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Q4FY25 Result Update
25th April 2025

Hindustan Unilever Ltd

CMP: INR 2,325

Rating: Neutral

Target Price: INR 2,308

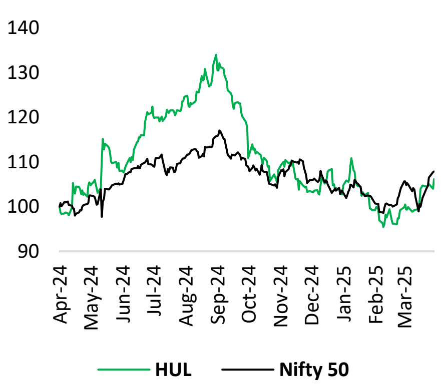
Stock Info	
BSE	500696
NSE	HINDUNILVR
Bloomberg	HUVR:IN
Reuters	HLL.BO
Sector	Personal Products
Face Value (INR)	1
Equity Capital (INR cr)	235
Mkt Cap (INR cr)	5,74,534
52w H/L (INR)	3,035/ 2,136
Avg Daily Volume (in 000')	74

Shareholding Pattern %
(As on March 2025)

Promoters	61.90
FII	10.62
DII	15.48
Public & Others	12.00

Stock Performance (%)	1m	3m	12m
HUL	3.2	(1.7)	3.0
Nifty 50	(2.5)	5.0	8.2

HUL Vs Nifty 50



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HUL delivered a soft quarter with modest growth and margins under pressure due to one-offs. Net Revenue grew 3% YoY to INR 15,446 Cr (3% QoQ), broadly in line with expectations. EBITDA increased 2% YoY to INR 3,619 Cr (2% QoQ), driven by topline momentum; however, EBITDA Margin declined 20 bps YoY to 23.4% (down 10 bps QoQ) due to elevated one-time costs. PAT stood at INR 2,475 Cr, down 17% YoY and 3% QoQ, impacted by exceptional losses of INR 138 Cr primarily from fair value adjustments and acquisition-related costs. Revenue growth driven by Home Care and Foods; marginal impact from Personal Care. EBITDA Margin slipped YoY due to higher costs and one-off items, despite top-line growth. PAT decline driven by exceptional losses (INR 138 Cr) related to acquisitions and fair value adjustments. Management noted stable operational execution, though profitability was temporarily hit by acquisition costs and lower other income.

Market share gains sustained, with mid-single-digit improvement in turnover-weighted share and >80% brands rated superior vs competition.

Traditional trade and modern trade both showing signs of stabilization, though rural demand recovery remains gradual.

Commodity & Macro Trends: Mixed trends in commodity inputs: Favorable for Soda Ash (-6%), Skimmed Milk Powder (-8%), Crude (-5%); adverse for Tea (+19%) and Palm Oil (+18%).Exchange rate volatility (USD/INR +2%) slightly impacted import-linked cost lines. Overall inflation pressure easing but requires close monitoring into H1FY26.

Key Watch Points: Rural volume trends and competitive intensity in mass categories; Progress on cost optimization and premiumization initiatives; Commodity inflation—especially Tea and Palm Oil—going into H1FY26.

Outlook and Valuation: We assign a TP of INR 2,308, valued at a P/E multiple of 50x the FY26E EPS of INR 46, indicating an downside of 0.7% and a 'Neutral' rating. HUL remains a defensive play within the FMCG basket, supported by superior execution, high brand equity, and consistent cash generation. Near-term growth may remain modest due to sluggish rural recovery; however, long-term fundamentals remain intact. We will monitor commentary post-Q1FY26 for early signs of rural revival and margin trajectory amid evolving input cost landscape- broader commentary suggests resilient growth in premium portfolios and urban channels.

INR Cr	FY24	FY25	FY26E	FY27E
Revenues	60,469	61,469	63,328	65,656
YoY growth (%)	2.2	1.7	3.0	3.7
Operating profit	14,190	14,289	14,990	15,705
OPM (%)	23.5	23.2	23.7	23.9
Reported PAT	10,114	10,644	10,846	11,274
YoY growth (%)	1.5	5.2	1.9	4.0
EPS (Rs)	43.0	45.3	46.2	48.0
P/E (x)	54.0	51.3	50.4	48.5
Price/Book (x)	10.7	11.1	11.0	11.0
EV/EBITDA (x)	38.0	38.2	36.0	34.4
Debt/Equity (x)	0.0	0.0	0.0	0.0
RoE (%)	20.0	21.3	22.0	22.7
RoCE (%)	20.0	20.5	21.4	22.1

Source: Company & Arihant Research

Key Takeaways:

Headline Metrics: Q4FY25: Underlying Sales Growth (USG) stood at 3%, supported by 2% Underlying Volume Growth (UVG), indicating a largely volume-led performance. FY25: Reported turnover of INR 60,680 crore, up 2% YoY, with both USG and UVG at 2%, reflecting a balanced mix of volume and pricing across the portfolio.

Home Care: Delivered strong volume-led growth, with mid-single digit UVG in Q4 and high-single digit UVG for the full year. Q4 price growth was negative, attributable to proactive pricing actions aimed at passing commodity cost benefits to consumers.

Beauty & Wellbeing: Reported low-single digit growth in Q4, led by a robust performance in future channels, offsetting softness in mass skincare.FY25 USG came in at 2%, entirely volume-driven, underpinned by continued investments in premiumization and portfolio transformation, particularly within skincare.

Personal Care: Registered low-single digit growth in Q4, largely driven by non-hygiene segments within skin cleansing. FY25 saw a 3% contraction in USG, with low-single digit UVG decline. Strategic focus remains on consolidating leadership in Bodywash and repositioning Lifebuoy to a broader skin protection narrative.

Foods & Refreshments: Performance was mixed- Growth in Beverages, Packaged Foods, and Ice Cream was counterbalanced by sustained pressure in Nutrition Drinks. Tea continued to lead in both value and volume, while Coffee maintained double-digit growth momentum.

Nutrition Drinks: Continued to face category headwinds and adverse pack-price effects, resulting in Q4 turnover decline and dragging overall segment performance. The company is focused on revitalizing Horlicks, enhancing specialist nutrition, and scaling up Boost to mitigate structural challenges.

Channel Dynamics & Distribution: E-commerce contributed 7–8% of revenue in FY25, outpacing overall business growth. Future Channels (including e-commerce) delivered strong double-digit growth, with e-commerce Gross Sales Value up 45% YoY. Direct Weighted Distribution expanded by 400bps over the past 18 months, reflecting a sharpened go-to-market execution.

Guidance: Management expects gradual improvement in top-line momentum in FY26, driven by ongoing portfolio transformation and supportive macro tailwinds. H1FY26 is expected to outperform H2FY25 in terms of growth. Price Growth anticipated to remain in the low-single digit range, contingent on commodity price stability. Gross Margins are expected to benefit modestly from easing input cost inflation, although aggressive pricing strategies may limit upside. EBITDA Margins are guided in the 22–23% range over the next 2–3 quarters, with sustained investments in market development, digital capabilities, and channel expansion. Long-term guidance suggests a trajectory of modest margin improvement.

Strategic View: Newly appointed Global CEO Fernando Fernandez reaffirmed India's strategic importance, highlighting its role as a critical growth engine for Unilever globally. Continued focus on building future-ready capabilities and expanding premium and digital channels remains core to the long-term strategy.

Key Watchpoints: Gross Margin risks persist amid commodity volatility and competitive pricing intensity. Short-term growth pressure likely to persist in Nutrition Drinks due to transitionary pack-price adjustments.

Income Statement (INR Cr)	FY24	FY25	FY26E	FY27E
Revenue	**60,469**	**61,469**	**63,328**	**65,656**
Net Raw Materials	29,327	30,176	30,587	31,679
Advt & Promotion	6,380	6,028	6,966	7,222
Employee Cost	2,782	2,840	2,932	3,040
Other Expenses	7,790	8,136	7,853	8,010
Total Expenses	46,279	47,180	48,338	49,951
EBITDA	**14,190**	**14,289**	**14,990**	**15,705**
EBITDA margin	**23.5**	**23.2**	**23.7**	**23.9**
Depreciation	(1,097)	(1,224)	(1,410)	(1,616)
Interest expense	(302)	(364)	(190)	(210)
Other income	973	1,177	1,267	1,357
Exceptional items	(89)	422	-	-
Profit before tax	**13,675**	**14,300**	**14,656**	**15,236**
Taxes	(3,561)	(3,656)	(3,811)	(3,961)
Net profit	**10,114**	**10,644**	**10,846**	**11,274**
EPS	**43.0**	**45.3**	**46.2**	**48.0**

Balance Sheet (INR Cr)	FY24	FY25	FY26E	FY27E
Equity capital	235	235	235	235
Reserves	50,738	48,918	49,243	49,582
Net worth	**50,973**	**49,153**	**49,478**	**49,817**
Debt	1,464	1,804	2,004	2,204
Deferred tax liab (net)	10,685	10,175	10,322	10,474
Total liabilities	**63,122**	**61,132**	**61,804**	**62,495**
Fixed assets	7,178	7,710	6,740	7,182
Capital Work In Progress	915	956	1,058	1,212
Other Intangible assets	27,885	27,881	27,881	27,881
Goodwill	17,316	17,316	17,316	17,316
Investments	2,089	2,064	2,216	2,298
Other non current assets	1,397	1,487	352	365
Net working capital	**(6,837)**	**(1,713)**	**(6,001)**	**(6,466)**
Inventories	3,812	4,161	3,976	4,118
Sundry debtors	2,690	3,450	2,817	2,921
Other current assets	615	5,970	644	668
Sundry creditors	(10,148)	(10,998)	(11,010)	(11,655)
Other current liabilities & Prov	(3,806)	(4,296)	(2,428)	(2,517)
Cash	7,216	348	5,997	6,233
Other Financial Assets	5,963	5,083	6,245	6,475
Total assets	**63,122**	**61,132**	**61,804**	**62,495**

Statement of Cash Flows (INR Cr)	FY24	FY25	FY26E	FY27E
Profit before tax	13,675	14,300	14,656	15,236
Depreciation	1,097	1,224	1,410	1,616
Tax paid	(3,561)	(3,656)	(3,811)	(3,961)
Working capital Δ	1,265	(5,124)	4,288	465
Operating cashflow	**12,476**	**6,744**	**16,543**	**13,355**
Capital expenditure	(3,090)	(1,797)	(542)	(2,212)
Free cash flow	**9,386**	**4,947**	**16,002**	**11,143**
Equity raised	508	(2,139)	0	(0)
Investments	(52)	25	(152)	(81)
Others	(685)	794	(27)	(243)
Debt financing/disposal	223	340	200	200
Dividends paid	(9,870)	(10,325)	(10,520)	(10,936)
Other items	3,284	(510)	147	152
Net Δ in cash	**2,794**	**(6,868)**	**5,649**	**236**
Opening Cash Flow	**4,422**	**7,216**	**348**	**5,997**
Closing Cash Flow	**7,216**	**348**	**5,997**	**6,233**

Source: Company & Arihant Research

Ratio analysis	FY24	FY25	FY26E	FY27E
Growth matrix (%)				
Revenue growth	2.2	1.7	3.0	3.7
EBITDA growth	4.1	0.7	4.9	4.8
EBIT growth	6.2	1.3	4.2	4.0
Net profit growth	1.5	5.2	1.9	4.0
Profitability ratios (%)				
EBITDA margin	23.5	23.2	23.7	23.9
EBIT margin	23.3	23.2	23.4	23.5
Net profit margin	16.7	17.3	17.1	17.2
RoCE	20.0	20.5	21.4	22.1
RoNW	20.0	21.3	22.0	22.7
RoA	16.0	17.4	17.5	18.0
Per share ratios				
EPS	43.0	45.3	46.2	48.0
Dividend per share	42.0	43.9	44.8	46.5
Cash EPS	47.7	50.5	52.2	54.9
Book value per share	216.9	209.2	210.5	212.0
Valuation ratios				
P/E	54.0	51.3	50.4	48.5
P/CEPS	48.7	46.0	44.6	42.4
P/B	10.7	11.1	11.0	11.0
EV/EBIDTA	38.0	38.2	36.0	34.4
Payout (%)				
Dividend payout	97.6	97.0	97.0	97.0
Tax payout	26.0	25.6	26.0	26.0
Liquidity ratios				
Debtor days	16.0	20.2	16.0	16.0
Inventory days	46.8	49.6	46.8	46.8
Creditor days	78.9	83.9	82.0	84.0
Cash Conversion Cycle	**(16.1)**	**(14.1)**	**(19.2)**	**(21.2)**
Leverage ratios				
Interest coverage	46.6	39.1	78.0	73.4
Net debt / equity	(0.1)	0.0	(0.1)	(0.1)
Net debt / op. profit	(0.4)	0.1	(0.3)	(0.3)
Working Capital Cycle	(16.1)	(14.1)	(19.2)	(21.2)

Du-Pont Analysis	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.7	0.7	0.7	0.7
Interest burden (x)	1.0	1.0	1.0	1.0
EBIT margin (x)	0.2	0.2	0.2	0.2
Asset turnover (x)	2.7	2.5	2.6	2.7
Financial leverage (x)	0.4	0.5	0.5	0.5
RoE (%)	**20.0**	**21.3**	**22.0**	**22.7**

Source: Company & Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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