

HINDUSTAN UNILEVER LIMITED

FINANCIAL MODEL

Presented by
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HINDUSTAN UNILEVER LTD - Profile



Hindustan Unilever Limited

Hindustan Unilever Limited (HUL) is a British-owned Indian final good company headquartered in Mumbai. It is a subsidiary of the British company Unilever. Its products include foods, beverages, cleaning agents, personal care products, water purifiers and other fast-moving consumer goods (FMCGs). HUL was established in 1931 as Hindustan Vanaspati Manufacturing Co. Following a merger of constituent groups in 1956, it was renamed Hindustan Lever Limited. The company was renamed again in June 2007 as Hindustan Unilever Limited.

INR (Crs.)

Key Financial Metrics	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Share Price - 5Y
Total Sales	39,783	47,028	52,446	60,580	61,896	
Sales Growth(y-o-y)	1.20%	18.21%	11.52%	15.51%	2.17%	
Gross Profit Margin (%)	52.22%	49.49%	49.35%	46.06%	50.46%	
EBITDA Margins	24.77%	24.72%	24.51%	23.35%	23.68%	
EBIT Margins	22.25%	22.44%	22.43%	21.48%	21.72%	
Net Profit Margins	16.96%	17.00%	16.93%	16.71%	16.60%	
Earning Per Share (in Rs.)	31.17	34.03	37.79	43.07	43.74	
EPS Growth (y-o-y)	11.46%	9.16%	11.06%	13.98%	1.55%	
Dividend Per Share (in Rs.)	24.94	40.51	34.01	39.01	42.01	
DPS Growth (y-o-y)	13.63%	62.39%	-16.05%	14.71%	7.69%	

Key Financial Metrics	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Volumes - 5Y
Price to Earnings	73.74x	71.46x	54.21x	59.44x	51.77x	
EV/EBIDTA	51.02x	49.61x	37.82x	42.94x	36.91x	
EV/Sales	6.00x	5.94x	6.01x	8.22x	9.50x	
Price to Book Value	60.47x	11.98x	9.81x	11.96x	10.39x	
Return on Equity(%)	82.00%	16.77%	18.10%	20.12%	20.07%	
Return on Capital Employed (%)	114.64%	37.68%	24.26%	26.49%	27.36%	

Top 10 Shareholders	N. Shares (in Crs.)	% Holding	Market Value (in Crs.)	Shareholding Pattern
UNILEVER PLC	111	47.43%	2,72,051	
LICI FORTUNE PLUS GROWTH FUND	12	4.97%	28,494	
UNILEVER GROUP LIMITED	11	4.54%	26,058	
UNILEVER OVERSEAS HOLDINGS AG	7	2.93%	16,792	
UNILEVER UK&CN HOLDINGS LIMITED	6	2.56%	14,669	
UNILEVER SOUTH INDIA ESTATES LIMITED	5	2.24%	12,877	
SBI EQUITY SAVINGS FUND	4	1.53%	8,769	
UNILEVER ASSAM ESTATES LIMITED	3	1.40%	8,012	
UNILEVER OVERSEAS HOLDINGS B V	2	0.80%	4,606	
Investor Education and Protection Fund (IEPF)	1	0.25%	1,428	

Managerial Remuneration	Designation	Remuneration	X of Median Salary	Capital Structure
Mr. Rohit Jawa	CEO & MD	22.39	153x	
Mr. Sanjiv Mehta ¹	CEO & MD	1.76	48x	
Mr. Ritesh Tiwari	Exec Director & CFO	8.56	58x	
Mr. Dev Bajpai	Exec Director & CS	10.38	71x	

Notes:

- Mr. Sanjiv Mehta ceased to be MD & CEO of the Company with effect from the close of business hours on 26th June, 2023.
- The percentage increase in the median remuneration of employees for the financial year was 7.38%.
- The Company has 7,215 permanent employees on the rolls of Company as on 31st March, 2024.

Share Price as on Mar-24	2,441
Number of Shares	235
Market Capitalization	5,73,606
Less: Cash & Equivalents	(7,559)
Add: Total Debt	1,484
Less: Minority Interest	205
Enterprise Value	5,67,736

Recent Updates

- Total sales for MQ'24 at Rs. 15,041 crores was up by 1% vs MQ'23.
- The Company's turnover for the financial year ended 31st March, 2024 was Rs. 59,579 crores as against turnover of Rs. 58,154 crores for the financial year ended 31st March, 2023.
- HUL Q4 result: Net profit slips 1.6% to Rs 2,558 cr, demand pickup expected.
- Whirlpool of India, HUL announce marketing alliance for Surf Excel.
- Hindustan Unilever eyes growth in beauty segment amid market expansion.
- FMCG companies increase prices to maintain margins due to high input costs.
- HUL rebrands Horlicks as 'functional nutritional drink', removes 'health'.
- HUL to decarbonise its supply chain by 2039, use 100% green energy by 2030.

Historical Financial Statements

Years	Historical Financial Statement - HINDUSTAN UNILEVER LTD										
	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	LTM
# Income Statement											
Sales	₹ 31,972.2	₹ 32,186.0	₹ 33,162.0	₹ 35,545.0	₹ 39,310.0	₹ 39,783.0	₹ 47,028.0	₹ 52,446.0	₹ 60,580.0	₹ 61,896.0	₹ 61,896.0
Sales Growth	-	0.67%	3.03%	7.19%	10.59%	1.20%	18.21%	11.52%	15.51%	2.17%	0.00%
COGS	₹ 18,801.9	₹ 18,222.0	₹ 18,675.0	₹ 19,314.0	₹ 21,081.0	₹ 20,614.0	₹ 25,301.0	₹ 29,066.0	₹ 35,381.0	₹ 33,651.0	₹ 47,237.0
COGS % Sales	58.81%	56.61%	56.31%	54.34%	53.63%	51.82%	53.80%	55.42%	58.40%	54.37%	76.32%
Gross Profit	₹ 13,170.27	₹ 13,964.00	₹ 14,487.00	₹ 16,231.00	₹ 18,229.00	₹ 19,169.00	₹ 21,727.00	₹ 23,380.00	₹ 25,199.00	₹ 28,245.00	₹ 14,659.00
Gross Margins	41.19%	43.39%	43.69%	45.66%	46.37%	48.18%	46.20%	44.58%	41.60%	45.63%	23.68%
Selling & General Expenses	₹ 7,757.85	₹ 8,054.00	₹ 8,159.00	₹ 8,732.00	₹ 9,349.00	₹ 9,316.00	₹ 10,101.00	₹ 10,523.00	₹ 11,052.00	₹ 13,586.00	0.00%
S&G Exp % Sales	24.26%	25.02%	24.60%	24.57%	23.78%	23.42%	21.48%	20.06%	18.24%	21.95%	0.00%
EBITDA	₹ 5,412.42	₹ 5,910.00	₹ 6,328.00	₹ 7,499.00	₹ 8,880.00	₹ 9,853.00	₹ 11,626.00	₹ 12,857.00	₹ 14,147.00	₹ 14,659.00	₹ 15,471.00
EBITDA Margins	16.93%	18.36%	19.08%	21.10%	22.59%	24.77%	24.72%	24.51%	23.35%	23.68%	25.00%
Interest	₹ 17.70	₹ 17.00	₹ 35.00	₹ 26.00	₹ 33.00	₹ 118.00	₹ 117.00	₹ 106.00	₹ 114.00	₹ 334.00	₹ 334.00
Interest % Sales	0.06%	0.05%	0.11%	0.07%	0.08%	0.30%	0.25%	0.20%	0.19%	0.54%	0.54%
Depreciation	₹ 322.39	₹ 353.00	₹ 432.00	₹ 520.00	₹ 565.00	₹ 1,002.00	₹ 1,074.00	₹ 1,091.00	₹ 1,137.00	₹ 1,216.00	₹ 1,216.00
Depreciation%Sales	1.01%	1.10%	1.30%	1.46%	1.44%	2.52%	2.28%	2.08%	1.88%	1.96%	1.96%
Earnings Before Tax	₹ 5,072.33	₹ 5,540.00	₹ 5,861.00	₹ 6,953.00	₹ 8,282.00	₹ 8,733.00	₹ 10,435.0	₹ 11,660.0	₹ 12,896.0	₹ 13,109.0	₹ 13,921.0
EBT % Sales	15.86%	17.21%	17.67%	19.56%	21.07%	21.95%	22.19%	22.23%	21.29%	21.18%	22.49%
Tax	₹ 1,944.0	₹ 1,875.0	₹ 1,977.0	₹ 2,079.0	₹ 2,544.0	₹ 2,409.0	₹ 2,606.0	₹ 2,987.0	₹ 3,201.0	₹ 3,644.0	₹ 3,644.0
Effective Tax Rate	38.33%	33.84%	33.73%	29.90%	30.72%	27.59%	24.97%	25.62%	24.82%	27.80%	26.18%
Net Profit	₹ 3,128.3	₹ 3,665.0	₹ 3,884.0	₹ 4,874.0	₹ 5,738.0	₹ 6,324.0	₹ 7,829.0	₹ 8,673.0	₹ 9,695.0	₹ 9,465.0	₹ 10,277.0
Net Margins	9.78%	11.39%	11.71%	13.71%	14.60%	15.90%	16.65%	16.54%	16.00%	15.29%	16.60%
No of Equity Shares	216.35	216.39	216.43	216.45	216.47	216.48	234.96	234.96	234.96	234.96	234.96
Earnings per Share	₹ 14.46	₹ 16.94	₹ 17.95	₹ 22.52	₹ 26.51	₹ 29.21	₹ 33.32	₹ 36.91	₹ 41.26	₹ 40.28	₹ 43.74
EPS Growth %		17.13%	5.96%	25.48%	17.72%	10.21%	14.06%	10.78%	11.78%	-2.37%	8.58%
Dividend per Share	₹ 15.00	₹ 15.97	₹ 17.0	₹ 20.0	₹ 22.0	₹ 24.9	₹ 40.5	₹ 34.0	₹ 39.0	₹ 42.0	-
Dividend payout ratio	103.74%	94.30%	94.54%	88.63%	82.82%	85.39%	121.57%	92.12%	94.53%	104.28%	0.00%
Retained Earnings	0.00%	5.70%	5.46%	11.37%	17.18%	14.61%	0.00%	7.88%	5.47%	0.00%	100.00%
# Balance Sheet											
Equity Share Capital	₹ 216.4	₹ 216.0	₹ 216.0	₹ 216.0	₹ 216.0	₹ 216.0	₹ 235.0	₹ 235.0	₹ 235.0	₹ 235.0	₹ 235.0
Reserves	₹ 3,811.1	₹ 6,357.0	₹ 6,528.0	₹ 7,065.0	₹ 7,651.0	₹ 8,013.0	₹ 47,439.0	₹ 48,826.0	₹ 50,069.0	₹ 50,983.0	₹ 50,983.0
Borrowings	₹ 43.0	₹ 177.0	₹ 277.0	-	₹ 99.0	-	₹ 1,009.0	₹ 1,043.0	₹ 1,219.0	₹ 1,484.0	₹ 1,484.0
Other Liabilities	₹ 10,359.0	₹ 8,043.0	₹ 8,685.0	₹ 10,581.0	₹ 10,663.0	₹ 11,924.0	₹ 20,057.0	₹ 20,402.0	₹ 21,554.0	₹ 25,787.0	₹ 25,787.0
Total Liabilities	₹ 14,429.5	₹ 14,793.0	₹ 15,706.0	₹ 17,862.0	₹ 18,629.0	₹ 20,153.0	₹ 68,740.0	₹ 70,506.0	₹ 73,077.0	₹ 78,489.0	
Fixed Assets Net Block	₹ 2,821.0	₹ 3,258.0	₹ 4,419.0	₹ 4,528.0	₹ 4,715.0	₹ 5,479.0	₹ 51,443.0	₹ 51,473.0	₹ 52,678.0	₹ 53,744.0	
Capital Work in Progress	₹ 516.3	₹ 408.0	₹ 229.0	₹ 461.0	₹ 406.0	₹ 597.0	₹ 745.0	₹ 1,313.0	₹ 1,132.0	₹ 1,025.0	
Investments	₹ 3,025.1	₹ 2,592.0	₹ 3,794.0	₹ 2,873.0	₹ 2,716.0	₹ 1,255.0	₹ 2,709.0	₹ 3,521.0	₹ 2,882.0	₹ 4,625.0	
Other Assets	₹ 1,518.6	₹ 1,536.0	₹ 1,810.0	₹ 2,692.0	₹ 2,645.0	₹ 3,793.0	₹ 4,035.0	₹ 4,021.0	₹ 4,377.0	₹ 4,517.0	
Total Non Current Assets	₹ 7,881.0	₹ 7,794.0	₹ 10,252.0	₹ 10,554.0	₹ 10,482.0	₹ 11,124.0	₹ 58,932.0	₹ 60,328.0	₹ 61,069.0	₹ 63,911.0	
Receivables	₹ 1,010.3	₹ 1,264.0	₹ 1,085.0	₹ 1,310.0	₹ 1,816.0	₹ 1,149.0	₹ 1,758.0	₹ 2,236.0	₹ 3,079.0	₹ 2,997.0	
Inventory	₹ 2,848.8	₹ 2,726.0	₹ 2,541.0	₹ 2,513.0	₹ 2,574.0	₹ 2,767.0	₹ 3,579.0	₹ 4,096.0	₹ 4,251.0	₹ 4,022.0	
Cash & Bank	₹ 2,689.5	₹ 3,009.0	₹ 1,828.0	₹ 3,485.0	₹ 3,757.0	₹ 5,113.0	₹ 4,471.0	₹ 3,846.0	₹ 4,678.0	₹ 7,559.0	
Total Current Assets	₹ 6,548.6	₹ 6,999.0	₹ 5,454.0	₹ 7,308.0	₹ 8,147.0	₹ 9,029.0	₹ 9,808.0	₹ 10,178.0	₹ 12,008.0	₹ 14,578.0	
Total Assets	₹ 14,429.5	₹ 14,793.0	₹ 15,706.0	₹ 17,862.0	₹ 18,629.0	₹ 20,153.0	₹ 68,740.0	₹ 70,506.0	₹ 73,077.0	₹ 78,489.0	
Check	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	
# Cash Flow Statements											
Cash from Operating Activities	₹ 3,291.9	₹ 4,171.0	₹ 5,185.0	₹ 6,059.0	₹ 5,800.0	₹ 7,623.0	₹ 9,163.0	₹ 9,048.0	₹ 9,991.0	₹ 15,469.0	
Cash from Investing Activities	₹ 138.0	(₹ 282.0)	(₹ 1,173.0)	(₹ 1,063.0)	(₹ 438.0)	₹ 1,791.0	(₹ 1,228.0)	(₹ 1,728.0)	(₹ 1,484.0)	(₹ 5,324.0)	
Cash from Financing Activities	(₹ 3,462.4)	(₹ 3,864.0)	(₹ 4,214.0)	(₹ 4,975.0)	(₹ 5,390.0)	(₹ 6,819.0)	(₹ 9,309.0)	(₹ 8,015.0)	(₹ 8,953.0)	(₹ 10,034.0)	
Net Cash Flow	(₹ 32.5)	₹ 25.0	(₹ 202.0)	₹ 21.0	(₹ 28.0)	₹ 2,595.0	(₹ 1,374.0)	(₹ 695.0)	(₹ 446.0)	₹ 111.0	

Ratio Analysis

Years	Ratio Analysis of HINDUSTAN UNILEVER LTD					Trend	Mean	Median
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24			
Sales Growth	1.20%	18.21%	11.52%	15.51%	2.17%		9.72%	11.52%
EBITDA Growth	10.96%	17.99%	10.59%	10.03%	3.62%		10.64%	10.59%
EBIT Growth	5.45%	19.49%	11.74%	10.60%	1.65%		9.79%	10.60%
Net Profit Growth	10.21%	23.80%	10.78%	11.78%	-2.37%		10.84%	10.78%
Dividend Growth	13.63%	62.39%	-16.05%	14.71%	7.69%		16.47%	13.63%
Gross Margin	48.18%	46.20%	44.58%	41.60%	45.63%		45.24%	45.63%
EBITDA Margin	24.77%	24.72%	24.51%	23.35%	23.68%		24.21%	24.51%
EBIT Margin	22.25%	22.44%	22.43%	21.48%	21.72%		22.06%	22.25%
EBT Margin	21.95%	22.19%	22.23%	21.29%	21.18%		21.77%	21.95%
Net Profit Margin	15.90%	16.65%	16.54%	16.00%	15.29%		16.08%	16.00%
Sales Expenses % of Sales	23.42%	21.48%	20.06%	18.24%	21.95%		21.03%	21.48%
Depreciation % of Sales	2.52%	2.28%	2.08%	1.88%	1.96%		2.14%	2.08%
Operating Income % of Sales	22.25%	22.44%	22.43%	21.48%	21.72%		22.06%	22.25%
Return on Capital Employed	107.56%	21.67%	23.48%	25.25%	25.51%		40.70%	25.25%
Retained Earnings (%)	14.61%	0.00%	7.88%	5.47%	0.00%		5.59%	5.47%
Return on Equity (%)	76.85%	16.42%	17.68%	19.27%	18.48%		29.74%	18.48%
Self Sustained Growth Rate	11.23%	0.00%	1.39%	1.05%	0.00%		2.73%	1.05%
Interest Coverage Ratio	75.01x	90.19x	111.00x	114.12x	40.25x		86.11x	90.19x
Debtor Turnover Ratio	34.62x	26.75x	23.46x	19.68x	20.65x		25.03x	23.46x
Creditor Turnover Ratio	3.34x	2.34x	2.57x	2.81x	2.40x		2.69x	2.57x
Inventory Turnover	14.38x	13.14x	12.80x	14.25x	15.39x		13.99x	14.25x
Fixed Asset Turnover	7.26x	0.91x	1.02x	1.15x	1.15x		2.30x	1.15x
Capital Turnover Ratio	4.83x	0.99x	1.07x	1.20x	1.21x		1.86x	1.20x
Debtor Days	11	14	16	19	18		15	16
Payable Days	109	156	142	130	152		138	142
Inventory Days	25	28	29	26	24		26	26
Cash Conversion Cycle (in days)	-73	-114	-98	-86	-111		-96	-98
CFO/Sales	19.16%	19.48%	17.25%	16.49%	24.99%		19.48%	19.16%
CFO/Total Assets	37.83%	13.33%	12.83%	13.67%	19.71%		19.47%	13.67%
CFO/Total Debt	0.00%	908.13%	867.50%	819.61%	1042.39%		727.52%	867.50%

Common Size Statement

Common Size Income Statement - HINDUSTAN UNILEVER LTD

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	100.00%						
Raw Material Cost	40.04%	40.31%	39.46%	42.83%	43.61%	46.92%	43.33%
Change in Inventory	0.20%	-0.03%	0.27%	0.86%	0.04%	0.12%	0.02%
Power and Fuel	0.83%	0.78%	0.75%	0.72%	0.61%	0.63%	0.72%
Other Mfr. Exp	8.43%	7.74%	7.30%	6.10%	6.40%	6.26%	5.47%
Employee Cost	5.23%	4.77%	4.57%	5.01%	4.85%	4.71%	4.86%
Selling and admin	20.40%	19.83%	19.15%	16.79%	15.57%	14.50%	17.41%
Other Expenses	4.16%	3.95%	4.26%	4.68%	4.50%	3.74%	4.54%
Other Income	0.99%	0.82%	1.09%	0.36%	0.42%	0.74%	1.32%
Depreciation	1.46%	1.44%	2.52%	2.28%	2.08%	1.88%	1.96%
Interest	0.07%	0.08%	0.30%	0.25%	0.20%	0.19%	0.54%
Profit before tax	20.55%	21.89%	23.04%	22.55%	22.65%	22.03%	22.50%
Tax	5.85%	6.47%	6.06%	5.54%	5.70%	5.28%	5.89%
Net profit	14.67%	15.40%	16.96%	17.00%	16.93%	16.71%	16.60%
Dividend Amount	12.15%	12.09%	13.57%	20.24%	15.23%	15.13%	15.95%
EBITDA	22.05%	23.39%	25.83%	25.07%	24.91%	24.05%	25.00%

Common Size Balance Sheet - HINDUSTAN UNILEVER LTD

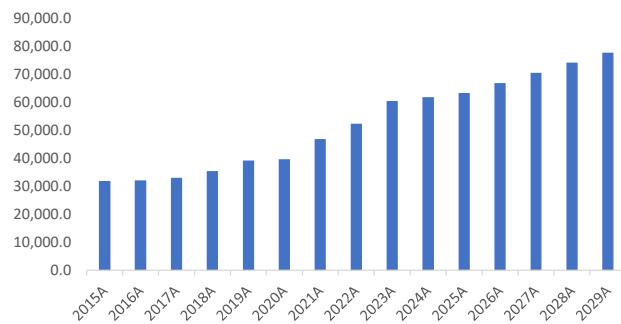
Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Total Liabilities	100.00%						
Equity Share Capital	1.21%	1.16%	1.07%	0.34%	0.33%	0.32%	0.30%
Reserves	39.55%	41.07%	39.76%	69.01%	69.25%	68.52%	64.96%
Borrowings	0.00%	0.53%	0.00%	1.47%	1.48%	1.67%	1.89%
Other Liabilities	59.24%	57.24%	59.17%	29.18%	28.94%	29.49%	32.85%
Total Assets	100.00%						
Net Block	25.35%	25.31%	27.19%	74.84%	73.01%	72.09%	68.47%
Capital Work in Progress	2.58%	2.18%	2.96%	1.08%	1.86%	1.55%	1.31%
Investments	16.08%	14.58%	6.23%	3.94%	4.99%	3.94%	5.89%
Other Assets	15.07%	14.20%	18.82%	5.87%	5.70%	5.99%	5.75%
Receivables	7.33%	9.75%	5.70%	2.56%	3.17%	4.21%	3.82%
Inventory	14.07%	13.82%	13.73%	5.21%	5.81%	5.82%	5.12%
Cash & Bank	19.51%	20.17%	25.37%	6.50%	5.45%	6.40%	9.63%

Forecasting

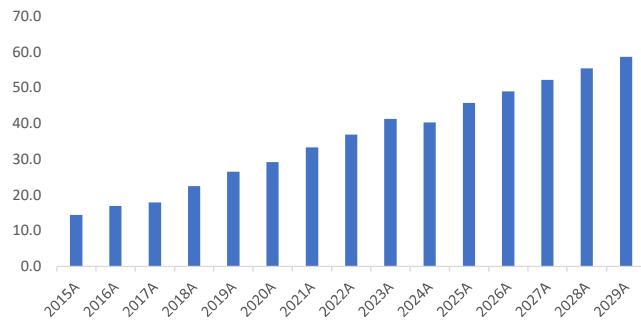
HINDUSTAN UNILEVER LTD - Sales Forecasting

Year Weight	Year	Sales	Sales Growth
1	2015A	31,972.2	
2	2016A	32,186.0	0.67%
3	2017A	33,162.0	3.03%
4	2018A	35,545.0	7.19%
5	2019A	39,310.0	10.59%
6	2020A	39,783.0	1.20%
7	2021A	47,028.0	18.21%
8	2022A	52,446.0	11.52%
9	2023A	60,580.0	15.51%
10	2024A	61,896.0	2.17%
11	2025E	63,371.3	2.38%
12	2026E	67,004.1	5.73%
13	2027E	70,636.9	5.42%
14	2028E	74,269.7	5.14%
15	2029E	77,902.6	4.89%

Sales



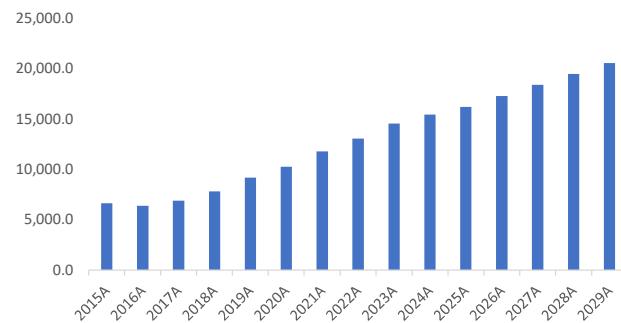
Earning per Share



HINDUSTAN UNILEVER LTD - EBITDA Forecasting

Year Weight	Year	EBIDTA	EBIDTA Growth
1	2015A	6,647.2	
2	2016A	6,396.0	-3.78%
3	2017A	6,920.0	8.19%
4	2018A	7,839.0	13.28%
5	2019A	9,196.0	17.31%
6	2020A	10,277.0	11.76%
7	2021A	11,792.0	14.74%
8	2022A	13,063.0	10.78%
9	2023A	14,572.0	11.55%
10	2024A	15,471.0	6.17%
11	2025E	16,227.4	4.89%
12	2026E	17,320.1	6.73%
13	2027E	18,412.8	6.31%
14	2028E	19,505.6	5.93%
15	2029E	20,598.3	5.60%

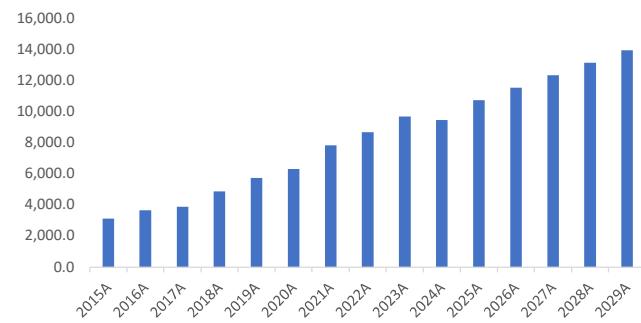
EBIDTA



HINDUSTAN UNILEVER LTD - Net Profit Forecasting

Year Weight	Year	Net Profit	Net Profit Growth
1	2015A	3,128.3	
2	2016A	3,665.0	17.16%
3	2017A	3,884.0	5.98%
4	2018A	4,874.0	25.49%
5	2019A	5,738.0	17.73%
6	2020A	6,324.0	10.21%
7	2021A	7,829.0	23.80%
8	2022A	8,673.0	10.78%
9	2023A	9,695.0	11.78%
10	2024A	9,465.0	-2.37%
11	2025E	10,748.7	13.56%
12	2026E	11,552.6	7.48%
13	2027E	12,356.4	6.96%
14	2028E	13,160.3	6.51%
15	2029E	13,964.2	6.11%

Net Profit



Intrinsic Growth

Calculation of ROIC	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Current Assets					
Inventories	2,767.0	3,579.0	4,096.0	4,251.0	4,022.0
Trade receivables	1,149.0	1,758.0	2,236.0	3,079.0	2,997.0
Short term loans	19.0	112.0	170.0	188.0	172.0
Other asset items	3,774.0	3,923.0	3,851.0	4,189.0	4,345.0
Total Current Assets	7,709.0	9,372.0	10,353.0	11,707.0	11,536.0
Current Liabilities					
Trade Payables	7,535.0	8,802.0	9,068.0	9,574.0	10,486.0
Advance from Customers	158.0	96.0	119.0	98.0	91.0
Other liability items	4,214.0	11,139.0	11,189.0	11,664.0	15,005.0
Total Current Liabilities	11,907.0	20,037.0	20,376.0	21,336.0	25,582.0
Net Working Capital	(4,198.0)	(10,665.0)	(10,023.0)	(9,629.0)	(14,046.0)
Non Current Assets					
Land	59.0	477.0	477.0	609.0	618.0
Building	2,044.0	2,602.0	2,788.0	3,101.0	3,518.0
Plant Machinery	5,001.0	6,097.0	6,566.0	7,612.0	8,832.0
Equipments	139.0	175.0	181.0	185.0	206.0
Furniture n fittings	154.0	156.0	152.0	161.0	165.0
Railway sidings	-	-	-	-	-
Vehicles	-	-	-	33.0	37.0
Intangible Assets	511.0	45,262.0	45,262.0	45,692.0	45,692.0
Other fixed assets	71.0	155.0	152.0	171.0	180.0
Gross Block	7,979.0	54,924.0	55,578.0	57,564.0	59,248.0
Accumulated Depreciation	2,500.0	3,481.0	4,105.0	4,886.0	5,504.0
Net Non Current Assets	10,479.0	58,405.0	59,683.0	62,450.0	64,752.0
Invested Capital	6,281.0	47,740.0	49,660.0	52,821.0	50,706.0
EBIT	8,851.0	10,552.0	11,766.0	13,010.0	13,443.0
ROIC	140.92%	22.10%	23.69%	24.63%	26.51%

Calculation of Reinvestment Rate	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Capex	810.0	4,066.0	1,053.0	1,011.0	1,457.0
Change in Working Capital		(6,467.0)	642.0	394.0	(4,417.0)
EBIT	8,851.0	10,552.0	11,766.0	13,010.0	13,443.0
Marginal Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%
EBIT(1-T)	6,638.3	7,914.0	8,824.5	9,757.5	10,082.3
Reinvestment		(2,401.0)	1,695.0	1,405.0	(2,960.0)
Reinvestment Rate	-30.34%	19.21%	14.40%	-29.36%	

4 Year Average -6.52%
4 Year Median -7.48%

Calculation of Growth Rate	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Reinvestment Rate	-30.34%	19.21%	14.40%	-29.36%	
ROIC	22.10%	23.69%	24.63%	26.51%	
Intrinsic Growth	-6.71%	4.55%	3.55%	-7.78%	

4 Year Average -1.60%
4 Year Median -1.58%

WACC

Weighted Average Cost of Capital

All figures are in INR unless stated otherwise.

Peer Comps

Name	Country	Total Debt	Total Equity	Tax Rate ¹	Debt/ Equity	Debt/ Capital	Levered Beta ²	Unlevered Beta ³
Hind. Unilever	India	1,484.0	5,73,605.7	30.00%	0.26%	0.26%	0.41	0.41
Nestle India	India	344.5	2,40,885.0	30.00%	0.14%	0.14%	0.37	0.37
Varun Beverages	India	5,431.3	2,07,070.1	30.00%	2.62%	2.56%	0.95	0.94
Godrej Consumer	India	3,222.2	1,38,781.4	30.00%	2.32%	2.27%	0.45	0.44
Britannia Inds.	India	2,065.0	1,28,390.0	30.00%	1.61%	1.58%	0.42	0.42
		Average		30.00%	1.39%	1.36%	0.52	0.51
		Median		30.00%	1.61%	1.58%	0.42	0.42

Cost of Debt

Pre-tax Cost of Debt	22.51%
Tax Rate	30.00%
After Tax Cost of Debt	15.75%

Cost of Equity

Risk Free Rate	6.97%
Equity Risk Premium	8.64%
Levered Beta ⁴	0.54
Cost of Equity	11.64%

Capital Structure

		Current	Target
Total Debt	1,484.0	0.26%	1.58%
Market Capitalization	5,73,605.7	99.74%	98.42%
Total Capitalization	575089.71	100.00%	100.00%
Debt / Equity		0.26%	1.61%

Levered Beta

Comps Median Unlevered Beta	0.42
Target Debt/ Equity	1.61%
Tax Rate	30.00%
Levered Beta	0.54

Key Points:

1. Tax Rate considered as Marginal Tax Rate for the country.
2. Levered Beta is based on 5 year monthly data.
3. Unlevered Beta = Levered Beta/(1+(1-Tax Rate) x Debt/Equity)
4. Levered Beta = Unlevered Beta/(1+(1-Tax Rate) x Debt/Equity)

Weighted Average Cost of Capital

Cost of Equity	11.64%
Equity Weight	98.42%
Cost of Debt	15.75%
Debt Weight	1.58%
WACC	11.71%

Terminal Value (FCFF)

Calculation of FCFF	Mar-24A	Mar-25E	Mar-26E	Mar-27E	Mar-28E	Mar-29E
EBIT	14,255.00	14,954.92	15,689.21	16,459.55	17,267.71	18,115.56
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
EBIT(1-Tax)	10,691.25	11,216.19	11,766.91	12,344.66	12,950.78	13,586.67
less: Reinvented Rate	-7.48%	7.93%	23.34%	38.74%	54.15%	54.15%
Free Cash Flow to Firm (FCFF)	11,490.92	10,327.00	9,021.08	7,562.02	5,937.93	6,229.49
Mid Year Convention		0.5	1.5	2.5	3.5	4.5
Discounting Factor		0.946	0.847	0.758	0.679	0.608
PV of FCFF	9,770.94	7,640.92	5,733.89	4,030.62	3,785.42	

Expected Growth	4.91%
Terminal Growth	7.20%
WACC	11.71%

Calculation of Terminal Value	Sensitivity Analysis
FCFF (n+1)	5% 501.9
WACC	6% 586.4
Terminal Growth Rate	7.20% 767.5
Terminal Value	8% 1,009.0
	9% 1,854.1

FCFF (n+1)	6,535.35
WACC	11.71%
Terminal Growth Rate	7.20%
Terminal Value	1,45,046.83

Calculation of Equity Value per Share

PV of FCFF	30,961.79
PV of Terminal Value	88,139.28
Value of Operating Assets	1,19,101.07
Add: Cash	7559
Less: Debt	13
Value of Equity	1,26,647.07
No of Shares	234.96
Equity Value per Share	539.02
Share Price	2479
Discount/Premium	4.60x

Football Field Analysis



Relative Pricing (Comparable Company Valuation)

Amount in crores

Company	Market Data					Financials			Valuation		
	Share Price	Shares Outstanding	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Hind. Unilever	2,463	234.96	5,78,636	-6,075	5,72,561	61,896	15,416	10,282	9.3x	37.1x	56.3x
Nestle India	2,545	96.42	2,45,389	-434	2,44,955	24,394	5,964	3,933	10.0x	41.1x	62.4x
Varun Beverages	1,646	129.94	2,13,829	4,971	2,18,801	16,467	3,879	2,211	13.3x	56.4x	96.7x
Godrej Consumer	1,386	102.28	1,41,806	2,675	1,44,481	14,096	3,224	-561	10.2x	44.8x	253.0x
Britannia Inds.	5,419	24.09	1,30,536	1,619	1,32,155	16,769	3,382	2,134	7.9x	39.1x	61.2x
Dabur India	601	177.23	1,06,542	699	1,07,241	12,404	2,880	1,811	8.6x	37.2x	58.8x
Colgate-Palmoliv	2,855	27.20	77,656	-1,302	76,354	5,680	1,981	1,324	13.4x	38.5x	58.7x
P & G Hygiene	16,073	3.25	52,238	-974	51,263	4,126	1,117	745	12.4x	45.9x	70.1x
Emami	699	43.65	30,511	-107	30,404	3,578	990	724	8.5x	30.7x	42.1x
Gillette India	7,473	3.26	24,363	-456	23,907	2,607	622	387	9.2x	38.5x	62.9x

High	13.4x	56.4x	96.7x
75th Percentile	11.9x	43.9x	62.8x
Average	10.3x	40.9x	31.6x
Median	9.6x	38.8x	60.0x
25th Percentile	8.8x	37.5x	56.9x
Low	7.9x	30.7x	-253.0x

Cipla Comparable Valuation	EV/Revenue	EV/EBITDA	P/E
Implied Enterprise Value	4,87,789	4,73,280	-26,01,107
Net Debt	-6,075	-6,075	-6,075
Implied Market Value	4,93,864	4,79,355	6,16,837
Shares Outstanding	234.96	234.96	234.96

Implied Value per Share	2,101.9	2,040.2	2,625.3
Overvalued	Overvalued	Overvalued	Undervalued

HINDUSTAN UNILEVER LTD

(HINDUNILVR | BSE Code: 500696)

INR 2457

52 Week (High - INR 2,769.65 & Low - 2,172.05)

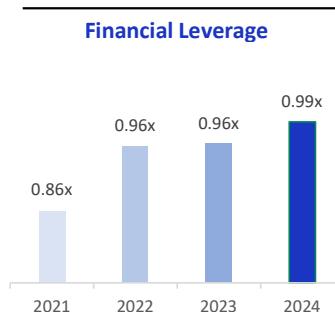
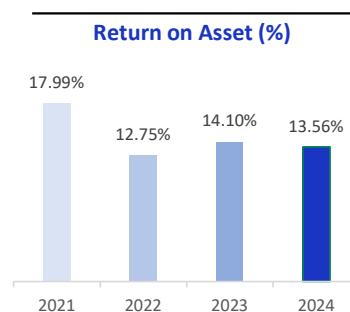
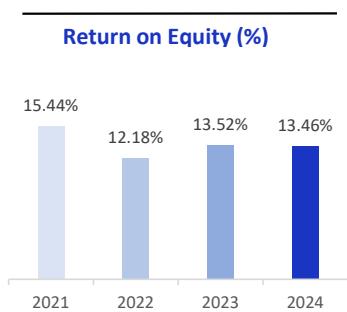
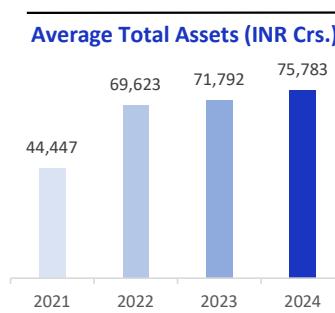
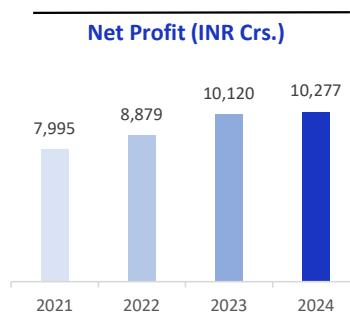
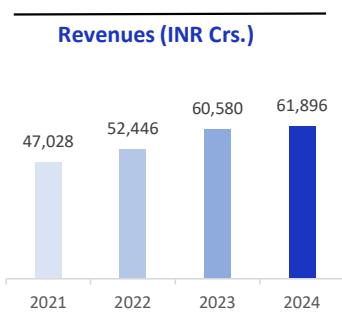


Hindustan Unilever Limited

About the company

Hindustan Unilever Limited (HUL) is a British-owned Indian final good company headquartered in Mumbai. It is a subsidiary of the British company Unilever. Its products include foods, beverages, cleaning agents, personal care products, water purifiers and other fast-moving consumer goods (FMCGs). HUL was established in 1931 as Hindustan Vanaspati Manufacturing Co. Following a merger of constituent groups in 1956, it was renamed Hindustan Lever Limited. The company was renamed again in June 2007 as Hindustan Unilever Limited.

Financial Summary



Recent Updates

- FY'24: Underlying Sales Growth 3%, EBITDA up 40 bps, PAT Growth 2%
- Total sales for MQ'24 at Rs. 15,041 crores was up by 1% vs MQ'23.
- MQ'24: Underlying Sales Growth 1%, Underlying Volume Growth 2%, EBITDA at 23.4
- The Company's turnover for the financial year ended 31st March, 2024 was Rs. 59,579 crores as against turnover of Rs. 58,154 crores for the financial year ended 31st March, 2023.
- The Profit before tax was Rs. 13,675 crores as against Rs. 13,079 crores for the corresponding year.
- Depreciation / amortization for the year was Rs. 1,097 crores as against Rs. 1,030 crores in the corresponding year.
- Provision for taxation (including deferred tax) is Rs. 3,561 crores (Last Year: Rs. 3,117 Crores). Profit after Tax and Net Profit increased to Rs. 10,114 crores (Last Year - Rs. 9,962 Crores).
- Earnings before interest, tax, depreciation and amortization (EBITDA) for the quarter at Rs. 3,535 crores (MQ 23: Rs. 3,574 crores) declined by 1%. EBITDA margin at 23.5% declined by 40 bps vs MQ'23.
- Profit after tax for the quarter at Rs. 2,561 crores (MQ23: Rs. 2,601 crores) declined by 2%.

Dupont Analysis - Return on Equity & Return on Asset

	Return on Equity (ROE)						
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	5,214.0	6,054.0	6,748.0	7,995.0	8,879.0	10,120.0	10,277.0
Average Shareholder Equity	10,653.0	11,507.5	12,162.5	51,788.5	72,898.0	74,834.5	76,370.0
Return on Equity	48.94%	52.61%	55.48%	15.44%	12.18%	13.52%	13.46%

	ROE - Dupont Equation						
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	5,214.0	6,054.0	6,748.0	7,995.0	8,879.0	10,120.0	10,277.0
Revenue	35,545.0	39,310.0	39,783.0	47,028.0	52,446.0	60,580.0	61,896.0
Net Profit Margin (A)	14.67%	15.40%	16.96%	17.00%	16.93%	16.71%	16.60%
Revenue	35,545.0	39,310.0	39,783.0	47,028.0	52,446.0	60,580.0	61,896.0
Average Total Asset	16,784.0	18,245.5	19,391.0	44,446.5	69,623.0	71,791.5	75,783.0
Asset Turnover Ratio (B)	2.12x	2.15x	2.05x	1.06x	0.75x	0.84x	0.82x
Average Total Asset	16,784.0	18,245.5	19,391.0	44,446.5	69,623.0	71,791.5	75,783.0
Average Shareholder Equity	10,653.0	11,507.5	12,162.5	51,788.5	72,898.0	74,834.5	76,370.0
Equity Multiplier (C)	1.58x	1.59x	1.59x	0.86x	0.96x	0.96x	0.99x
Return on Equity (A*B*C)	48.94%	52.61%	55.48%	15.44%	12.18%	13.52%	13.46%

	Return on Asset						
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	5,214.0	6,054.0	6,748.0	7,995.0	8,879.0	10,120.0	10,277.0
Average Total Asset	16,784.0	18,245.5	19,391.0	44,446.5	69,623.0	71,791.5	75,783.0
Return on Asset	31.07%	33.18%	34.80%	17.99%	12.75%	14.10%	13.56%

	ROA - Dupont Equation						
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Net Profit	5,214.0	6,054.0	6,748.0	7,995.0	8,879.0	10,120.0	10,277.0
Revenue	35,545.0	39,310.0	39,783.0	47,028.0	52,446.0	60,580.0	61,896.0
Net Profit Margin (A)	14.67%	15.40%	16.96%	17.00%	16.93%	16.71%	16.60%
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Asset Turnover Ratio (B)	2.12x	2.15x	2.05x	1.06x	0.75x	0.84x	0.82x
Return on Asset (A*B)	31.07%	33.18%	34.80%	17.99%	12.75%	14.10%	13.56%

Dupont Summary

- The Revenues of Hindustan Unilever are increasing y-o-y.
- ROE of Hindustan Unilever has been decreased to 15.44% during COVID and made a low of 12.18% in FY2022 which now has rose to pre-covid levels and currently at 13.46% as of 31 March 2024.
- Net Profit Margin has not shown a dip irrespective of the uncertain events.
- Assets Turnover Ratio has fallen approximately by 4% when compared to the previous year.
- The Financial Leverage has been increasing for the past 4 years
- ROA of Avenue Supermart has been increased from 10.73% in FY2017 to 14.17% in FY2023. While the asset efficiency remains constant, the reason for increase in ROA is increased net margin of the company.

Disclaimer : This report is meant for educational purpose only. The author of the report is not liable for any losses due to actions taken basis this report. It is advisable to consult SEBI registered research analyst before making any investments.

HINDUSTAN UNILEVER LTD

(HINDUNILVR | BSE Code: 500696)

INR 2457

52 Week (High - INR 2,769.65 & Low - 2,172.05)



Hindustan Unilever Limited

Altman's Z Score Analysis

The Z-score formula for predicting bankruptcy was published in 1968 by Edward I. Altman, who was, at the time, an Assistant Professor of Finance at New York University. The formula may be used to determine the probability that a firm will go into bankruptcy within two years. Z-scores are used to predict corporate defaults and an easy-to-calculate control measure for the financial distress status of companies in academic studies. The Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company.

Calculation of Altman's Z Score

$$\text{Altman Z-Score} = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E$$

Where,

A = Working Capital/Total Assets

B = Retained Earnings/Total Assets

C = EBIT/Total Assets

D = Market Cap/Long term Liabilities

E = Sales/Total Assets

Analysis of Altman's Z Score

Score

Financial Stability

Less than 1.81

Distressed

Between 1.81 & 3.0

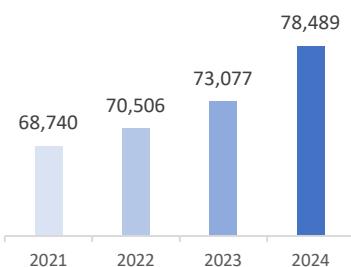
Grey Zone

More than 3.0

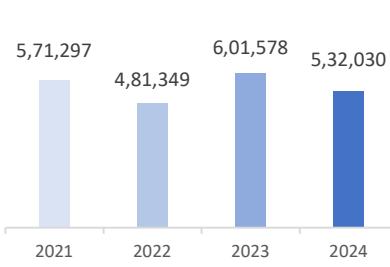
Strong

Financial Summary

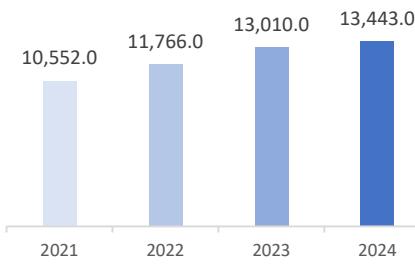
Total Assets (INR Crs.)



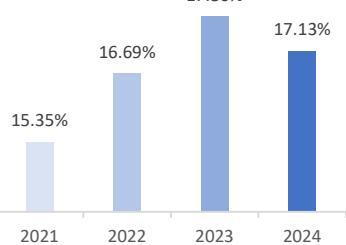
Market Capitalisation (INR Crs.)



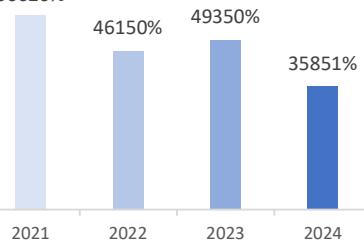
EBIT (INR Crs.)



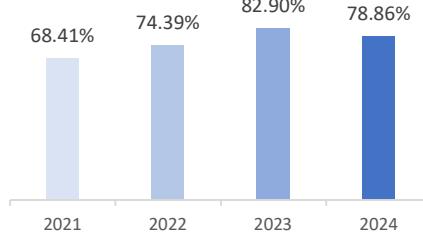
EBIT/Total Assets (%)



Market Cap/Long term Liabilities (%)



Financial Leverage



Altman's Z Score Analysis Calculation

Working Capital / Total Assets							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Working Capital	-581.0	129.0	898.0	-6,214.0	-6,203.0	-5,169.0	-6,692.0
Total Assets	17,862.0	18,629.0	20,153.0	68,740.0	70,506.0	73,077.0	78,489.0
Working Capital / Total Assets (A)	-3.25%	0.69%	4.46%	-9.04%	-8.80%	-7.07%	-8.53%
Retained Earnings / Total Assets							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Retained Earnings	554.0	986.0	924.0	0.0	683.0	530.0	0.0
Total Assets	17,862.0	18,629.0	20,153.0	68,740.0	70,506.0	73,077.0	78,489.0
Retained Earnings / Total Assets (B)	3.10%	5.29%	4.58%	0.00%	0.97%	0.73%	0.00%
EBIT / Total Assets							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
EBIT	6,979.0	8,315.0	8,851.0	10,552.0	11,766.0	13,010.0	13,443.0
Total Assets	17,862.0	18,629.0	20,153.0	68,740.0	70,506.0	73,077.0	78,489.0
EBIT/Total Assets (C)	39.07%	44.63%	43.92%	15.35%	16.69%	17.80%	17.13%
Market Cap / Long term Liabilities							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Market Cap	2,88,607.4	3,69,471.7	4,97,557.3	5,71,297.4	4,81,349.0	6,01,577.6	5,32,029.7
Long term Liabilities	0.0	99.0	0.0	1,009.0	1,043.0	1,219.0	1,484.0
Market Cap / Long term Liabilities (D)	0%	373204%	0%	56620%	46150%	49350%	35851%
Sales / Total Assets							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Total Sales	35,545.0	39,310.0	39,783.0	47,028.0	52,446.0	60,580.0	61,896.0
Total Assets	17,862.0	18,629.0	20,153.0	68,740.0	70,506.0	73,077.0	78,489.0
Return on Asset (E)	199.00%	211.02%	197.40%	68.41%	74.39%	82.90%	78.86%
Altman's Z Score							
	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Final Score	1.3	4726.7	1.6	232.8	206.4	246.0	170.1
Financial Stability	Distressed	Strong	Distressed	Strong	Strong	Strong	Strong

Value at Risk (Historic Approach & Monte Carlo Simulation)

Date	Adj Close	Return	Sorted Returns	Replication	Simulated Returns	Calculation of Value at Risk - Hindustan Unilever (Simulation)				
30-04-2013	482.94	-0.79	0.17	1	0.00					
07-04-2020	2276.26	14.75	0.13	2	0.00	Historical Approach				
26-05-2000	144.51	0.24	0.12	3	0.01	Mean				0.08%
01-03-1999	116.26	-0.94	0.12	4	0.02	Standard Deviation				1.82%
20-03-2020	1910.18	13.31	0.12	5	-0.01	Min				-15.08%
28-02-2001	133.45	-0.04	0.11	6	-0.04	Max				17.38%
04-05-2000	139.14	-0.76	0.10	7	-0.02	Current Market Price				2482.2
17-07-2013	572.38	3.45	0.10	8	0.03					
08-03-2007	128.70	-0.19	0.10	9	-0.02	Monte Carlo Simulation				
30-06-2006	158.19	0.16	0.09	10	0.01	Mean				0.08%
10-10-2001	136.28	-0.93	0.09	11	0.01	Standard Deviation				1.82%
20-09-2019	1824.40	-0.03	0.09	12	-0.01	Min				-6.87%
24-03-2020	1887.97	2.71	0.08	13	0.01	Max				7.84%
30-05-2014	508.67	3.21	0.08	14	0.03	Current Market Price				2482.2
18-09-2001	120.89	-0.13	0.08	15	-0.01					
15-06-2006	139.40	0.83	0.08	16	0.01	Percentile	Confidence	VAR %	Stock Price	VAR (INR)
29-10-1997	76.08	-0.43	0.08	17	0.00	5.0%	95.00%	-2.93%	2554.9	-72.7
03-01-2000	132.32	-0.21	0.08	18	-0.01	1.0%	99.00%	-4.12%	2584.5	-102.3
22-02-2000	168.08	0.08	0.08	19	0.03	0.5%	99.50%	-4.49%	2593.5	-111.3
21-02-2000	155.62	0.03	0.08	20	-0.01	10.0%	90.00%	-2.24%	2537.7	-55.5
03-04-2000	150.42	0.13	0.08	21	-0.02					
16-04-1999	133.50	0.16	0.08	22	0.03					
10-02-1999	114.63	-0.31	0.08	23	0.01					
15-03-2000	166.37	0.15	0.08	24	-0.01					
18-02-2000	144.10	0.03	0.08	25	0.01					
27-10-1999	139.93	0.67	0.08	26	0.00					
18-05-2004	84.03	-0.08	0.08	27	0.01					
01-07-1998	91.04	-0.46	0.08	28	0.01					
02-06-2006	167.13	1.94	0.08	29	0.01					
03-03-1997	56.92	-0.61	0.08	30	0.03					
25-01-2008	146.62	0.76	0.08	31	0.01					
13-02-1998	83.23	-0.79	0.08	32	0.02					
24-07-2012	388.16	1.63	0.08	33	0.01					
04-08-2000	147.68	-0.07	0.07	34	0.00					
07-04-2000	157.98	-0.11	0.07	35	0.01					
24-02-2000	177.00	0.15	0.07	36	0.00					
14-02-2006	153.67	-0.92	0.07	37	-0.03					
03-02-2020	2028.65	5.74	0.07	38	0.03					
31-10-2011	300.77	0.68	0.07	39	-0.02					
03-11-2008	178.87	-0.04	0.07	40	-0.02					
16-10-2008	186.56	-0.55	0.07	41	-0.02					
29-04-2013	411.43	1.46	0.07	42	0.02					
31-10-2008	167.11	0.12	0.07	43	0.00					
16-06-2006	148.94	-0.18	0.07	44	-0.01					
18-05-2009	180.57	0.22	0.07	45	0.00					
30-07-2007	148.46	0.02	0.07	46	0.00					
13-03-2000	145.44	-0.05	0.07	47	-0.01					
31-01-2008	152.92	0.66	0.07	48	-0.02					
17-06-1998	92.36	-0.39	0.07	49	0.02					
12-01-2000	151.83	0.18	0.07	50	-0.03					
15-02-2001	128.14	-0.30	0.06	51	-0.03					
08-04-2009	181.85	-0.21	0.06	52	0.01					