

INDUSTRY: FMCG
CAPITALIZATION: LARGE-CAP
FAIR VALUE¹: INR 1198.33

THE COMPANY

Hindustan Unilever Limited (HUL), established in 1933 and headquartered in Mumbai, Maharashtra, is the largest Fast-Moving Consumer Goods (FMCG) company in India. With over 35 brands spanning 20 distinct categories like foods, beverages, cleaning agents, personal care products, among others, the company is a part of the everyday lives of millions of consumers across India. The company has about 18,000 employees and has a sales of INR 34,619 crores (FY18).

THE FUNDAMENTAL WEB

VALUATION	P/E: 66.66	 D-STREET D-SCORE^X: 4.92	DIV. YIELD: 1.24%	RETURN
	P/B: 47.60		CAPM RETURN ² : 10.41%	
	EV/EBITDA: 46.26		5 YEAR CAGR: 25.30%	
	UNDER-VALUED	FAIRLY-VALUED	OVER-VALUED	

DEBT LEVELS AND MARGIN ANALYSIS

SOLVENCY	MARGIN
Debt/ Equity: 0.23	EBITDA Margin: 22%
Assets/Liabilities : 1.69	Return on Equity: 71.59%
Interest Coverage Ratio: 282 Times	Net Profit Margin: 14.42%

FUTURE

- ❖ HUL to acquire 'Aditya Milk' ice cream and frozen dessert business in line with HUL's strategic intent to strengthen its position in rapidly growing ice cream and frozen dessert market in India.
- ❖ HUL will focus on three megatrends - digitization, the imperative for sustainability and a changing world economic order - going forward.

RATING:
UNDER-WEIGHT

Disclaimer:

- The ratings and call are a result of rigorous analysis of D-Street SRCC. We (D-Street SRCC) are not responsible for any repercussions of investment decisions taken on the basis of this report as prices might move oppositely due to market sentiments. This report is a work of extensive research and effort, and the calls and the ratings given in this report are the final product of our research, however, we do not advocate for the extreme swings that might happen in the real market due to unforeseen factors. The reader should clearly understand that such unforeseen circumstances can moderately or drastically affect the company so covered in this report.
- "D-Score" and this "Report" are the original works of D-Street, Shri Ram College of Commerce. Any plagiarism will be condemned and dealt accordingly.

NOTES

1. Courtesy: Morningstar.in
2. Capital Asset Pricing Model is used to determine the expected return on any security considering the risk that accompanies it.
 - CAPM: $R_f + b(R_m - R_f)$
 - The yield on the 10-year government bond maturing in 2028 has been taken as the risk-free-rate (R_f) while the expected market return (R_m) is taken as 13% considering the 5-year of CAGR of Nifty 50 at 12.68%.
 - Beta values have been calculated by D-Street comparing the returns of the benchmark (Nifty 50) with the company over a period of 5 years.
3. The following formulas have been used for calculating the ratios:
 - P/E Ratio: Price of the stock / Earnings Per share (as per the latest result)
 - P/B Ratio: Price of the stock / Book Value per share (as per the latest result)
 - EV/EBITDA: Enterprise Value / Earnings before interest, tax, depreciation, and amortization
 - Enterprise Value: Market capitalization of equity and preferred shares + market value of debt + minority interest - cash and cash equivalents
 - Dividend yield: Annual dividend rate / price of the stock (as per the latest result)
 - The price of the stock has been taken as on the date of the latest result declaration.
 - Debt/Equity: Non-current liabilities / equity
 - Assets/Liabilities: Total assets / total liabilities
 - Interest coverage ratio: Earnings before interest and tax / Interest expenses
 - EBITDA Margin: Earnings before interest, tax, depreciation, and amortization / Revenue from operations
 - Return on Equity: Net Profit / Equity
 - Net profit Margin: Net Profit / Revenue from operations
4. Our ratings are based on the value of D-Score.
5. Whether a security is “Under-valued”, “Fairly-valued” or “Over-valued” is determined by its deviation from fair value, P/E, P/B, and EV/EBITDA ratio.

X. D-Score is the crux of this report and is used by us (D-Street, Shri Ram College of Commerce) to determine the rating for a particular stock. D-Score's value is determined by the overall score each company has achieved in Valuation, Return, Solvency, and Margin. Thus, the value of the D-Score reflects the values of 13 multiples which we have used in this report thereby giving a strong view/opinion on the company we have initiated coverage on.

However, it is worth noting that a strong view and call are merely opinions in front of the larger market where a plethora of forces operate. This report in no way “guarantees” anything.

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