividend of Rs.3.00 translates to dividend of Rs.6.50 for the year.

With this if you look at how the topline has grown during the course of the year, we have added Rs.1800 crores of turnover in the last one year and you can see from the chart the momentum is accelerating with 300 in June quarter, 400 in September and 500 in December quarter and close to 600 crores in March quarter 2011.

On this chart, you can see the financial performance for the year. Net sales grew by about 10.7%, and earning before interest, tax and depreciation was close to about Rs.2700 crores. Profit before tax grew 6.3%. PAT bei and net profit were up by 5% while PAT at Rs.2156 crores and net profit was about Rs.2300 crores. As I said, the total dividend for the year was at Rs.6.50.

As we look forward, we believe that the FMCG market will continue to grow, there would be some change in the mix of volume and price. Input cost will remain high with the added challenge of volatility and this will remain a high focus. Competitive environment will also remain intense. In this scenario, our strategy and focus remains consistent. We will robustly defend and strengthen our leadership positions and at the same time lead the market development of categories and channels of future. We will ensure that we will remain market and cost competitive and hence will manage the business even more dynamically.

I now hand it over to Nitin to give his perspective of the performance.

Nitin Paranjpe - CEO – Hindustan Unilever Limited

Thank you, Srin. Welcome to everyone who is on the call. Let me share with you my perspectives on the results that we have declared. The sustained volume growth for all the four-quarter, you would have noticed that we have grown volume by 13% and a turnover by 11%. This has resulted in us adding more than Rs.1800 crores in the financial year. Through the course of the financial year, we have accelerated our growth momentum with March Quarter 2011 growing at 14%. This performance has been delivered in a highly competitive environment and as a result of strong focus both on innovation and on execution.

The intensity of innovation can be judged from the fact that more than 50% of our core portfolio has been impacted by launches or relaunches during the year. Equally, investment behind our brand has been stepped up to ensure competitive levels of spend behind our core brands as well as the segments and

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categories of tomorrow. These efforts are yielding results. Our brand equities are getting stronger and many of our brands are amongst the most trusted brands in the country. We now have 7 brands, which are more than Rs.1000 crores in turnover and another five brands in excess of Rs.500 crore. Our focus on strengthening our 'in market execution' has also been stepped up substantially. We have a program called 'More Stores Better Stores' and this is yielding excellent results.

During the course of the year, we have added more than 500,000 stores to our direct coverage. Most of these have been in rural India where we have traveled our coverage as Srini mentioned. Equally, we have rolled out our proprietary technology solution, which we internally call 'Project iQ', to dramatically improve the execution in the market place. We are beginning to see the benefits of this in the form of better assortments and improved sales. This will help us in driving a better store program and creating what we call perfect store.

We believe that more stores and better stores program will be a source of competitive advantage for our business in the years to come. Our focus on cost management has become even more stringent. We are systematically attacking all lines of cost and finding more efficient ways of doing business. This includes marketing and trade investments as well where we are stepping up our focus and driving efficiency and effectiveness of our spend under a program called ROMI which is 'Return on Marketing Investment'.

People are at the heart of our business. Engaged and energized employees are critical both for the present and for the future health of our business. I am pleased to share with you that we have been recently judged as the best employer in a survey carried out by AonHewitt. We also continue to be rated as amongst the dream employer on all leading campuses across the country. This augurs well for our future. Looking ahead we believe that the FMCG market will continue to grow. The balance of growth between volume and value is likely to change as some of the recent price increases to offset some of the input cost inflation take effect. Equally the competitive intensity will remain high. In such a scenario we will need to ensure both the market competitiveness and the cost effectiveness of our business, managing the business even more dynamically will be needed as we drive competitive growth that is both profitable and sustainable in the long-term.

Now, I want to address two questions which have been asked both after our results and in the immediate past. The first is on the level of A&P. We have always emphasized that the advertising spend is a function of many variables like the competitive intensity and our own brand launches and relaunches in that quarter. In March Quarter 2011, FMCG market spends have softened but let us remind you here that they are still at very high levels compared to what they used to be just a year or two ago. In this context, we have calibrated our advertising investment while ensuring that they are competitive in every signal category. We are also focusing on optimizing our return on marketing investment by driving efficiencies and effectiveness. I want to reassure all of you that we remain committed to investing behind our brand to grow both the core and simultaneously build the portfolio for winning in the India of tomorrow.

The second question is around the whole area of market share reporting. Getting robust and accurate independent measures of market growth and share trends is very important. In this context, we continue to

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work with Nielsen to improve the quality of reporting. Our challenge is immense given the diversities and the rate of change we are seeing in the Indian retail landscape. It is clear that amongst the other things, the size of the retail panel will need to be expanded very substantially. The work towards the panel expansion has begun but given the magnitude of the task and the associated cost and complexity it will take a while to get there. In the meanwhile, we continue to use multiple measures to assess our competitiveness including our growth versus reported market growth by household panel and data available based on published result of our competitors. That is all that I had to say at this moment and with that I hand it back to Srinii.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

We are now open to questions so Namita if you can direct the questions one by one.

Namita-Moderator

Thank you very much sir. We will now begin the question and answer interactive session for all the participants who are connected to audio conference service from Airtel. Participants who wish to ask questions may please press “*” “1” on the touchtone enable telephone keypad. On pressing “*” “1” participants will get chance to present the question on a first-in-line basis. To ask a questions participants may please press “*” “1”now. The first question comes from Pritesh Chheda from Mumbai Emkay Global. Sir, you may ask your question now.

Pritesh Chheda – Emkay Global

Thank you for the opportunity and congratulation for the good set of numbers. Initially, you said that in the A&P spend, some of the cut has gone on account of the laundry and the soaps business. Can you please elaborate because on one hand we have taken price increase at the beginning of quarter which has not flowed down to the EBIT margins and second we have an A&P spend cut which is also not flowed down to the EBIT margin of the segment, so what is happening in the segment and if you could share some outlook on the margin side?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

So, I think you are aware of the very-very significant input cost inflation that we have seen in both the soaps and detergents segments with crude oil as well as palm oil going up very sharply. While we have seen some price increases through the quarter, those are nowhere close to offsetting the total cost increases that we

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have experienced and though the price increase are being taken, it will take a while for it to actually flow into the market. So during the course of this quarter, we have started taking price increases but the cost increases have been substantially higher when the price increased which have been taken in that period. That is point #1. Point #2 is around A&P, yes we have seen a reduction in the intensity of spends both in soaps and detergents and in beverages wherein commodity cost pressures have been the highest and we have calibrated our spends appropriately to ensure that we remain competitive in the new scenario that we find ourselves in. So, it is only premature to say that all of that being reflected. What we see is the net effect of both of these which we have shown in the segmental results which reflects ~500 bps reduction in the margin.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

Even at overall level, our A&P remains at about 620 crores so whatever reduction happened in soaps and detergents, there was an increase in personal products and in foods.

Pritesh Chheda – Emkay Global

We have delivered a very strong volume growth in quarter four this year and that's also at least after four quarters that the base effects has been caught off despite that we have delivered the volume growth. Your call and take on the continuation of the same are we geared up in terms of strategy implementation for continuation of strong volume growth?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

You know we do not talk about the future plans, I cannot give you guidance in terms of what volume growth we are likely to get going forward. All I can say is that we have strategy and a strategy which requires us to deliver competitive growth and we are committed to making sure that our brands remain competitive, we take the actions which are required going forward to deliver growth which is competitive. We have also mentioned that in the future, from a market growth point of view, the balance between price growth and volume growth is likely to change and we will see a little more price growth and a little less volume growth in the overall inflationary context that we find ourselves in. In that context, we hope to get competitive growth.

Hindustan Unilever Limited**Pritesh Chheda – Emkay Global**

Last two questions – in personal product segment, you see any category which can probably go the soaps and detergents way at this juncture in terms of competitive activity and can distort the overall EBIT margin of the segment?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Look I do not know what you mean by “can go the soaps and detergents way” but if I was to comment in terms of competitive intensity becoming more intense in any personal care category, it would be the hair category where we see a certain set of actions that have taken place in terms of bringing prices down, so to that extent there would be pressure on that category, having said that our response remains unchanged. We are clear that we would not just defend our position, but look to strengthen our position and we will take appropriate steps in that regard which we believe will be right and good for us keeping long-term in mind and for long-term value creation.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

See while the competitive intensity may differ from category-to-category but in a growing market where there are new proposition, new segments, which are emerging, of course, competitive intensity will be high.

Pritesh Chheda – Emkay Global

Lastly what should be the taxation for FY12 rate?

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

We have always maintained that our taxation rates would be anywhere between 23% and 24%.

Pritesh Chheda – Emkay Global

Thank you and all the best to you.

Hindustan Unilever Limited**Namita - Moderator**

Thank you very much sir. The next question comes from Nillai Shah from Morgan Stanley, Mumbai. Mr. Shah, you may ask a question now.

Nillai Shah – Morgan Stanley – Mumbai

Sir, in terms of the personal products margins, could you elaborate on the increase that you seen YoY and especially given the fact that if you not cut ad spends in that segment what is really driving the margin expansion there?

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

I think even in personal products, one is that there is a positive mix which comes in as premiumization happens, there is an impact of overall cost effectiveness projects which we are delivering. As we have always maintained that the cost effectiveness and buying efficiencies are flowing through.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I just want us to realize that we have remained competitive, we have said our absolute spends have gone up in personal products but given the growth that we see in this category, there is a leverage which you start getting in A&P line as well. So combination of mix, the CEP effect and the leverage that we get in A&P line itself has meant that our margins have expanded.

Nillai Shah – Morgan Stanley – Mumbai

Cost holding where they are, do you think these margins have been pretty sustainable?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I cannot comment in terms of what is sustainable and non-sustainable. It really depends not just on cost; you refer to one dimension of what can impact margins. There is also competition and what could happen in that space which will determine what happens to margin.

Hindustan Unilever Limited**Nillai Shah – Morgan Stanley – Mumbai**

Could you also indicate what is the extent of our weightage average price taken in the PP segment for the quarter?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Frankly, I do not have that number off hand and may be if you can touch base with us we will provide that to you later on.

Nillai Shah – Morgan Stanley – Mumbai

Perfect I will do that. That is it from me. Thank you.

Namita -Moderator

Thank you very much sir. The next question comes from Mr. Manoj Menon from Kotak Institutional Equities, Mumbai. Mr. Menon you may ask a question now.

Manoj Menon - Kotak Institutional Equities - Mumbai

Congratulations on the results of a very high quality. I have three quick questions, one I was just trying to understand that if the volume growth was 14% and the sales growth in the consumer business is little over, if I remember correctly the price cut in Rin, etc., happened in the March Quarter, so I would have expected some anniversary impact, helping the realization, so I was surprised actually that the realization was still negative for the quarter, can just help understand this?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I think there were price corrections which happened during the course of year and it is not just only in March quarter that is point one, but you would have also noticed that as we went through different quarters and by December quarter the amount of negative pricing started coming down and as we started taking price increases, effectively we have reached a stage where we are almost a zero price growth, no increase, no decline, all our volume growth is equal to our value growth in this quarter.

Hindustan Unilever Limited**Manoj Menon - Kotak Institutional Equities - Mumbai**

Sir, I heard you on television at around 2 o'clock that in your opening remarks, so you were mentioning that there is some slowdown in volume sales at a category level in soaps and detergents. Did I hear you correctly if yes, anything on consumption demands side that you would want to comment upon?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Yes you did hear me correctly. We have seen over the last couple of months the volume growth in categories like soaps and detergents come down into low single digits. That is really what has happened over the last couple of months. I think we should wait for a couple of more months before we form any definitive view in terms of what is happening. There are couple of hypothesis in terms of what could be happening at this point in time. One, In price point packs where prices are held constant and the price increase is effected through fill reduction and when that happens there is tendency that in the first few months, consumers end up buying the same number of units. There can be an impact in terms of pantry volumes coming down and impacting the growth which takes place. As we move forward and consumers experience this both in terms of laundry and in terms soaps that the some of these finish faster, it might reflect in more frequent buying and if that were to happen, we should not see long-term impact in terms of volume to the extent that people calibrate based on units or packets which they have bought for a given period of time there could be an impact on consumption but like I said earlier we should wait for a little while before we draw any more meaning into that. That comment was more of an observation in terms of what we have seen over the last month or two.

Srini Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

As Nitin also highlighted earlier the balance between price and volume will start playing effect.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

That is correct and I think we all must realize that as we move forward, the year 2010 and the year 2011 will be different. In 2010, we were seeing fill back, negative pricing, etc. which stimulated volume growth and we saw the overall market growth broadly in line with the volume and value growth in similar levels. As we move in to 2011 and there is more pricing coming in, it is likely to put some pressure on the volume growth in the market.

Hindustan Unilever Limited**Manoj Menon - Kotak Institutional Equities - Mumbai**

Understood, sir does this worry you because the consumption per se going down in highly penetrated categories?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I think the question is at what rate it would actually go down and in our judgment, we believe that a market like India will continue to see volume growth and reasonable healthy volume growth which should keep happening in the market. If you take short periods of time, there may be movements in which it could go up and down but the secular trend in the country like India will be to see a healthy balance between volume and price growth as we move forward. I would not worry too much in terms of what happens over six months etc., because we do not look it in that manner. There was a period last year when we saw more volume growth in the market than we would have seen earlier, it is likely that we could see a different combination as we look at 2011 but a longer term trend, if you start looking it what is likely to happen we will see volume growth because in the end, the health of a market and the growth of a market must be judged in terms of market more consumers buying more of the products and of course if you are able to get them to upgrade through more benefits, better value etc., that basically makes them even better.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

That is why in commodity sensitive categories, the volatility of input cost and the impact it has on overall performance and growth is very important and secondly that is even more the reason why we need to manage our business dynamically.

Manoj Menon - Kotak Institutional Equities - Mumbai

Sure understood. Sir in shampoo what we have done till now in the market?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I think you would have seen in the market place and response to the some of the actions which I do not want to refer to, you would know the details of the action which are price cut on sachets, price off on bottles, free conditioner, etc., lot of promotional intensity. We have responded with our portfolio with 20% extra that is

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currently running on Clinic Plus and we have launched it on Sunsilk, we have also got offers on Clinic Plus bottles, some activity in Sunsilk bottles, Dove sachet etc. So, we have used the portfolio and have responded as appropriate to both defend and then strengthen the leadership that we have in this market. As all of this is happening, there is another element of our strategy on hair which is to keep growing and leading market development of our conditioner business and that effort will continue.

Manoj Menon - Kotak Institutional Equities - Mumbai

Sir one last question on Knorr, request for an update on where you are on Knorr Soupy Noodles and secondly the thought process in Kissan Soya in the context that at least historically consumers have not been so receptive to a soya product.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

We do not get details in terms of brand wise performance, on Knorr Soupy Noodles, I would not be wanting to share any numbers with you. Suffice to say that we are satisfied and we are pleased with how it has been progressing and we are taking steps to widen the offerings and range of offerings, SKU range, pack sizes etc., of Knorr as we move forward. As far as Kissan Soy mix is concerned, time will tell, we did not want to make conventional play in juices, we wanted to have a point of difference, we do believe that there is a big trend towards health, it is a very significant trend that we see amongst consumers and we think that there is a way to address this market not in a direct way but with the point of difference. Our point of difference is soy, Unilever understands soy, we have presence in soy in different markets and we would like to use that technology. You would have also noticed that in Knorr, we did not enter noodles in a direct counter way because that would have been one more "me too" entry that would have come in. We wanted to have a point of difference, we leverage our understanding on soups and gave a healthier noodles alternative through Soupy Noodles.

Manoj Menon - Kotak Institutional Equities - Mumbai

Sir I have couple of more question, but I will go back to the queue and come back again.

Namita – Moderator

Thank you very much sir. The next question comes from Mr. Jamshed Dadabhoy from Citi Group, Mumbai. Sir, you may ask the question now.

Hindustan Unilever Limited**Jamshed Dadabhoy – Citi Group – Mumbai**

Thank you. Sir just a question on input cost. On input costs, I wanted to know your thoughts on, going forward given that oil prices were elevated in the second half of FY11 do you think they will impact you all with a lag in the first couple of quarters? That is my first question. Second question is cost cutting. Do you think that still more room to cut cost especially on the overhead side going forward into FY12? Third question actually is on pricing. Do you think the industry can absorb price hikes on both soaps and detergents especially as you all have said that demand growth has softened over the past couple of months.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

As far as commodity costs are concerned, time will tell how things play out, but all indications seem to suggest that we could see not just an inflationary trend which is difficult to deal with but a combination of inflationary trend and risk of volatility which makes the things more challenging. So I do not know how the next few quarters will pan out. We have seen corrections over the last ten days as far as crude is concerned and over the last month and a bit as far as palm is concerned and we will have to watch. They are still at high level by the way. So we think correction is significant but they are still at high levels and we will have to watch it. Now what is the impact of price and demand, inevitably there is a demand, there is some elasticity or inelasticity of demand in different categories. In this case, as price increases start taking place there could be an impact on volume, we have to make sure that we manage it, we have to make sure that our brands offer the best consumer value and to do that we will continue to focus on cost. You raised the question in terms of what happens as far as costs are concerned and is there a further opportunity. Now, our view is that there is always an opportunity because we approach it in the spirit of continuous improvement whereas on a lighter note I keep saying within business as long as cost is incurred there is an opportunity to save. That mindset we need to have in the organization and then the ingenuity of people always find ways to do things more efficiently and more effectively as we move forward. As far as indirects etc is concerned, there will be a balance between managing it, addressing discretionary spends etc., and yet making sure that we invest to build capabilities for tomorrow and do it in a sensible manner. As our topline keeps growing and doing well, as we have done now, there should be an impact of leverage we should get even as some of this cost moves in the next year.

Jamshed Dadabhoy – Citi Group – Mumbai

Thank you sir, just one more question if I may ask, how much did you invest in the business this year in terms of CapEx?

Hindustan Unilever Limited**Nitin Paranjpe - CEO - Hindustan Unilever Limited**

How much did we invest on CapEx, I think in the range of 600 crores or so, but if you want any more specific, get in touch with Srini and he will provide it to you later.

Namita – Moderator

Thank you very much sir. The next question comes from Mr. Abneesh Roy from Edelweiss, Mumbai. Sir you may ask your question now.

Abneesh Roy – Edelweiss – Mumbai

Sir congrats on the good set of numbers. My first question is on HR cost. We have been voted the best employer by independent agency, a news article today says that record bonuses will be paid but if I see the numbers in Q4, it is flat YOY. I wanted to understand how this has been managed and will the number shoot up because of the bonus element.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

So all I was say Abneesh, is do not get carried away by the article, if I read them I wish some of it was true, but on a more serious note, we have a philosophy towards remuneration which is based on linking it with performance, it is unchanged, if anything, we are just strengthening as we move forward to drive a stronger performance culture and that is what we will do going forward. As far as overall staff costs are concerned, you have seen what they are, it is a combination of like I said, we are also very tight on some discretionary spends which we keep incurring and managing this in as tighter manner as possible.

Abneesh Roy – Edelweiss – Mumbai

Sir, I come back to the new product segment. We have entered again talcum powders and juice segment in which we had entered some year back also. So how are you more confident this time in terms of success in terms of product positioning, pricing point, what is different, is the customer more ready or you have done lot of changes to the product this time?

Hindustan Unilever Limited**Nitin Paranjpe - CEO - Hindustan Unilever Limited**

Firstly, I do not think we are entering the talcum powder segment now, we are in the talcum powder segment for many-many-many years, we are the leader with over more than a 50 shares for the talcum powder market, so that has been point #1. We have introduced Lifebuoy Talc, which is addressing a prickly heat segment within the overall talcum powder market which we were not participating. That really is the change and it is a new introduction that we have made so that we are addressing not just the price benefit, if you know what our strategy is, straddling the pyramid both in terms of price points and in terms of benefits segment and our effort has been to address that part of the segment. How confident are we, if we felt that this should fail, we would not be entering it but in the end, the interesting part of our business is you would never know till the consumer vote for it in the market place and we are taking all efforts to make sure that it works.

Abneesh Roy – Edelweiss – Mumbai

Sir, my last question is on the changes which you are doing to the system in terms of project iQ, more stores, better stores, tripling the rural distribution, any numbers you can share. In terms of 14% volume growth, how much this would have contributed, this is very difficult to say but I am sure you would have the numbers?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I wish I had the exact numbers, we have a point of view and that point of view is that as we go and cover more outlets directly, our influence on those stores improves and that gives us competitive advantage. Our assortments which we are able to put into store is higher as a result of direct access and leveraging the iQ technology. We measure that and track that but making a linkage with what part of the 14% has come as a result of that is a) difficult and b) even if we had a number I am not sure that whether I would not want to share it externally in any more specifics, but suffice to say this is a program that is working and I would also add that while it has given us value, these are not benefits which you get just in a quarter. These are things that you have done to enhance the overall capability of this organization and should start helping us over the quarters and years to come.

Abneesh Roy – Edelweiss – Mumbai

Sir, one last question, a small player Henkel has been acquired by one of the local player who is very aggressive in terms of rural distribution and has past successes, so any views of yours on this new development over a three year to five year perspective?

Hindustan Unilever Limited**Nitin Paranjpe - CEO - Hindustan Unilever Limited**

Look, I do not want to comment on what has happened in the market place with somebody else. I am sure they have a strategy, I am sure they have their thoughts and I am sure it is right for them. We must do what is right for us and we must do what is right for us in the context of our focus on consumers and our ability to satisfy our consumers and customers.

Abneesh Roy – Edelweiss – Mumbai

Okay Nitin I will come back if I have more. All the best.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Thank you Abneesh.

Namita - Moderator

The next question comes from Mr. Gaurav Bhatia from Deutsche Bank, Mumbai, Sir you may ask your question now.

Harish - Deutsche Bank - Mumbai

Hi Srinu, Harish here, just this question on consolidation on the regional competition part. We are seeing far more activity from Ghadi, CavinKare etc. We also see that they are under a lot more pressure because of input inflation. Where do you actually see this trend going? Is it that the regional players will get replaced by multinationals going forward?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Look, in a market like India, there will be place for everyone and I do not think the way to think of it is that regional player will disappear and multinationals will become larger. I think companies that serve the needs of the consumers at that place will have a role to play and I think given the diversity of a market like India there will always be some role for high quality local and regional players who will be around. We must make sure that we do our best and we satisfy more consumers more effectively than we have done before and

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keep expanding and growing our consumer franchise but it is a large market and there is place for many of us.

Harish - Deutsche Bank

One maintenance question on soaps and detergents, would you be willing to share your tonnage numbers on soaps and numbers, it will part of the annual report anyway.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

So, as and when the annual report comes you should be able to have a look.

Namita – Moderator

Thank you very much Sir. The next question comes from Mr. Ashat Desai from BNK Securities, Mumbai, Sir you may ask your question now.

Ashat Desai – BNK Securities – Mumbai

Hi everyone, Sir you talked about increasing your direct reach by around 500,000 stores, could you just highlight your plans for next year and also your direct and indirect reach currently?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I think I would not want to comment in terms of what we are going to do in the coming year, I think we would want to consolidate what we have managed to deliver at this moment, extract value out of the reach that we have created. If you talk in terms of indirect reach, I do not know what you mean, if you mean indirect reach in terms of our brands being available in that outlet, then frankly they are available in virtually every outlet in the country, over 90 to 95% of over 6 million outlets in the country will have some of our brands in those outlets. If you refer to direct reach as in the reach that we have got through our distributors and some salesmen going and making a call to sell products out there, we now go to in excess of 1.5 million outlets.

Hindustan Unilever Limited**Ashat Desai – BNK Securities – Mumbai**

Lastly I agree that you cannot share your new product roll out performance but could you give us an idea on what percentage of growth is coming from the products that you have been launching through this year or what is the contribution to the topline?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

In terms of contribution to the topline it is small but if you are coming across to our center tomorrow we will talk a little more about this, but the contribution to growth is disproportionate to the contribution to turnover at this moment and we believe that as we move forward these are areas which will become larger and larger as we move forward, so I can say at this moment while its contribution to turnover is relatively small, the contribution to growth is substantial and material to our overall growth.

Ashat Desai – BNK Securities – Mumbai

Can we share that Sir, what is the contribution to growth?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I do not want to give you a number at this stage. I do not know whether you are planning to come tomorrow and a little more clarity you will get at that stage.

Ashat Desai – BNK Securities – Mumbai

Sure Sir, I will see you tomorrow. Thanks and all the best.

Namita – Moderator

Thank you very much Sir. The next question comes from Mr. Sanjay Singh from Standard Chartered, Mumbai, Sir you may ask your question now.

Hindustan Unilever Limited**Sanjay Singh – Standard Chartered – Mumbai**

Good evening everyone. Just wanted to know three things, the first question is, I know you do not give any forward guidance but I think lot of questions are hinging around the strong volume growth and with the pricing actions how will volume span out. Is it fair to understand and appreciate that the consumer spend or the gross sales and the net sales will grow in good double digit going forward with a mix of pricing and volume. This is more in terms of FMCG rather than HUL, so is it fair to assume that in the coming years you are looking at good double digit or mid double digit kind of overall topline growth for HUL and for the industry?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Look, I cannot comment now about what happens in the year 2011, but if you take all macroeconomic conditions, given the level of consumption and penetration which exists in India, there is no reason why across a broad range of categories, across volume and value, consumer spends in these categories will not be in double digits, so that is likely to happen.

Sanjay Singh – Standard Chartered - Mumbai

Second question is you have been talking about mix change in personal product but unfortunately as of now we have not seen any significant mix change in soaps and detergents in general and detergents in particular, is there any sense and I understand with given the current kind of competitive scenario margins in the mass end of the detergents will be very-very less or probably almost no-gross margin sale, so is there any sense that you are seeing that uptrading happening in the detergent portfolio, I understand it is happening in the personal product portfolio but is it moving across other categories also and how do you see it going not in next one quarter or one year but maybe in the next few years?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

In the next few years I think it is safe to say that the secular trend that you will see in India across all three categories will be one of uptrading and premiumisation, that is because of the increasing affluence that we are likely to see out here and the changing consumer attitudes, their aspirations rising and as I call it increasingly becoming homogenous, so whether you are rich or poor, it does not mean just because you are poor you have lesser aspirations and that is why people are migrating and wanting to use better offerings, better brands as we move forward, so there is a secular trend that you will see, specifically you talked about soaps and you talked about laundry business and whether we are seeing any of this and the answer to that is yes, we are seeing some uptrading which is taking place in both these categories. In soaps we are seeing

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that the premium soaps segment is growing much faster than the mid segment or the discount segment. Within our own portfolio brands like Dove, Liril and Pears continue to grow much faster than the rest of the portfolio and that is a measure of general uptrading that we are seeing in that category. If you take the laundry market, there is a mass market, there is a mid market and I think all the actions that have taken place with innovations and product quality improvement in the mid market has meant that there is uptrading which is taking place from the discount end of the market to the mid market where brands like Rin are placed, so we are seeing that happen at this moment even in laundry.

Sanjay Singh – Standard Chartered - Mumbai

Will it take much more time because it is generally in personal products that uptrading would happen first - Is it a fair assumption?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

No, I do not know whether I would make any comments like that. I think it would really be a function of many other criteria which will determine the rate of upgradation, it is what brands you have got, what offerings you have got, what benefits you are offering, what is the price premium that you are charging for those benefits that you have got, I think a combination of factors will be in play to determine the rate of uptrading that we are likely to see.

Sanjay Singh – Standard Chartered – Mumbai

Lastly again not asking for any guidance but just to get a sense the soaps and detergent margin in the last eight years or nine years has seen a high of 25% and a low of 7.5%, while I understand that a lot of it is dynamics of the market, raw material cost, etc., etc., at which level the company would be comfortable in terms of margins where they think this is the right margin to make in the business, is there any such thoughts you have on the same?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

The only thought we have is that when we talk of a range of 7.5% that is not a economically sustainable model over the long term, now how long it would be at those levels I cannot tell you, as far as we are concerned we are convinced that in the end a rational, reasonable margins will return to the category, how long it will take, we do not know, but we are not here for the short term, we are here for the long term and we will do what it takes to build our business for that because we believe that defending our consumer franchise

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even at some cost in the short term will be in the best interest of our shareholders and our investors because it will be the best way by which we will create value in the longer period of time. 7.5% is not sustainable in long term.

Sanjay Singh – Standard Chartered – Mumbai

I understand that is not sustainable, I understand that you cannot give any time period, but you said rational margins, what in your opinion is a rational margin?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I do not know. If someone would have said to me that it would come down to these levels I would have thought it was not possible, but it had and my sense is that there is no reason why double digit margins should not exist in categories like this, absolutely no reason.

Sanjay Singh – Standard Chartered – Mumbai

Thank you very much for your time.

Namita – Moderator

Thank you very much Sir. The next question comes from Mr. Manoj Menon from Kotak Institutional Equities, Mumbai. Sir you may ask your question now.

Manoj Menon – Kotak Institutional Equities – Mumbai

Sir, just one question on the topdown view on what is actually happening in the shampoo category, while I understand very clearly that there is premiumisation which is happening in shampoo which could be true for many other personal care categories as well, when I typically think about what I studied in campus that pricing actions and premiumness is not necessarily something which go together. Pantene which was perceived as a premium has taken pricing action; is there an inherent contradiction?

Hindustan Unilever Limited**Nitin Paranjpe - CEO - Hindustan Unilever Limited**

I think this question you should ask some other set of people because I do not want to comment on what is happening to the brands that you talk about, that is not for me to share.

Manoj Menon – Kotak Institutional Equities – Mumbai

But for context, let us say Dove, you have matched the competitor, a pricing action on Dove would be something which I can understand from a penetration point of view which companies would like to do even if it is a premium product but is there an inherent disconnect between premium and pricing which is happening in India?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

I do not know. We have seen many premium brands find a way to make themselves acceptable to the consumer through smaller prices, small pack sizes etc., and we have seen that in skin, we have seen that in hair and we have seen that in laundry, I think if brands like Surf Excel which are top of the market have a sachet which is available at Rs.2, makes it no less premium. I think the offering inside it is significant, it is not just laundry, it is elsewhere, I think you have to do it carefully, you have to do it sensibly but it can be managed, it has been shown across several categories.

Manoj Menon – Kotak Institutional Equities – Mumbai

Actually my question was more in terms of a large pack in a premium category, either it could be shampoo or it could be skin or it could be any of those, as a consumer when you are seeing there is an ex-price off on a product which I perceive to be premium and really price is not the critical differentiating factor in that purchase decision, is it something which is medium to long-term negative, that is what I am trying to look at because ultimately.

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Excessive price promotion on any brand will erode the value of that brand, so to that extent, your concerns or questions have a basis and are valid.

Hindustan Unilever Limited**Manoj Menon – Kotak Institutional Equities – Mumbai**

Okay thanks and all the best.

Namita – Moderator

Thank you very much Sir. The next question comes from Mr. Richard Liu from JM Financial, Mumbai, Mr. Liu, you may ask your question now.

Richard Liu – JM Financial – Mumbai

Hi, thanks for taking my question, just two questions here. One is on the realization growth which was flat I guess this quarter if one were to look at the domestic business, would you have or be able to share with us that if you were to look at the retail price growth which is the MRP movement, would that have increased or remained flat or decreased for the weighted average of your portfolio, in other words what I am asking is whether there is any difference between the retail price growth year-on-year and the net realization growth year-on-year that is inherent in your result?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Firstly I do not have a weighted average of the MRP at this moment, so I cannot comment on it. If there is a difference it is likely to be small and marginal.

Richard Liu – JM Financial – Mumbai

Most likely then even at the retail price level your net-net growth would have been about flattish?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

Yes.

Hindustan Unilever Limited**Richard Liu – JM Financial – Mumbai**

How does one view this in the context of possible premiumisation and also considering the fact that there have been some price effect, price increase that has been effected during the quarter?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

You need to see price effect not on year-on-year because we started off with a significant negative but the sequential movement in pricing because when you take a price increase now it is over what is the previous period and therefore the price in the previous quarter was negative, it has come down to zero which is a reflection of the price increases which have been taken between last quarter and this quarter, that is I think the way you need to look at it. As far a premiumisation is concerned and the mix I just want to remind you that it is part of what we call underlying volume growth which is a combination of both volume effect and mix effect which takes place in the portfolio.

Richard Liu – JM Financial – Mumbai

Got it, let me put it the other way. If I were to remove the free volumes that would have gone into the various packs in various different brands, would your so-called like-to-like volume growth excluding the freebies have still been at 14%?

Nitin Paranjpe - CEO - Hindustan Unilever Limited

14% is a combination of volume and mix, it is not only volume and to that extent it captures some of the premiumisation, which we have got. As far as free volumes are concerned I think there will be a little bit which will work but I do not think it is material and does not alter the trend that we are talking about. For example, I think while there is a free quantity, which might be there in March quarter of 2011, there would also have been some free quantity in March quarter 2010 and therefore I do not think the growth rate that we talk about will be materially different.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

In fact in some of the categories like soaps and detergents the volumes have actually come down, the fill levels have come down.

Hindustan Unilever Limited

Richard Liu – JM Financial – Mumbai

Okay, got that Sir. My second question relates to capital employed. Personal products capital employed from a negative figure over the past three quarters have turned positive and the soaps and detergents capital employed has also gone less negative. PP capital employed turning positive in the fourth quarter is again what we have seen even in last year as well, if you would help us understand this a little better.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

If you look at it, there are two elements to it, on the working capital side, you will see the impact of cost inflation coming in to working capital as well and secondly as far as the personal products is concerned we have a new plant that has come up which is in Uttaranchal and our investment for growth is what is reflected, however coming on the working capital in terms of stock days and debtor days, in terms of base of stock which you are holding or the debtor days outstanding, the focus continues to remain on reducing the level of stocks we hold while increasing the level of customer service.

Richard Liu – JM Financial – Mumbai

Okay because if I were to look at the consolidated balance sheet it seems that there have been some slight increase in inventory and debtors?

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

There is, that is the value of inflation, which you see.

Richard Liu – JM Financial – Mumbai

All right Sir, thanks a ton for taking my questions. Wish you all the best.

Hindustan Unilever Limited**Namita – Moderator**

Ladies and gentlemen, this brings us to the end of question and answer session. I would now hand over the call proceedings to Mr. Srinivasan for the final remarks. Thank you and over to you Sir.

S.C. Srinivasan - Vice President – Treasury, M&A and Investor Relations – Hindustan Unilever Limited

Well, I just want to thank everyone for the call, we have investor seminar tomorrow where we will have some presentation and brand experience sessions, so we will have an opportunity to discuss some of the performance and our strategy tomorrow as well, so looking forward to meeting you tomorrow. Thank you.

Namita – Moderator

Thank you very much Sir. Ladies and gentlemen, this concludes the conference call. You may now disconnect your lines. Thank you for connecting to audio conference service for Airtel and have a pleasant day.