


**Moderation in Consumption Trend to Continue; Downgrade to HOLD**
**Est. Vs. Actual for Q3FY25:** Revenue – **MISS**; EBITDA – **MISS**; PAT – **BEAT**
**Changes in Estimates post Q3FY25**
**FY26E/FY27E:** Revenue: -4%/-5%; EBITDA: -4%/-5%; PAT: -5%/-5%

**Recommendation Rationale**

- **Subdued demand:** Demand conditions remained weak, with urban growth continuing to remain weak while rural continue to recover. Sales grew by 2% (volume flat), led by a price hike. The increased salience of smaller SKUs and the higher salience of premium products impact the overall volume growth. Prices of key raw materials such as palm oil and tea remained elevated, leading to a decline in gross margins. Meanwhile, management reiterated that a low single-digit price hike may be considered if commodity prices stabilise at the current level.
- **Margins Outlook:** The management has guided EBITDA margins to remain at the lower end of the 23-24% range.
- **Premiumization drives market shares:** Despite macroeconomic challenges and slower urban growth, premiumisation remains strong, with premium products outperforming the mass segment. Management focuses on driving premiumisation through innovation and tapping into new demand spaces. The Home Care segment delivered 6% YoY growth, supported by strong performance across liquids-led categories. Beauty & Wellbeing posted a modest 1% YoY growth, impacted by delayed winter affecting skincare sales. Personal Care declined 4% YoY due to weaker print in the saps segment. The Foods & Refreshments segment, led by packaged foods and beverages, showed sequential improvement.

**Sector Outlook: Cautious**
**Company Outlook & Guidance:** We downgrade the stock to **HOLD** while waiting for clear signs of demand recovery led by volume growth.

**Current Valuation:** 50xDec'26 EPS (Earlier Valuation: 55xDec'26 EPS ).

**Current TP:** Rs 2,520/share (Earlier TP: Rs 2,920/share).

**Recommendation:** With an 8% upside from the CMP, we downgrade the stock to HOLD

**Outlook:** We expect near-term challenges to persist – subdued demand in urban areas, increased competitive intensity, and volatility in key raw material prices will likely impact volume growth and margins in the near term. However, in the long term, HUL's growth prospects remain strong as management strong focus on (1) Promoting a diversified portfolio and spreading the price-value matrix to drive premiumisation; (2) Continued focus on efficiency improvement – nano factories, automation and scaling Shikar to drive overall cost saving initiatives; (3) Market development initiatives to gain market share across the portfolio; and (4) Strong execution capabilities (demonstrating the strength of the company with its diverse product portfolio and financial strength in this volatile and challenging environment). However, we wait for clear signs of demand recovery led by volume growth, which is likely to remain under pressure in the near term. Hence, we downgrade the stock to HOLD.

**Valuation & Recommendation:** We expect HUL's Sales/EBITDA/PAT to grow at a 4%/5%/5 % CAGR over FY24-27E. We downgrade the stock to HOLD with a revised TP of Rs 2,520/share, with an upside of 8% from the CMP.

**Key Financials (Standalone)**

| (Rs Cr)           | Q3FY25 | QoQ (%) | YoY (%) | Axis Est. | Variance (%) |
|-------------------|--------|---------|---------|-----------|--------------|
| Net Sales         | 15,195 | (0.8)   | 1.8     | 15,379    | (1.2)        |
| EBITDA            | 3,570  | (2.1)   | 0.8     | 3,618     | (1.3)        |
| EBITDA Margin (%) | 23.2   | -35 bps | -14 bps | 23.1      | 4 bps        |
| Net Profit        | 3,001  | 14.9    | 18.1    | 2,597     | 15.6         |
| EPS (Rs)          | 13     | 14.9    | 18.1    | 11        | 15.6         |

Source: Company, Axis Research

(CMP as of 22<sup>nd</sup> January 2025)

|                               |           |
|-------------------------------|-----------|
| CMP (Rs)                      | 2342      |
| Upside /Downside (%)          | 8%        |
| High/Low (Rs)                 | 3034/2170 |
| Market cap (Cr)               | 5,50,497  |
| Avg. daily vol. (6m)Shrs'000. | 1808      |
| No. of shares (Cr)            | 234       |

**Shareholding (%)**

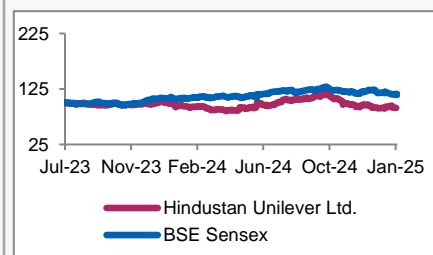
|           | Jun-24 | Sep-24 | Dec-24 |
|-----------|--------|--------|--------|
| Promoter  | 61.9   | 61.9   | 61.9   |
| FII's     | 11.9   | 12.2   | 11.4   |
| MFs/UTI   | 5.6    | 5.8    | 6.1    |
| Banks/FIs | 0.0    | 0.0    | 0.0    |
| Others    | 20.6   | 20.1   | 20.6   |

**Financial & Valuations**

| Y/E Mar (Rs Cr) | FY25E  | FY26E  | FY27E  |
|-----------------|--------|--------|--------|
| Net Sales       | 60,771 | 65,097 | 69,732 |
| EBITDA          | 14,202 | 15,568 | 16,913 |
| Net Profit      | 10,135 | 11,101 | 12,055 |
| EPS, Rs         | 43.1   | 47.2   | 51.3   |
| PER, x          | 55.4   | 50.6   | 46.6   |
| EV/EBITDA, x    | 38.7   | 35.3   | 32.4   |
| ROE (%)         | 20.0   | 21.8   | 23.4   |

**Change in Estimates (%)**

| Y/E Mar | FY26E | FY27E |
|---------|-------|-------|
| Sales   | (4)   | (5)   |
| EBITDA  | (4)   | (5)   |
| PAT     | (5)   | (5)   |

**Relative Performance**


Source: Ace Equity, Axis Securities

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## Financial Performance

Hindustan Unilever Ltd. (HUL) reported a flat volume growth in Q3FY25, led by an unfavourable mix. Its revenue grew by only 1.8% YoY to Rs 15,195 Cr, missing our estimates due to a weaker performance in personal care, which was impacted by subdued performance in soaps and a decline in skin care due to delays in winter. The company's gross margins declined by 67bps YoY to 50%, primarily due to rising commodity costs, particularly in tea and crude palm oil. EBITDA decreased by 1.3% YoY to Rs 3,570 Cr, with margins contracting by 14bps YoY to 23.2%, partly offset by the reduction in ad spends (decline by 8% YoY). Reported PAT was up 19% YoY to Rs 3,001 Cr because of profit from the divestment of the "Pureit" business, while Adj PAT remained flat at Rs 2540 Cr.

## Strategic Moves: Acquisition and Demerger

The company will acquire a 90.5% stake in Apprising Science Private Ltd, which owns the beauty brand - Minimalist at a pre-money valuation of Rs 2,955 Cr, with the remaining 9.5% to be purchased over 2 years. Also, HUL's board has approved the acquisition of Vishwatej Oil Industries' palm undertaking as part of its backward integration strategy. Additionally, the board approved the demerger of the ice cream business into Kwality Wall's (India) Ltd, offering shareholders a 1:1 share entitlement.

## Key Concall Highlights

### Strategic Synergies-

#### 1. Acquisition of fast-growing beauty brand named "Minimalist":-

Hindustan Unilever Limited (HUL) has signed a definitive agreement to acquire a 90.5% stake in Minimalist, a fast-growing, digital-first beauty brand founded in 2020 by Mohit Yadav and Rahul Yadav. Minimalist, known for its actives-led skincare and haircare solutions, has demonstrated impressive growth, with an annual revenue run rate exceeding Rs 500 Cr in just 4 years. The acquisition aligns with HUL's strategy to expand its Beauty & Wellbeing portfolio into high-growth, premium segments. The deal values Minimalist at a pre-money enterprise value of Rs 2,955 Cr, with HUL set to acquire the remaining 9.5% stake from the founders within 2 years. The Minimalist team will continue managing operations in collaboration with HUL, leveraging HUL's scale and capabilities to drive growth and synergies. The transaction is expected to close by Q1FY26.

#### *Additionally, HUL's management has outlined key advantages of the acquisition:-*

- a) The company plans to utilise its global R&D and product technology to improve Minimalist's offerings.
- b) Minimalist's robust online presence will be enhanced by HUL's widespread distribution network for offline growth.
- c) HUL intends to leverage Unilever's global presence to expand Minimalist internationally.
- d) The company will optimise its supply chain capabilities to increase capacity, reduce costs, and enhance margin synergies.
- e) HUL expects strong growth driven by synergies in offline expansion, international markets and supply chain efficiencies.

#### 2. Strengthening supply chain with Palm acquisition:-

*Hindustan Unilever Limited (HUL) Board has approved the acquisition of Vishwatej Oil Industries' palm undertaking as part of its palm localisation strategy.*

- a) This move strengthens HUL's supply chain resilience through backward integration, focusing on palm derivatives.
- b) It aligns with India's National Mission on Edible Oils, ensuring the development of infrastructure for local palm cultivation.
- c) HUL will set up sapling nurseries, fruit bunch collection centres, and Telangana's state-of-the-art palm oil mill.
- d) The company plans to support farmers with technical expertise and sustainable farming practices to drive palm oil cultivation.

### 3. HUL to De-merger Ice-Cream Business into Kwality Wall's (India) Ltd:-

Hindustan Unilever Limited (HUL) has approved the demerger of its ice cream business into its wholly-owned subsidiary, Kwality Wall's (India) Limited (KWIL). Shareholders of HUL will receive one equity share of KWIL for every HUL share held. Post demerger, KWIL will become a separately listed entity that is wholly owned by HUL shareholders.

This move aims to position KWIL as a leading listed ice cream company in India, with a dedicated management team focused on leveraging its distinct business model. Iconic brands like Kwality Wall's, Cornetto, and Magnum will benefit from HUL's global expertise in portfolio management, branding, and innovation, ensuring continued market leadership.

Further, the management stated that the demerger unlocks shareholder value, offering them direct participation in the high-growth ice cream segment. The demerger also ensures a seamless transition for employees while paving the way for future growth.

### Segmental Performance:-

- **Home Care: Volume-led growth across categories**

Home Care is the largest segment, contributing 37% to the total revenue, and margins remain healthy at 18%. The segment posted a 6% USG, driven by high single-digit UVG in both Fabric Wash and Household Care.

- **Fabric Wash** delivered strong, broad-based growth across formats, with the liquids portfolio maintaining its double-digit trajectory. Key initiatives included re-launching the Rin bar with advanced technology and a comprehensive upgrade of Comfort to enhance brand superiority.
- **Household Care** also achieved high single-digit UVG, led by robust performance in the dishwash segment. The launch of Sun Liquid Dishwash, aimed at expanding the liquids market in the mass segment, aligns with the company's strategic focus on democratizing this category. Continued product innovation, premiumisation, and marketing investments further reinforce leadership in this space.

- **Beauty & Wellbeing- Hair care gains momentum, Skincare impacted by delayed winter**

The Beauty & Wellbeing segment, contributing 22% of total revenue with robust margins of 29%. In Q3FY25, the segment posted a modest 1% growth, with UVG slightly declining.

- **Hair Care** delivered mid-single-digit volume growth, driven by strong performances from Dove, Tresemmé, and Clinic Plus, alongside premiumisation within sachets and emerging formats like serums and masks. New launches, including Dove Hair & Scalp Therapy and Tresemmé Silk Press, further strengthened the portfolio.
- **Skin Care and Colour Cosmetics** faced challenges due to the delayed winter, resulting in muted growth. However, the non-winter portfolio achieved mid-single-digit growth, supported by portfolio expansions and innovations such as Lakmé Rouge Bloom and Glow & Lovely's Glass Bright Cream. Future-focused initiatives and channels continued to deliver double-digit growth, showcasing resilience in the premium segment.

- **Personal Care – Impacted by hygiene decline; growth in body wash and Oral Care**

The Personal Care segment, representing 15% of total business and maintaining margins of 18%, experienced a 4% decline in Q3FY25, primarily due to reduced demand in the hygiene segment of Skin Cleansing.

- **Skin Cleansing** saw a sequential improvement in competitive performance led by strategic initiatives with positive traction in the non-hygiene segment. Lifebuoy is undergoing a comprehensive relaunch to revitalise its presence in the hygiene category. Bodywash delivered strong double-digit growth, reinforcing market leadership, supported by innovations like Dove's Serum Shower collection.
- **Oral Care** recorded mid-single-digit growth, led by Closeup, the master brand. The segment focuses on premiumisation and adapting offerings to meet evolving consumer preferences.

- **Foods - Strengthening leadership and driving growth in key areas**

The Foods segment comprises 24% of the total revenue and maintains margins of 20%. The segment reported flat USG, with mid-single-digit pricing growth offset by volume declines.

- **Beverages:** Tea saw low-single-digit growth, led by premium brands such as 3 Roses and Taj Mahal, maintaining its leadership in value and volume. Coffee continued its double-digit growth momentum, driven by robust performance in organised trade.
- **Nutrition Drinks** strengthened its market leadership in both value and volume despite subdued category consumption. Adjustments to pricing architecture for larger packs boosted consumption.
- **Packaged Foods** grew in mid-single digits, fueled by strong performance in ketchup, mayonnaise, international sauces, and cuisines. The quarter also saw a pan-India rollout of Horlicks Strength Plus following its success in the East.
- **Ice Cream** revenue remained flat year-on-year.

#### **Key Risks to Our Estimates and TP**

- Prolonged recovery in rural, raw material inflation, and increase in competitive intensity

### Change in Estimates

|         | Old Est. |        | Revised Est. |        | % Revision |       |
|---------|----------|--------|--------------|--------|------------|-------|
|         | FY26E    | FY27E  | FY26E        | FY27E  | FY26E      | FY27E |
| Revenue | 67,701   | 73,226 | 65,097       | 69,732 | (4)        | (5)   |
| EBITDA  | 16,271   | 17,832 | 15,568       | 16,913 | (4)        | (5)   |
| PAT     | 11,645   | 12,743 | 11,101       | 12,055 | (5)        | (5)   |
| EPS     | 50       | 54     | 47.2         | 51.3   | (5)        | (5)   |

Source: Company, Axis Securities

### Results Review

| (Rs Cr)                  | Q3FY24 | Q2FY25 | Axis Sec Est | Q3FY25 | YoY growth % | QoQ growth % | Axis Sec Var (%) |
|--------------------------|--------|--------|--------------|--------|--------------|--------------|------------------|
| Volume growth (% YoY)    | 2.0    | 3.0    | 1.0          | 0.5    |              |              |                  |
| Net Sales                | 14,928 | 15,319 | 15,379       | 15,195 | 1.8          | (0.8)        | (1.2)            |
| Gross Profits            | 7,561  | 7,726  | 7,643        | 7,594  | 0.4          | (1.7)        | (0.6)            |
| Gross Margin (%)         | 50.6   | 50.4   | 49.7         | 50.0   | -67 bps      | -46 bps      | 28 bps           |
| Staff costs              | 649    | 765    | 681          | 684    | 5.4          | (10.6)       | 0.4              |
| Ad spends                | 1,593  | 1,464  | 1,466        | 1,466  | (8.0)        | 0.1          | 0.0              |
| Other operating expenses | 2,039  | 2,039  | 2,141        | 2,087  | 2.4          | 2.4          | (2.5)            |
| EBITDA                   | 3,540  | 3,647  | 3,618        | 3,570  | 0.8          | (2.1)        | (1.3)            |
| EBITDA Margin (%)        | 23.3   | 23.5   | 23.1         | 23.2   | -14 bps      | -35 bps      | 4 bps            |
| Depreciation             | 282    | 305    | 308          | 308    | 8.2          | 1.0          | (0.0)            |
| EBIT                     | 3,258  | 3,342  | 3,310        | 3,262  | 2.6          | (2.4)        | (1.5)            |
| Other Income             | 285    | 309    | 299          | 312    | 8.4          | 1.0          | 4.3              |
| Interest Expenses        | 81     | 99     | 100          | 105    | 22.2         | 6.1          | 5.0              |
| PBT                      | 3,432  | 3,536  | 3,509        | 3,978  | 15.9         | 12.5         | 13.4             |
| Tax rate (%)             | 26.6   | 26.1   | 26.0         | 24.6   | -204 bps     | -157 bps     | -144 bps         |
| PAT                      | 2,541  | 2,611  | 2,597        | 3,001  | 18.1         | 14.9         | 15.6             |
| EPS (Rs.)                | 10.8   | 11.1   | 11.1         | 12.8   | 18.1         | 14.9         | 15.6             |

Source: Company, Axis Securities

## Financials (Standalone)

### Profit & Loss

(Rs Cr)

| Y/E Mar, Rs Cr               | FY24          | FY25E         | FY26E         | FY27E         |
|------------------------------|---------------|---------------|---------------|---------------|
| <b>Net sales</b>             | <b>59,579</b> | <b>60,771</b> | <b>65,097</b> | <b>69,732</b> |
| Growth, %                    | 2.5           | 2.0           | 7.1           | 7.1           |
| Other operating income       | 890           | 712           | 748           | 785           |
| Total income                 | 60,469        | 61,483        | 65,845        | 70,517        |
| Raw material expenses        | (29,327)      | (30,060)      | (31,864)      | (33,776)      |
| Employee expenses            | (2,782)       | (2,810)       | (3,007)       | (3,217)       |
| Other Operating expenses     | (14,170)      | (14,411)      | (15,407)      | (16,612)      |
| <b>EBITDA (Core)</b>         | <b>14,190</b> | <b>14,202</b> | <b>15,568</b> | <b>16,913</b> |
| Growth, %                    | 4.1           | 0.1           | 9.6           | 8.6           |
| Margin, %                    | 23.8          | 23.4          | 23.9          | 24.3          |
| Depreciation                 | (1,097)       | (1,225)       | (1,332)       | (1,439)       |
| <b>EBIT</b>                  | <b>13,093</b> | <b>12,977</b> | <b>14,236</b> | <b>15,475</b> |
| Growth, %                    | 4             | (1)           | 10            | 9             |
| Margin, %                    | 22            | 21            | 22            | 22            |
| Interest paid                | (302)         | (393)         | (412)         | (433)         |
| Other Income                 | 973           | 1,119         | 1,186         | 1,257         |
| Non-recurring Items          | (89)          | -             | -             | -             |
| <b>Pre-tax profit</b>        | <b>13,675</b> | <b>13,704</b> | <b>15,010</b> | <b>16,299</b> |
| Tax provided                 | (3,561)       | (3,568)       | (3,909)       | (4,244)       |
| <b>Profit after tax</b>      | <b>10,114</b> | <b>10,135</b> | <b>11,101</b> | <b>12,055</b> |
| Growth, %                    | 1.8           | (0.7)         | 9.5           | 8.6           |
| <b>Net Profit (adjusted)</b> | <b>10,114</b> | <b>10,135</b> | <b>11,101</b> | <b>12,055</b> |
| Unadj. shares (Cr)           | 235           | 235           | 235           | 235           |
| Wtdavg shares (Cr)           | 235           | 235           | 235           | 235           |

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

| As of 31st Mar, Rs Cr                 | FY24          | FY25E         | FY26E         | FY27E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Cash & bank                           | 7,216         | 7,117         | 7,964         | 9,356         |
| Marketable securities at cost         | 4,510         | 4,510         | 4,510         | 4,510         |
| Debtors                               | 2,690         | 2,744         | 2,939         | 3,148         |
| Inventory                             | 3,812         | 3,996         | 4,280         | 4,585         |
| Other current assets                  | 2,031         | 2,031         | 2,031         | 2,031         |
| Total current assets                  | 20,259        | 20,398        | 21,725        | 23,631        |
| Investments                           | 2             | 2             | 2             | 2             |
| Gross fixed assets                    | 57,248        | 58,348        | 59,448        | 60,548        |
| Less: Depreciation                    | (4,869)       | (6,094)       | (7,425)       | (8,864)       |
| Add: Capital WIP                      | 915           | 915           | 915           | 915           |
| Net fixed assets                      | 53,294        | 53,169        | 52,938        | 52,599        |
| Non-current assets                    | 1,422         | 1,422         | 1,422         | 1,422         |
| <b>Total assets</b>                   | <b>77,076</b> | <b>77,090</b> | <b>78,186</b> | <b>79,753</b> |
| Current liabilities                   | 12,063        | 12,273        | 13,033        | 13,848        |
| Provisions                            | 1,551         | 1,582         | 1,695         | 1,815         |
| Total current liabilities             | 13,614        | 13,855        | 14,728        | 15,664        |
| Non-current liabilities               | 12,489        | 12,489        | 12,489        | 12,489        |
| Total liabilities                     | 26,103        | 26,344        | 27,217        | 28,153        |
| Paid-up capital                       | 235           | 235           | 235           | 235           |
| Reserves & surplus                    | 50,738        | 50,512        | 50,734        | 51,365        |
| Shareholders' equity                  | 50,973        | 50,747        | 50,969        | 51,600        |
| <b>Total equity &amp; liabilities</b> | <b>77,076</b> | <b>77,090</b> | <b>78,186</b> | <b>79,753</b> |

Source: Company, Axis Securities

**Cash Flow**

(Rs Cr)

| Y/E Mar, Rs Cr                             | FY24           | FY25E           | FY26E           | FY27E           |
|--|----------------|-----------------|-----------------|-----------------|
| Pre-tax profit                             | 13,675         | 13,704          | 15,010          | 16,299          |
| Depreciation                               | 1,097          | 1,225           | 1,332           | 1,439           |
| Chg in working capital                     | 4,481          | 3               | 394             | 422             |
| Total tax paid                             | (3,432)        | (3,568)         | (3,909)         | (4,244)         |
| Other operating activities                 | -              | -               | -               | -               |
| <b>Cash flow from operating activities</b> | <b>15,821</b>  | <b>11,363</b>   | <b>12,827</b>   | <b>13,915</b>   |
| Capital expenditure                        | (1,966)        | (1,100)         | (1,100)         | (1,100)         |
| Chg in marketable securities               | (1,699)        | -               | -               | -               |
| Other investing activities                 | 0              | -               | -               | -               |
| <b>Cash flow from investing activities</b> | <b>(3,665)</b> | <b>(1,100)</b>  | <b>(1,100)</b>  | <b>(1,100)</b>  |
| Free cash flow                             | 12,156         | 10,263          | 11,727          | 12,815          |
| Equity raised/(repaid)                     | 9              | -               | -               | -               |
| Dividend (incl. tax)                       | (9,868)        | (10,361)        | (10,879)        | (11,423)        |
| Other financing activities                 | -              | -               | -               | -               |
| <b>Cash flow from financing activities</b> | <b>(9,859)</b> | <b>(10,361)</b> | <b>(10,879)</b> | <b>(11,423)</b> |
| Net change in cash                         | 2,297          | (99)            | 847             | 1,392           |
| Opening cash balance                       | 4,422          | 7,216           | 7,117           | 7,964           |
| Closing cash balance                       | 7,216          | 7,117           | 7,964           | 9,356           |

Source: Company, Axis Securities

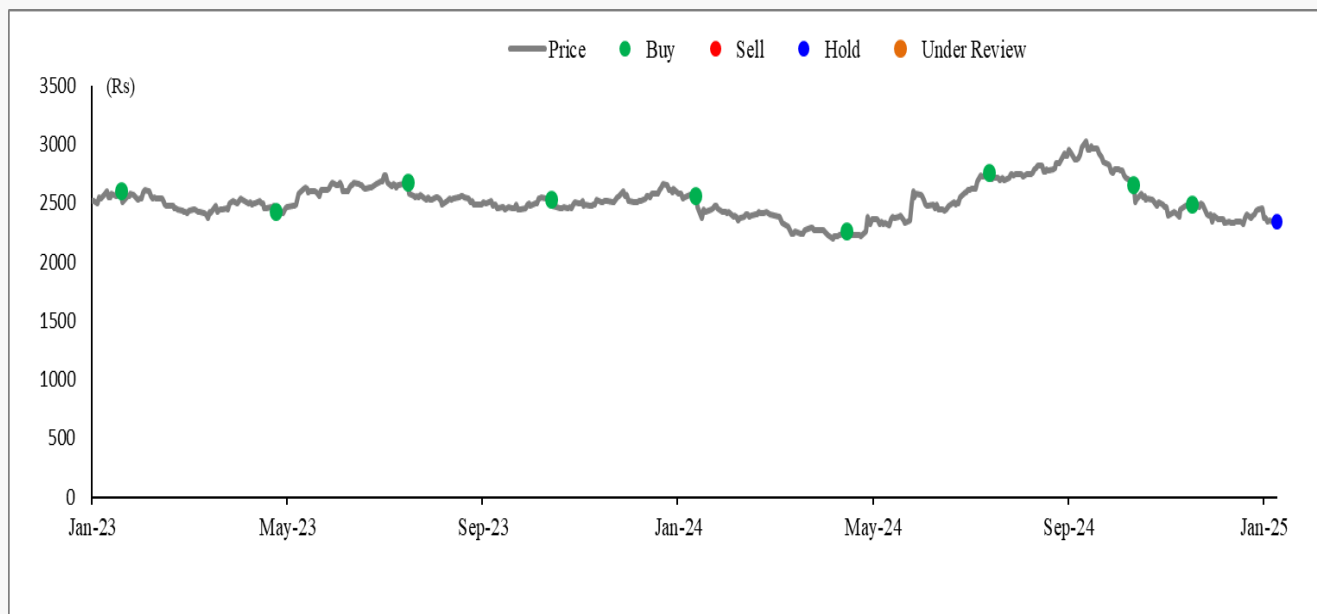
**Ratio Analysis**

(%)

| Y/E Mar, Rs Cr                 | FY24   | FY25E  | FY26E  | FY27E  |
|--------------------------------|--------|--------|--------|--------|
| <b>Per Share data</b>          |        |        |        |        |
| EPS (INR)                      | 43.0   | 43.1   | 47.2   | 51.3   |
| Growth, %                      | 1.8    | (0.7)  | 9.5    | 8.6    |
| Book NAV/share (INR)           | 216.9  | 215.9  | 216.9  | 219.6  |
| FDEPS (INR)                    | 43.4   | 43.1   | 47.2   | 51.3   |
| CEPS (INR)                     | 48.5   | 48.3   | 52.9   | 57.4   |
| CFPS (INR)                     | 63.8   | 43.6   | 49.5   | 53.9   |
| DPS (INR)                      | 42.0   | 44.1   | 46.3   | 48.6   |
| <b>Return ratios</b>           |        |        |        |        |
| Return on assets (%)           | 14.0   | 13.7   | 14.8   | 15.8   |
| Return on equity (%)           | 20.0   | 20.0   | 21.8   | 23.4   |
| Return on capital employed (%) | 16.6   | 16.2   | 17.7   | 19.1   |
| <b>Turnover ratios</b>         |        |        |        |        |
| Asset turnover (x)             | 1.3    | 1.4    | 1.5    | 1.6    |
| Sales/Total assets (x)         | 0.8    | 0.8    | 0.8    | 0.9    |
| Sales/Net FA (x)               | 1.1    | 1.1    | 1.2    | 1.3    |
| Working capital/Sales (x)      | (0.1)  | (0.1)  | (0.1)  | (0.1)  |
| Receivable days                | 16.5   | 16.5   | 16.5   | 16.5   |
| Inventory days                 | 23.4   | 24.0   | 24.0   | 24.0   |
| Payable days                   | 80.0   | 79.9   | 80.5   | 80.9   |
| Working capital days           | (21.6) | (21.0) | (21.2) | (21.4) |
| <b>Liquidity ratios</b>        |        |        |        |        |
| Current ratio (x)              | 1.7    | 1.7    | 1.7    | 1.7    |
| Quick ratio (x)                | 1.4    | 1.3    | 1.3    | 1.4    |
| Interest cover (x)             | 43.4   | 33.1   | 34.5   | 35.8   |
| <b>Valuation</b>               |        |        |        |        |
| PER (x)                        | 55.1   | 55.4   | 50.6   | 46.6   |
| PEG (x) - y-o-y growth         | 30.8   | (83.3) | 5.3    | 5.4    |
| Price/Book (x)                 | 11.0   | 11.1   | 11.0   | 10.9   |
| EV/Net sales (x)               | 9.2    | 9.1    | 8.4    | 7.9    |
| EV/EBITDA (x)                  | 38.8   | 38.7   | 35.3   | 32.4   |
| EV/EBIT (x)                    | 42.0   | 42.4   | 38.6   | 35.4   |

Source: Company, Axis Securities

## Hindustan Unilever Price Chart and Recommendation History



| Date      | Reco | TP    | Research       |
|-----------|------|-------|----------------|
| 20-Jan-23 | BUY  | 3,000 | Result Update  |
| 28-Apr-23 | BUY  | 2,800 | Result Update  |
| 21-Jul-23 | BUY  | 2,960 | Result Update  |
| 20-Oct-23 | BUY  | 2,900 | Result Update  |
| 20-Jan-24 | BUY  | 2,850 | Result Update  |
| 25-Apr-24 | BUY  | 2,500 | Result Update  |
| 24-Jul-24 | BUY  | 3,030 | Result Update  |
| 24-Oct-24 | BUY  | 2,920 | Result Update  |
| 02-Dec-24 | BUY  | 2,920 | Company Update |
| 23-Jan-25 | HOLD | 2,520 | Result Update  |
|           |      |       |                |

Source: Axis Securities Research



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| <b>Ratings</b> | <b>Expected absolute returns over 12 – 18 months</b>   |
|----------------|--|
| BUY            | More than 10%  |
| HOLD           | Between 10% and -10%   |
| SELL           | Less than -10%   |
| NOT RATED      | We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation. |
| UNDER REVIEW   | We will revisit our recommendation, valuation and estimates on the stock following recent events             |
| NO STANCE      | We do not have any forward-looking estimates, valuation or recommendation for the stock                      |

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