I have self-prepared a discounted cash flow financial model of Hindustan Unilever Limited. In this model I have used the financial statement of 2016, 2017, 2018, 2019, 2020 and predict the numbers of next five years.

The process of model starts with input i.e. actual financial statements of 2016, 2017, 2018, 2019, 2020. Then I divided it into 3 sheets i.e. income statement, balance sheets and cashflow statement. After doing all the calculation in these 3 sheets, I have made another sheet and named it PPE. In this I have calculated ending PPE and capex as a % of revenue.

Now I have made some assumptions. For assumption part I have taken the average of last four years for every year i.e. for 2022 assumptions I have taken average of 2021, 2020, 2019, 2018.

After assumptions I have calculated the WACC ( Weighted Average Cost of Capital). I have further divided WACC in two parts i.e. cost of equity and cost of capital. Cost of equity is calculated by taking risk free rate, beta and market premium into consideration. For cost of debt I have taken current interest rate and tax rate.

Now after WACC , I have calculated FCFF ( Free Cash Flow to Firm) for next five years by taking EBIT, depreciation, working capital and capex into consideration and calculated the terminal value And discounted it for current year by taking WACC as discount factor and get present value of FCFF and terminal value. Now I have calculated Enterprise value and Equity value.

Now we have intrinsic value of HUL and we can see if the share is overpriced, underpriced or at par. I have also done peer ( relative ) Valuation. So we can have decent understanding of market.