

# Hindustan Unilever Ltd.



# Hindustan Unilever Ltd

## Operating Leverage led to superior margins

|                        |                           |                                 |                                       |                               |                       |
|------------------------|---------------------------|---------------------------------|---------------------------------------|-------------------------------|-----------------------|
| CMP<br><b>INR 1158</b> | Target<br><b>INR 1206</b> | Potential Upside<br><b>4.2%</b> | Market Cap (INR Mn)<br><b>2495195</b> | Recommendation<br><b>HOLD</b> | Sector<br><b>FMCG</b> |
|------------------------|---------------------------|---------------------------------|---------------------------------------|-------------------------------|-----------------------|

### Result highlights

Hindustan Unilever Ltd (HUL) posted its Q1FY18 results which were in-line with our estimates, accept for EBITDA margins which was above our estimates. Net revenue for Q1FY18 reported at INR 92220.0 Mn which grew by 5.0% y-o-y and 3.5% q-o-q. Domestic consumer business growth was around 6% and volume growth remained flat for the quarter. EBITDA for Q1FY18 stood at INR 18660.0Mn with margins at 20.2% which was an increase of 166bps yoy and 165bps qoq. PAT before exceptional item for Q1FY18 stood at INR 12960 Mn and PAT margin was at 14.1% which was an increase of 72bps yoy 73bps qoq. Exceptional item of INR 130 Mn was one time expense (provision for employee benefits) during Q1FY18.

### MARKET DATA

|                    |          |
|--------------------|----------|
| Shares outs (Mn)   | 2164     |
| EquityCap (INR Mn) | 2164     |
| Mkt Cap (INR Mn)   | 2495195  |
| 52 Wk H/L (INR)    | 1156/783 |
| Volume Avg (3m K)  | 1505.5   |
| Face Value (INR)   | 1        |
| Bloomberg Code     | HUVR IN  |

### KEY FINANCIALS

| Particulars (INR Mn) | FY15     | FY16     | FY17E    | FY18E    | FY19E    |
|----------------------|----------|----------|----------|----------|----------|
| Net Sales            | 314407.4 | 334910.0 | 344870.0 | 362113.5 | 380219.2 |
| EBITDA               | 58443.0  | 57491.7  | 60470.0  | 64818.3  | 68819.7  |
| PAT                  | 49513.2  | 41365.6  | 44900.0  | 47273.9  | 50169.9  |
| EPS                  | 22.9     | 19.1     | 20.8     | 21.9     | 23.2     |
| OPM                  | 18.6%    | 17.2%    | 17.5%    | 17.9%    | 18.1%    |
| NPM                  | 15.7%    | 12.4%    | 13.0%    | 13.1%    | 13.2%    |

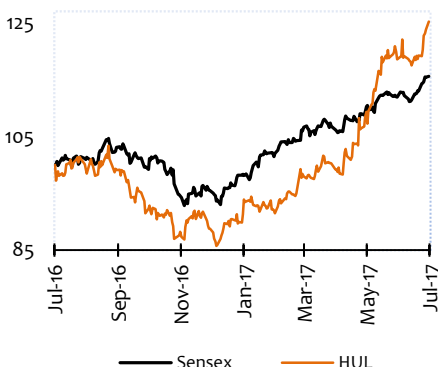
Source: Company, KRChoksey Research

**Single digit revenue growth :** Revenue for Q1FY18 reported a growth of 4.8% yoy and 3.8% qoq which was around INR 92220. Volume growth during the quarter remained flat vis-à-vis volume growth of 4% in Q4FY17. Q1FY18 domestic Volume growth stood at 6% vis-à-vis 8% in Q4FY17. Revenue growth was seen in segments, healthier from Refreshments (10.8% yoy) followed by Personal products (3.5% yoy) and then foods (4.4% yoy) and home care. (4.5% yoy). Personal Products is the largest contributor to revenue with 47.4% with revenue of INR 43680 Mn with growth of 3.5% yoy and 7.2% qoq. Home care is second in contributing to revenue with 33.1% share and its revenue at INR 30470Mn with growth of 4.5% yoy and 1.4% qoq. Refreshment contributes to 14.6% in revenue share with revenue at INR 13460 Mn with growth of 10.8% yoy and 3.5% qoq. Foods segment contributes minimum at 3.1% of total revenue with INR 28400Mn of revenue with growth of 4.4% yoy and de-growth of 3.7%.

**Improved margins for the quarter:** EBITDA margins saw improvement of 166bps yoy and 165 bps qoq which stood at 20.2% in Q1FY18. EBITDA was at INR 18660 Mn with growth of 14.1% yoy and 13.0% qoq, it saw an improvement due to trim down in cost of raw material, while cost like ad spends and other operating cost were maintained at around same levels. Segmental margins for segment were personal products segment was around INR 10790 Mn with 24.7% margins and saw improvement of 52bps yoy and 56bps qoq. Home care margins were at 14.7% with improvement of 232bps yoy and 175 bps qoq at INR 4480 Mn . Refreshments remained at INR 2550 Mn with margins of 18.9% and improvement of 314 bps yoy and 210bps qoq. Foods remain at INR 410 Mn with margins of 14.4%. HUL's PAT after exceptional for the quarter remained at INR 12830 Mn with improvement of 58bps yoy and 59bps qoq, with margins at 13.9% for Q1FY18.

**Valuations & Outlook:** HUL being the largest player in consumer sector has seen improvement in margins with single digit growth in Q1FY18. HUL strategy to remain same like investing in its brands, focusing on core business with innovative products and margin and volume lead growth with improvement in cost across its segments. However with slow demand on rural area it focus to remain on improving demand. With GST implementation we believe there will be win-win situation for consumers as there will be reduction in price of certain products which will benefit consumers. HUL being market leader in many of its categories we expect revenue growth of around 5% in FY18E & FY19E, while EBITDA and PAT margins to be around 18.1% and 13.2% in FY19E. At CMP 1158, HUL is trading at EPS of INR 23.2 its FY19E and we are revising the price target to INR 1206 with "HOLD" rating on the stock and an upside of 4.2% as we remain optimistic about the demand scenario, premium products of the company, brand recall, innovative products, etc against its competitors.

### SHARE PRICE PERFORMANCE

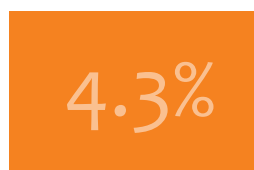


### MARKET INFO

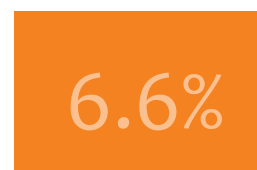
|        |       |
|--------|-------|
| SENSEX | 31712 |
| NIFTY  | 9827  |

### SHARE HOLDING PATTERN (%)

| Particulars | Jun 17 | Mar 17 | Dec 16 |
|-------------|--------|--------|--------|
| Promoters   | 67.2   | 67.2   | 67.2   |
| FIIIs       | 13.45  | 13.26  | 13.14  |
| DIIIs       | 5.58   | 5.66   | 5.75   |
| Others      | 13.77  | 13.88  | 13.91  |
| Total       | 100    | 100    | 100    |



Revenue CAGR between FY16 and FY19E



PAT CAGR between FY16 and FY19E

### ANALYST

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# Hindustan Unilever Ltd

## Q1FY18 Result Snapshot

### Exhibit 1: Quarterly Income Statement (INR Mn)

| Particulars                                   | Q1<br>FY18     | Q4<br>FY17     | Q1<br>FY17     | Q-o-Q<br>change % | Y-o-Y<br>change % |
|---|----------------|----------------|----------------|-------------------|-------------------|
| <b>Net Sales &amp; Other Operating Income</b> | <b>92220.0</b> | <b>88860.0</b> | <b>88020.0</b> | <b>3.8%</b>       | <b>4.8%</b>       |
| Total Expenditure                             | 73560.0        | 72350.0        | 71672.9        | 1.7%              | 2.6%              |
| Cost of Raw Materials                         | 29040.0        | 31160.0        | 29180.5        | -6.8%             | -0.5%             |
| Purchase of Finished Goods                    | 11280.0        | 9680.0         | 10892.3        | 16.5%             | 3.6%              |
| (Increase) / Decrease In Stocks               | 520.0          | -620.0         | -518.0         | -                 | -                 |
| Excise Duty                                   | 6930.0         | 6730.0         | 6750.0         | 3.0%              | 2.7%              |
| Employee Cost                                 | 4190.0         | 3880.0         | 4265.1         | 8.0%              | -1.8%             |
| Advertisement expense                         | 9050.0         | 8530.0         | 8797.5         | 6.1%              | 2.9%              |
| Operating & Manufacturing Expenses            | 12550.0        | 12990.0        | 12305.5        | -3.4%             | 2.0%              |
| <b>EBIDTA</b>                                 | <b>18660.0</b> | <b>16510.0</b> | <b>16347.1</b> | <b>13.0%</b>      | <b>14.1%</b>      |
| <b>EBITDA Margins (%)</b>                     | <b>20.2%</b>   | <b>18.6%</b>   | <b>18.6%</b>   | <b>165bps</b>     | <b>166bps</b>     |
| Depreciation                                  | 1140.0         | 1080.0         | 932.9          | 5.6%              | 22.2%             |
| EBIT  | 17520.0        | 15430.0        | 15414.2        | 13.5%             | 0.1%              |
| Other Income                                  | 1130.0         | 830.0          | 1080.0         | 36.1%             | 4.6%              |
| Interest                                      | 60.0           | 60.0           | 59.5           | 0.0%              | 0.8%              |
| PBT   | 18590.0        | 16200.0        | 16434.7        | 14.8%             | 13.1%             |
| Tax   | 5630.0         | 4360.0         | 5411.1         | 29.1%             | 4.0%              |
| <b>PAT before Exceptional</b>                 | <b>12960.0</b> | <b>11840.0</b> | <b>11023.6</b> | <b>9.5%</b>       | <b>17.6%</b>      |
| <b>PAT Margin (%)</b>                         | <b>14.1%</b>   | <b>13.3%</b>   | <b>12.5%</b>   | <b>73bps</b>      | <b>153bps</b>     |
| Exceptional Items                             | -130.0         | 0.0            | 710.0          | -                 | -                 |
| <b>PAT after Exceptional</b>                  | <b>12830.0</b> | <b>11840.0</b> | <b>11733.6</b> | <b>8.4%</b>       | <b>9.3%</b>       |
| <b>PAT Margin (%)</b>                         | <b>13.9%</b>   | <b>13.3%</b>   | <b>13.3%</b>   | <b>59bps</b>      | <b>58bps</b>      |
| <b>EPS</b>                                    | <b>5.9</b>     | <b>5.5</b>     | <b>5.4</b>     | <b>8.4%</b>       | <b>9.4%</b>       |

Source: Company, KRChoksey Research

### Exhibit 2 Segmental Revenue (INR Mn)

| Particulars       | Q1<br>FY18     | Q4<br>FY17     | Q1<br>FY17     | Q-o-Q<br>change % | Y-o-Y<br>change % |
|-------------------|----------------|----------------|----------------|-------------------|-------------------|
| Home Care         | 30470.0        | 30040.0        | 28760.0        | 1.4%              | 4.5%              |
| Personal Products | 43680.0        | 40750.0        | 42220.0        | 7.2%              | 3.5%              |
| Foods             | 2840.0         | 2950.0         | 2720.0         | -3.7%             | 4.4%              |
| Refreshments      | 13460.0        | 13000.0        | 12150.0        | 3.5%              | 10.8%             |
| Others            | 1680.0         | 2010.0         | 2040.0         | -16.4%            | -17.6%            |
| <b>TOTAL</b>      | <b>92130.0</b> | <b>88750.0</b> | <b>87890.0</b> | <b>3.8%</b>       | <b>4.8%</b>       |

Source: Company, KRChoksey Research

### Exhibit 3 Segment EBIT (INR Mn)

| Particulars       | Q1<br>FY18     | Q4<br>FY17     | Q1<br>FY17     | Q-o-Q<br>change % | Y-o-Y<br>change % |
|-------------------|----------------|----------------|----------------|-------------------|-------------------|
| Home Care         | 4480.0         | 3890.0         | 3560.0         | 15.2%             | 9.3%              |
| Personal Products | 10790.0        | 9840.0         | 10210.0        | 9.7%              | 5.7%              |
| Foods             | 410.0          | 280.0          | 170.0          | 46.4%             | 141.2%            |
| Refreshments      | 2550.0         | 2190.0         | 1920.0         | 16.4%             | 32.8%             |
| Others            | -60.0          | -40.0          | -90.0          | 50.0%             | -33.3%            |
| <b>Total</b>      | <b>18170.0</b> | <b>16160.0</b> | <b>15770.0</b> | <b>12.4%</b>      | <b>15.2%</b>      |
| Less:interest Exp | -60.0          | -60.0          | -60.0          | 0.0%              | 0.0%              |
| Add/Less: (other) | 350.0          | 90.0           | 1440.0         | 288.9%            | -75.7%            |
| <b>PBT</b>        | <b>18460.0</b> | <b>16190.0</b> | <b>17150.0</b> | <b>14.0%</b>      | <b>7.6%</b>       |

Source: Company, KRChoksey Research

#### ANALYST

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## Q1FY18 Result Snapshot

### Exhibit 4 - EBIT Margin - Segmental

| Particulars       | Q1 FY18 | Q4 FY17 | Q1 FY17 | Q-o-Q change % | Y-o-Y change % |
|-------------------|---------|---------|---------|----------------|----------------|
| Home Care         | 14.7%   | 12.9%   | 12.4%   | 175bps         | 232bps         |
| Personal Products | 24.7%   | 24.1%   | 24.2%   | 56bps          | 52bps          |
| Foods             | 14.4%   | 9.5%    | 6.3%    | 495bps         | 819bps         |
| Refreshments      | 18.9%   | 16.8%   | 15.8%   | 210bps         | 314bps         |
| Others            | -3.6%   | -2.0%   | -4.4%   | -556bps        | -798bps        |

Source: Company, KRChoksey Research

### Q1FY18 Concall Highlights:

➤ Management remains optimistic of the growth in the medium term given the fact that HUL will continue on its strategy with cost saving program which will lead to improvement in margins and innovation of products which will lead to growth in revenue. Going ahead management is eyeing volume and margin driven growth with focus on premium category however Rural markets remain challenging but it focus will remain to improve demand from it.

➤ In Q1FY18 continue to be an encouraging quarter with profitable growth, lower input cost with improved margins and continuous innovation during the quarter. Also HUL focused on building its natural portfolio with new launch or re-launches in product segment like Vim, Hamam, Citra and Ayush. In addition to this Ayush was marketed Pan India (nationally) after successful launch of the products in south India in FY17.

➤ With GST, It believes that there were short term challenges as small dealers and wholesalers have not been registered or followed the rule of GST so on priority it wants to restore the pipeline, but on other hand HUL's transition to GST has remain smooth because of well planned strategy ahead of GST and there has been zero disruption in trade up till now. Benefits of GST will be to detergents bars, soaps, tooth paste and hair oils category while on other side hair care, detergents powders, hair care, colour cosmetic and instant coffee would have high tax charge. Going ahead one can expect price cut in certain category and products due to benefits of GST.

### ➤ Segment Performance

#### Home Care:

Strong growth was seen in mass product category and also in premium laundry, while water segment saw muted quarter due to implementation of GST. Home care segment sales growth for Q1FY18 remained in single digit at around 6%.

#### Personal Care:

HUL personal care products is the largest contributor of around 47.8% to revenue has shown growth of just 3% in Q1FY18 with personal wash, face cream and colour cosmetic showed broad based performance while GST implementation lead to narrowing of trade pipeline in CSD. In Q1FY18, Personal wash has seen improvement in market share. Going forward it targets growth in for hair grooming and shaving products.

#### Food & Refreshment:

Foods and Refreshment segment showed revenue growth of 4% and 11% respectively. During quarter Q1, HUL witnessed strong growth in both foods and refreshment category and remains positive for the future growth.

# Hindustan Unilever Ltd

## Exhibit 5 : Income Statement (INR Mn)

| INR Mn                             | FY15            | FY16            | FY17            | FY18E           | FY19E           |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Sales                          | 308056.2        | 329290.0        | 338950.0        | 354871.2        | 372614.8        |
| Other operating income             | 6351.2          | 5620.0          | 5920.0          | 7242.3          | 7604.4          |
| <b>Net Operating Income</b>        | <b>314407.4</b> | <b>334910.0</b> | <b>344870.0</b> | <b>362113.5</b> | <b>380219.2</b> |
| Total Expenditure                  | 255964.4        | 277418.3        | 284400.0        | 297295.2        | 311399.5        |
| (Increase) / Decrease In Stocks    | 582.8           | 871.1           | 1560.0          | 1086.3          | 1140.7          |
| Purchase of Finished Goods         | 36979.6         | 39511.5         | 41660.0         | 45264.2         | 47527.4         |
| Cost of Raw Materials              | 118673.1        | 112670.4        | 113630.0        | 118411.1        | 123571.2        |
| Operating & Manufacturing Expenses | 45200.0         | 72637.6         | 76650.0         | 78578.6         | 82507.6         |
| Employee Cost                      | 15788.9         | 15728.0         | 16200.0         | 17019.3         | 17870.3         |
| Selling & Distribution Expenses    | 38740.0         | 35999.7         | 34700.0         | 36935.6         | 38782.4         |
| <b>EBIDTA</b>                      | <b>58443.0</b>  | <b>57491.7</b>  | <b>60470.0</b>  | <b>64818.3</b>  | <b>68819.7</b>  |
| <b>EBITDA Margins (%)</b>          | <b>18.6%</b>    | <b>17.2%</b>    | <b>17.5%</b>    | <b>17.9%</b>    | <b>18.1%</b>    |
| Other Income                       | 6183.9          | 5638.1          | 5260.0          | 6518.0          | 6843.9          |
| Depreciation                       | 2866.9          | 3207.5          | 3960.0          | 3621.1          | 3802.2          |
| Exceptional Items                  | 6643.0          | 308.0           | 2410.0          | 0.0             | 0.0             |
| <b>EBIT</b>                        | <b>68403.0</b>  | <b>59614.3</b>  | <b>64180.0</b>  | <b>67715.2</b>  | <b>71861.4</b>  |
| Interest                           | 168.2           | 152.7           | 220.0           | 181.1           | 190.1           |
| <b>EBT</b>                         | <b>68234.8</b>  | <b>59461.6</b>  | <b>63960.0</b>  | <b>67534.2</b>  | <b>71671.3</b>  |
| Tax                                | 18721.6         | 18096.0         | 19060.0         | 20260.3         | 21501.4         |
| <b>PAT</b>                         | <b>49513.2</b>  | <b>41365.6</b>  | <b>44900.0</b>  | <b>47273.9</b>  | <b>50169.9</b>  |
| <b>PAT Margin (%)</b>              | <b>15.7%</b>    | <b>12.4%</b>    | <b>13.0%</b>    | <b>13.1%</b>    | <b>13.2%</b>    |
| <b>EPS</b>                         | <b>22.9</b>     | <b>19.1</b>     | <b>20.8</b>     | <b>21.9</b>     | <b>23.2</b>     |

Source: Company, KRChoksey Research

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## Exhibit 6: Balance Sheet (INR Mn)

| INR Mn                               | FY15            | FY16            | FY17E           | FY18E           | FY19E           |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>        |                 |                 |                 |                 |                 |
| Share Capital                        | 2162.7          | 2163.9          | 2164.2          | 2164.2          | 2164.2          |
| Total Reserves                       | 35084.3         | 60630.0         | 62740.0         | 66056.1         | 72268.3         |
| <b>Shareholder's Funds</b>           | <b>37247.0</b>  | <b>62793.9</b>  | <b>64904.2</b>  | <b>68220.3</b>  | <b>74432.5</b>  |
| Other Long Term Liabilities          | 1701.1          | 2020.0          | 2780.0          | 2896.9          | 3041.8          |
| Long Term Provisions                 | 9563.5          | 7870.0          | 7810.0          | 8328.6          | 8745.0          |
| <b>Total Non-Current Liabilities</b> | <b>11264.6</b>  | <b>9890.0</b>   | <b>10590.0</b>  | <b>11225.5</b>  | <b>11786.8</b>  |
| <b>Current Liabilities</b>           |                 |                 |                 |                 |                 |
| Trade Payables                       | 52889.0         | 54978.9         | 60060.0         | 65453.3         | 70783.3         |
| Other Current Liabilities            | 9080.5          | 8640.0          | 8090.0          | 8328.6          | 9505.5          |
| Short Term Provisions                | 25858.7         | 2900.0          | 3870.0          | 3621.1          | 3802.2          |
| <b>Total Current Liabilities</b>     | <b>87828.2</b>  | <b>66518.9</b>  | <b>72020.0</b>  | <b>77403.0</b>  | <b>84090.9</b>  |
| <b>Total Liabilities</b>             | <b>136339.8</b> | <b>139202.8</b> | <b>147514.2</b> | <b>156848.9</b> | <b>170310.2</b> |
| <b>ASSETS</b>                        |                 |                 |                 |                 |                 |
| <b>Non-Current Assets</b>            |                 |                 |                 |                 |                 |
| Fixed Assets                         | 29365.4         | 33007.0         | 42270.0         | 44383.5         | 48821.9         |
| Non Current Investments              | 6541.1          | 3190.0          | 2600.0          | 2730.0          | 2866.5          |
| Long Term Loans & Advances           | 5834.6          | 5400.0          | 6230.0          | 6518.0          | 6843.9          |
| Deffered tax assets (Net)            | 1959.6          | 1680.0          | 1600.0          | 1920.0          | 2304.0          |
| Other non current assets             | 4.4             | 410.0           | 700.0           | 724.2           | 760.4           |
| <b>Total Non-Current Assets</b>      | <b>43705.1</b>  | <b>43687.0</b>  | <b>53400.0</b>  | <b>56275.8</b>  | <b>61596.7</b>  |
| <b>Current Assets</b>                |                 |                 |                 |                 |                 |
| Currents Investments                 | 26238.2         | 24610.0         | 35190.0         | 36934.6         | 38942.5         |
| Inventories                          | 26026.8         | 25283.6         | 23620.0         | 24827.1         | 28313.3         |
| Sundry Debtors                       | 7829.4          | 10640.0         | 9280.0          | 9722.5          | 10208.6         |
| Cash and Bank                        | 25375.6         | 27590.0         | 16710.0         | 19280.0         | 20949.8         |
| Other Current Assets                 | 592.0           | 212.2           | 720.0           | 756.0           | 793.8           |
| Short Term Loans and Advances        | 6572.7          | 7180.0          | 8594.2          | 9052.8          | 9505.5          |
| <b>Total Current Assets</b>          | <b>92634.7</b>  | <b>95515.8</b>  | <b>94114.2</b>  | <b>100573.0</b> | <b>108713.5</b> |
| <b>Total Assets</b>                  | <b>136339.8</b> | <b>139202.8</b> | <b>147514.2</b> | <b>156848.8</b> | <b>170310.2</b> |

Source: Company, KRChoksey Research

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# Hindustan Unilever Ltd

## Exhibit 7: Cash flow statement (INR Mn)

| INR Mn  | FY15           | FY16           | FY17E          | FY18E          | FY19E          |
|---|----------------|----------------|----------------|----------------|----------------|
| PBT   | 55231.2        | 59096.2        | 63960.0        | 70069.0        | 74332.8        |
| Depreciation and Amortization                   | 2866.9         | 3207.5         | 3960.0         | 3621.1         | 3802.2         |
| Interest Expense                                | 168.2          | 152.7          | 220.0          | 181.1          | 190.1          |
| Tax   | 17722.9        | 16964.7        | 19060.0        | 21020.7        | 22299.9        |
| Cash Flow From Operating Activities             | 32719.0        | 39803.0        | 49080.0        | 47850.5        | 53025.3        |
| Cash Flow From Investing Activities             | 2799.0         | -436.5         | -5293.0        | -2141.4        | -9643.6        |
| Cash Flow From Financing Activities             | -34504.4       | -40089.8       | -43957.8       | -43957.8       | -43957.8       |
| Increase/Decrease in Cash                       | 1013.6         | -723.3         | -170.8         | 1751.3         | -576.0         |
| Opening Cash Balance                            | 6206.1         | 7219.7         | 6496.4         | 6325.6         | 8076.9         |
| Closing Cash Balance                            | 7219.7         | 6496.4         | 6325.6         | 8076.9         | 7500.9         |
| Bank Balance                                    | 18155.9        | 21093.6        | 10384.4        | 11203.1        | 13448.9        |
| <b>Total Cash &amp; cash equivalent Balance</b> | <b>25375.6</b> | <b>27590.0</b> | <b>16710.0</b> | <b>19280.0</b> | <b>20949.8</b> |

Source: Company, KRChoksey Research

## Exhibit 8: Ratio Analysis

| Particulars                       | FY15   | FY16   | FY17E | FY18E | FY19E |
|-----------------------------------|--------|--------|-------|-------|-------|
| Net Sales Growth(%)               | 12.2%  | 6.5%   | 3.0%  | 5.0%  | 5.0%  |
| EBITDA Growth(%)                  | 30.6%  | -1.6%  | 5.2%  | 7.2%  | 6.2%  |
| PAT Growth(%)                     | 28.0%  | -16.5% | 8.5%  | 5.3%  | 6.1%  |
| EBIDTA Margin (%)                 | 18.6%  | 17.2%  | 17.5% | 17.9% | 18.1% |
| PAT Margin (%)                    | 15.7%  | 12.4%  | 13.0% | 13.1% | 13.2% |
| EPS (Rs.)                         | 22.9   | 19.1   | 20.8  | 21.9  | 23.2  |
| PE (x)                            | 50.6   | 60.6   | 55.8  | 53.0  | 49.9  |
| EV/EBIDTA (x)                     | 42.4   | 43.1   | 41.2  | 38.4  | 36.1  |
| Book Value (Rs)                   | 17.2   | 17.2   | 29.0  | 30.0  | 31.5  |
| Price / Book Value(x)             | 67.2   | 67.2   | 39.9  | 38.6  | 36.7  |
| Return on equity (ROE)            | 132.9% | 65.9%  | 69.2% | 69.3% | 67.4% |
| Return on capital employed (ROCE) | 36.3%  | 29.7%  | 30.4% | 30.1% | 29.5% |

Source: Company, KRChoksey Research

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Hindustan Unilever Ltd

| Hindustan Unilever Ltd. |           |          |                | Rating Legend |                |
|-------------------------|-----------|----------|----------------|---------------|----------------|
| Date                    | CMP (INR) | TP (INR) | Recommendation | Our Rating    | Upside         |
| 18-July-17              | 1158      | 1206     | HOLD           | Buy           | More than 15%  |
| 17-May-17               | 1006      | 1044     | HOLD           |               |                |
| 10-Apr-17               | 923       | 990      | ACCUMULATE     | Accumulate    | 5% – 15%       |
| 24-Jan-17               | 863       | 924      | ACCUMULATE     |               |                |
| 27-Oct-16               | 842       | 924      | ACCUMULATE     | Hold          | 0 – 5%         |
| 20-Jul-16               | 895       | 990      | ACCUMULATE     |               |                |
| 10-May-16               | 847       | 951      | ACCUMULATE     | Reduce        | -5% – 0        |
| 20-Apr-16               | 897       | 992      | ACCUMULATE     |               |                |
| 16-Jan-16               | 804       | 930      | BUY            | Sell          | Less than – 5% |
| 12-Jan-16               | 813       | 930      | ACCUMULATE     |               |                |

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