

An Organization Study Report of
HINDUSTAN UNILEVER LTD.

Submitted by
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Submitted to
VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI



In partial fulfillment of the requirement for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION

Under Guidance of
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DECLARATION

I, **Mr. Ashik Jain A S** bearing **USN 1CR19MBA10** hereby declare that the organization study conducted at **Hindustan Unilever Ltd.** is record of independent work carried out by me under the guidance of **Prof. Sabeha Mufti** faculty of M.B.A Department of CMR Institute of Technology, Bengaluru.

I also declare that this report is prepared in partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi.

I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

Disclaimer

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HINDUSTAN UNILEVER .LTD



Name : Hindustan Unilever

TYPE : Public

Industry : FMCG

Tagline/ Slogan: Small Actions, Big Difference

Founders : Lever Brothers, Hindustan Vanaspati Mfg.co. ltd., United
Traders Ltd.

Founded: 17 October 1933

Head Quarters : Mumbai, Maharashtra, India

Parent: Unilever plc

Key Person : Sanjiv Mehta (CEO & Managing Director)

CHAPTER: 1

INTRODUCTION

Hindustan Unilever Limited (HUL) is India's largest Fast-Moving Consumer Goods company with a heritage of over 80 years in India. On any given day, nine out of ten Indian households HUL products to feel good, look good and get more out of life – giving us a unique opportunity to build a brighter future.

HUL works to create a better future every day and helps people feel good, look good and get more out of life with brands and services that are good for them and good for others.

With over 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Its portfolio includes leading household brands such as Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pureit.

The Company has about 21,000 employees and has sales of INR 38,273 crores (the financial year 2019-20). HUL is a subsidiary of Unilever, one of the world's leading suppliers of Food, Home Care, Personal Care and Refreshment products with sales in over 190 countries and an annual sales turnover of €52 billion in 2019. Unilever has over 67% shareholding in HUL.

The company was renamed in late June 2007 as "Hindustan Unilever Limited".

HUL's Exports geography comprises, at present, countries in Europe, Asia, Middle East, Africa, Australia, and North America etc.

- HUL's products touches two out of three Indian everyday
- Reach 80% Households
- 200 managers
- Shelf availability 84% outlets in India

CHAPTER: 2

ORGANISATION PROFILE

BACKGROUND

HUL was established in 1933 as Lever Brothers of United Kingdom and following a merger of constituent groups in 1956, it was renamed 'Hindustan Lever Limited'. The company was renamed in June 2007 as 'Hindustan Unilever Limited'.

As of 2019 Hindustan Unilever's portfolio had 35 product brands in 20 categories. The company has 18,000 employees and clocked sales of ₹34,619 crores in FY2017–18.

In December 2018, HUL announced its acquisition of GlaxoSmithKline's India business for \$3.8 billion in an all equity merger deal with a 1:4.39 ratio. However the integration of GSK's 3,800 employees remained uncertain as HUL stated there was no clause for retention of employees in the deal. In January 2019, HUL said that it expects to complete the merger with GlaxoSmithKline Consumer Healthcare (GSKCH India) this year.

In the summer of 1888, visitors to the Kolkata harbour noticed crates full of Sunlight soap bars, embossed with the words "Made in England by Lever Brothers". With it, began an era of marketing branded Fast Moving Consumer Goods (FMCG).

Soon after followed Lifebuoy in 1895 and other famous brands like Pears, Lux and Vim. Vanaspati was launched in 1918 and the famous Dalda brand came to the market in 1937.

In 1931, Unilever set up its first Indian subsidiary, Hindustan Vanaspati Manufacturing Company, followed by Lever Brothers India Limited (1933) and United Traders Limited (1935). These three companies merged to form HUL in November 1956; HUL offered 10% of its equity to the Indian public, being the first among the foreign subsidiaries to do so. Unilever now holds 67.25% equity in the company. The rest of the shareholding is distributed among about three lakh individual shareholders and financial institutions.

The erstwhile Brooke Bond's presence in India dates back to 1900. By 1903, the company had launched Red Label tea in the country. In 1912, Brooke Bond & Co. India Limited was formed. Brooke Bond joined the Unilever fold in 1984 through an international acquisition. The

erstwhile Lipton's links with India were forged in 1898. Unilever acquired Lipton in 1972, and in 1977 Lipton Tea (India) Limited was incorporated.

Pond's (India) Limited had been present in India since 1947. It joined the Unilever fold through an international acquisition of Chesebrough Pond's USA in 1986.

Since the very early years, HUL has vigorously responded to the stimulus of economic growth. The growth process has been accompanied by judicious diversification, always in line with Indian opinions and aspirations.

The liberalisation of the Indian economy, started in 1991, clearly marked an inflexion in HUL's and the Group's growth curve. Removal of the regulatory framework allowed the company to explore every single product and opportunity segment, without any constraints on production capacity.

Simultaneously, deregulation permitted alliances, acquisitions and mergers. In one of the most visible and talked about events of India's corporate history, the erstwhile Tata Oil Mills Company (TOMCO) merged with HUL, effective from April 1, 1993. In 1996, HUL and yet another Tata company, Lakme Limited, formed a 50:50 joint venture, Lakme Unilever Limited, to market Lakme's market-leading cosmetics and other appropriate products of both the companies. Subsequently in 1998, Lakme Limited sold its brands to HUL and divested its 50% stake in the joint venture to the company.

HUL formed a 50:50 joint venture with the US-based Kimberly Clark Corporation in 1994, Kimberly-Clark Lever Ltd, which markets Huggies Diapers and Kotex Sanitary Pads. HUL has also set up a subsidiary in Nepal, Unilever Nepal Limited (UNL), and its factory represents the largest manufacturing investment in the Himalayan kingdom. The UNL factory manufactures HUL's products like Soaps, Detergents and Personal Products both for the domestic market and exports to India.

The 1990s also witnessed a string of crucial mergers, acquisitions and alliances on the Foods and Beverages front. In 1992, the erstwhile Brooke Bond acquired Kothari General Foods, with significant interests in Instant Coffee. In 1993, it acquired the Kissan business from the UB Group and the Dollops Icecream business from Cadbury India.

As a measure of backward integration, Tea Estates and Doom Dooma, two plantation companies of Unilever, were merged with Brooke Bond. Then in 1994, Brooke Bond India and

Lipton India merged to form Brooke Bond Lipton India Limited (BBLIL), enabling greater focus and ensuring synergy in the traditional Beverages business. 1994 witnessed BBLIL launching the Wall's range of Frozen Desserts. By the end of the year, the company entered into a strategic alliance with the Kwality Icecream Group families and in 1995 the Milkfood 100% Icecream marketing and distribution rights too were acquired.

Finally, BBLIL merged with HUL, with effect from January 1, 1996. The internal restructuring culminated in the merger of Pond's (India) Limited (PIL) with HUL in 1998. The two companies had significant overlaps in Personal Products, Speciality Chemicals and Exports businesses, besides a common distribution system since 1993 for Personal Products. The two also had a common management pool and a technology base. The amalgamation was done to ensure for the Group, benefits from scale economies both in domestic and export markets and enable it to fund investments required for aggressively building new categories.

In January 2000, in a historic step, the government decided to award 74 per cent equity in Modern Foods to HUL, thereby beginning the divestment of government equity in public sector undertakings (PSU) to private sector partners. HUL's entry into Bread is a strategic extension of the company's wheat business. In 2002, HUL acquired the government's remaining stake in Modern Foods.

In 2003, HUL acquired the Cooked Shrimp and Pasteurised Crabmeat business of the Amalgam Group of Companies, a leader in value added Marine Products exports.

HUL launched a slew of new business initiatives in the early part of 2000's. Project Shakti was started in 2001. It is a rural initiative that targets small villages populated by less than 5000 individuals. It is a unique win-win initiative that catalyses rural affluence even as it benefits business. Currently, there are over 45,000 Shakti entrepreneurs covering over 100,000 villages across 15 states and reaching to over 3 million homes.

In 2002, HUL made its foray into Ayurvedic health & beauty centre category with the Ayush product range and Ayush Therapy Centres. Hindustan Unilever Network, Direct to home business was launched in 2003 and this was followed by the launch of 'Pureit' water purifier in 2004.

In 2007, the Company name was formally changed to Hindustan Unilever Limited after receiving the approval of share holders during the 74th AGM on 18 May 2007. Brooke Bond

and Surf Excel breached the Rs 1,000 crore sales mark the same year followed by Wheel which crossed the Rs.2,000 crore sales milestone in 2008.

On 17th October 2008, HUL completed 75 years of corporate existence in India. In January 2010, the HUL head office shifted from the landmark Lever House, at Back bay Reclamation, Mumbai to the new campus in Andheri (E), Mumbai.

On 15th November, 2010, the Unilever Sustainable Living Plan was officially launched in India at New Delhi.

In March, 2012 HUL's state of the art Learning Centre was inaugurated at the Hindustan Unilever campus at Andheri, Mumbai.

In April, 2012, the Customer Insight & Innovation Centre (CIIC) was inaugurated at the Hindustan Unilever campus at Andheri, Mumbai

HUL completed 80 years of corporate existence in India on October 17th, 2013.

In 2013, HUL launched 'Prabhat' (Dawn) - a Unilever Sustainable Living Plan (USLP) linked program to engage with and contribute to the development of local communities around its manufacturing sites. Also, Unilever's first aerosol plant in Asia was inaugurated in Khamgaon, Maharashtra in 2013.

In 2014, The 'Winning in Many Indias' operating framework, piloted in 2013, launched nationally. Sales offices expanded from four to seven with the launch of offices in Lucknow, Indore and Bangalore in addition to the existing sales offices in Delhi, Kolkata, Mumbai and Chennai.

In 2016, HUL unveiled 'Suvidha' a first-of-its-kind urban water, hygiene and sanitation community centre in Azad Nagar, Ghatkopar, one of the largest slums in Mumbai.

A new state-of-the-art manufacturing facility was commissioned in Doom Dooma Industrial Estate, Assam on 11th March 2017.

In 2018, HUL signed an agreement with Vijaykant Dairy and Food Products Limited (VDFPL) and its group company to acquire its ice cream and frozen desserts business consisting of its flagship brand 'Adityaa Milk' and front end distribution network across geographies.

NATURE OF THE ORGANISATION

Hindustan Unilever Limited (HUL) is the Indian subsidiary of Unilever which is a British-Dutch multinational company. It is headquartered in Mumbai, India. The Company's consumer goods business comprises of home and personal care, foods and refreshments. Its segments are Home care, which includes detergent bars, detergent powders, detergent liquids, water business; Beauty & Personal Care, which includes products in the categories of oral care, skin care, hair care, deodorants, talcum powder, colour cosmetics and salon services; Foods & Refreshment, which includes staples, culinary products, tea, coffee and frozen desserts, and Others, which includes exports and infant care products. The Company also provides health food drinks such as Horlicks, water purifiers Boost, Maltova and Viva.

Some of its brands include Kwality Wall's ice cream, Lifebuoy, Lux, Breeze, Liril, Rexona, Hamam, Moti soaps, Pureit Water Purifier, Lipton tea, Brooke Bond tea, Bru Coffee, Pepsodent and Close Up toothpaste and brushes, and Surf, Rin and Wheel laundry detergents, Kissan squashes and jams, Annapurna salt and atta, Pond's talcs and creams, Vaseline lotions, Fair & Lovely creams, Lakme beauty products, Clinic Plus, Clinic All Clear, Sunsilk and Dove shampoos, Vim dish wash, Ala bleach and Domexdisinfectant, Rexona, Modern Bread and Axe deospray. HUL has produced many business leaders for corporate India. It is referred to as a 'CEO Factory' in the Indian press for the same reasons. Its leadership building potential was recognized when it was ranked 4th in the HewittGlobal Leadership Survey 2007 with only GE, P&G and Nokia ranking ahead of HUL in the ability to produce leaders with such regularity.

Today, HUL is one of India's largest exporters of branded Fast Moving Consumer Goods. It has been recognized by the Government of India as a Golden Super Star Trading House.

Vision

Our vision is to grow our business, while decoupling our environmental footprint from our growth and increasing our positive social impact.

The four pillars of our vision set out the long term direction for the company

- We work to create a better future every day
- We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.
- We will inspire people to take small everyday actions that can add up to a big difference for the world.
- We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

MISSION

- Unilever's mission is to add Vitality to life We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.
- The main aim of the company is to make a billion of Indians feel safe and secure



QUALITY POLICY

Meeting quality expectations of our consumers into our products is a priority for us.

Our Commitment

To win consumers' confidence and loyalty, we need to consistently deliver branded products of excellent quality. We understand the different needs of our consumers and customers and strive to develop and deliver superior brands to ensure that they're the preferred choice. And by applying consistently high standards, we're able to do things right first time, cut waste, reduce costs and drive profitability.

Quality Policy describes the principles that everyone in Unilever follows, wherever they are in the world, to ensure that we are recognised and trusted for our integrity, the quality of our brands and products, and the high standards we set.

Principles of the Quality Policy

1. Putting the safety of our products and our consumers first

HUL have stringent mandatory quality standards in place against which compliance is verified through regular audits and self assessments. These standards ensure we design, manufacture and supply products that are safe, of excellent quality, and conform to the relevant industry and regulatory standards in the countries in which we operate. Comprehensive management procedures are in place to mitigate risks and to protect consumers and markets.

2. Putting consumers and customers at the heart of our business

HUL actively engage our consumers and customers, translating their needs and requirements into our products and services, thus creating consumer value wherever HUL position our products. This is at the very heart of our innovation process.

3. Quality is a shared responsibility

Quality and consumer safety is the responsibility of every Unilever employee and Unilever demonstrates visible and consistent leadership to meet this policy. The drive for quality, in all that we do, is a passion reflected in our brand development, manufacturing and customer service processes and is also expected of our business partners. HUL partner with stakeholders

to provide leadership, promote transparency and share best practice. And we've forged effective working relationships with suppliers and contract manufacturers.

4. Building and maintaining excellent systems and processes

HUL proactively and continuously developing our systems and processes to ensure quality and safety throughout the whole value chain, and we're setting a benchmark for the business. We provide appropriate training and resources, and will ensure that we deliver our quality objectives and targets. We regularly measure and improve our performance using both internal and external measures.

HUL actively promote their Quality Policy and have a quality assurance organisation in place to ensure consistency and visibility of quality standards, processes and performance indicators across all Unilever businesses at all levels, and to anticipate and develop future quality capability requirements.

WORK FLOW MODEL

The company have remarkably worked upon to make the supply chain from manufacturers to retailers simple with very few number of mediators and jobbers. It has helped them to maintain the transparency in the cycle and also have let them established a prompt delivery process. The products are manufactured in the factories all across India and then is supplied from there to the various Carriage and Forwarding (C&F) units which are 5-10 per state depending on the area they have to cover and are established by the company. These C&F units then supply the products to the various Wholesalers confined to their area only and according to the wholesalers demand. The wholesalers then supply the products to the semi-wholesalers and the retailers as per the volume of their order. Then the semi-wholesalers deliver the products to the retailers and customers.

STAGE 1

In this stage the products reach to the Carriage and Forwarding unit from various manufacturing units established all across India. The volume of the delivery depends upon the quantity required/ordered by the C&F unit. The depot sends the request of the volume of the products to the Head Office, which then order the various factories to supply the products to

the mentioned depot. The supply is met within a week. HUL has 45 C&F's with 7000 stockists and 2000+ suppliers and associates to target the market.

STAGE 2

The C&F then supplies the products according to the demand of various wholesalers. Each of the depot cover a region assigned to them.

Each C&F acquires 5-7 trucks and hire 4-5 more trucks to supply products everyday.

They work on the concept of advance payment by DD by the wholesalers and deposit them in the bank which is transferred to the head office.

Product/Service Profile

HUL is the market leader in Indian consumer products with presence in over 20 consumer categories such as soaps, tea, detergents and shampoos amongst others with over 700 million Indian consumers using its products. Sixteen of HUL's brands featured in the ACNielsen Brand Equity list of 100 Most Trusted Brands Annual Survey (2014), carried out by Brand Equity, a supplement of The Economic Times.

Food Brand

- Annapurna salt and Atta (formerly known as Kissan Annapurna)
- Bru coffee
- Brooke Bond (3 Roses, Taj Mahal, Taaza, Red Label) tea
- Kissan squashes, ketchups, juices and jams
- Lipton ice tea
- Knorr soups & meal makers and soupy noodles
- Kwaliti Wall's frozen dessert
- Magnum (ice cream)
- Horlicks (Health Drink)

Home Care Brands

- Active Wheel detergent
- Cif Cream Cleaner
- Comfort fabric softeners
- Domex disinfectant/toilet cleaner
- Rin detergents and bleach
- Sunlight detergent and colour care
- Surf Excel detergent and gentle wash
- Vim dishwash
- Magic – Water Saver
- Love & Care fabric gentle wash

Personal Care brands

- Aviance Beauty Solutions
- Axe deodorant and aftershave lotion and soap
- LEVER Ayush Therapy ayurvedic health care and personal care products
- International breeze
- Brylcreem hair cream and hair gel
- Clear anti-dandruff hair products
- Clinic Plus shampoo and oil
- Close Up toothpaste
- Dove skin cleansing & hair care range: bar, lotions, creams and anti-perspirant deodorants
- Denim shaving products
- Glow and Lovely, skin lightening cream
- Hamam
- Indulekha ayurvedic hair oil
- Lakmé beauty products and salons
- Lifebuoy soaps and handwash range
- Liril 2000 soap
- Lux soap, body wash and deodorant

- Pears soap, body wash
- Pepsodent toothpaste
- Pond's talcs and creams
- Rexona
- Sunsilk shampoo
- Sure anti-perspirant
- Vaseline petroleum jelly, skin care lotions
- TRESemmé
- TIGI

Water purifier brand

- The Pure it Water Purifier



Ownership Pattern

1.1 Share Holding Pattern in (%)

Standalone	June 2020	April 2020	March 2020	December 2019
Promoters	61.9	61.9	67.18	67.18
Pledged	0	0	0	0
FII/FPI	14.81	12.04	12.1	12.32
Total DII	11.97	15.03	9.76	9.43
Fin.Insts	0.42	0.4	0.37	0.36
Insurance Co	3.36	3.28	3.39	3.71
MF	4.37	2.58	2.87	2.58
Others DIIs	3.82	8.77	3.13	2.78
Others	11.33	11.02	10.97	11.07
Total	100.01	99.99	100.01	100

Achievements/Awards

1930

- 1888, less than four years after William Hesketh Lever launched Sunlight Soap in England, his newly-founded company, Lever Brothers, started exporting the revolutionary laundry soap to India. By the time the company merged with the Netherlands-based Margarine Unie in 1930 to form Unilever, it had already carved a niche for itself in the Indian market. Coincidentally, Margarine Unie also had a strong presence in India, to which it exported Vanaspati (hydrogenated edible fat).

1933

- Incorporated on 17th October, under the name of a Lever Brothers (India) Pvt., Ltd. (LBIL) was the wholly owned subsidiary of Unilever Ltd. London, UK.
- 1933 Lever Brothers India Limited (LBIL) incorporated in India to manufacture Soaps.

1956

- On 27th October, the Company was converted into a Public Ltd. Co.
- On 1st November, Hindustan Vanaspati Mfg. Co. Pvt. Ltd., William Gossage & Sons (India) Pvt. Ltd. and Joseph Crosfield & Sons Unilever Ltd. were amalgamated with LBIL and the name was changed to Hindustan Lever Ltd. From 23rd October onwards activities of subsidiary Co. were taken over by its holding Co.
- On 17th November Unilever Ltd. Offered to the public 557,000 No. of equity shares of Rs.10 each.

1976

- The company had set up plants at Taloja in Maharashtra for the manufacture of ossein and di- calcium phosphate. In August these plants were commissioned.

1993

- Tata Oil Mills Co. Ltd. (TOMCO) was merged with Hindustan Lever Ltd with effect from 1st April. As per the scheme of amalgamation, shareholders of TOMCO were allotted without Payment in cash 2 equity shares of Rs.10 each of HL for 15 equity shares of Rs.10 each held in TOMCO. After the amalgamation Unilever PLC London were allotted on a preferential basis 29,84,347 equity shares of Rs.10 each at a premium of Rs.95 per share for maintain their share holding at 51% in the Co.
- The Company entered into joint venture agreement with Lakme Lever Ltd. to undertake the manufacturing and distribution of color cosmetics and other personal care products.
- The Company received the **President's Award** for Outstanding performance in Agri Commodities for the year 1994-95.

1995

- HUL and Indian cosmetics major, Lakme Ltd, form 50:50 joint venture, Lakme Lever Ltd. HUL acquires Kwality and Milk food 100% brand names and distribution assets. - HUL and US-based
- S.C. Johnson & Son Inc. form 50:50 joint venture, Lever Johnson (Consumer Products) Pvt. Ltd.. HUL Soaps and Detergent sales cross one million tones.

1996

- The Company entered into joint venture S C Johnson & Son USA. The Joint Venture named Lever Johnson Consumer products Pvt. Ltd.

1998

- HUL has signed a memorandum of understanding with Tata Housing Development Company for developing some of its properties into residential and commercial complexes.
- HUL has a world-class information technology infrastructure to enable the businesses to respond faster and perform better.

- Hindustan Lever Limited's Bangalore factory has received **National Productivity Award** for the fourth year in a row from National Productivity Council. The factor has also received **ISO 9002 certification**.

1999

- Hindustan Lever Ltd (HUL), has joined hands with the Institute for Social and Economic Change (Isec) for a rural development programme in Karnataka.
- Hindustan lever Ltd, has decided to merge its subsidiary Industrial Perfumes Ltd with the company. The merger would be effective from January 1.

2000

- The Company will be the largest e-tailer in the next two years.
- The Company has launched a new brand of toopaste -- Aim.
- The Company launched the International Lux Skincare range, "Sunscreen Formula".
- The Company has launched a cooking medium New Dalda Active.
- Hindustan Lever Ltd's Pepsodent toothpaste has introduced games at McDonald's outlets.
- The Company has launched the new Nutririch Fair & Lovely fairness reviving lotion.

2001

- HUL has over 36,000 employees, and has created 2 lakh indirect jobs. Its operations are spread across 70 locations in India. There are over 50 factories, of which 28 are in backward areas. The operations involve 2000 suppliers and associates and 7000 stockiest and agents. HUL has emerged as a major Exporter.
- In October 2000 HUL acting in concert with Unilever made an open tender offer for the remaining 24.62% of the IBL equity at price Rs 173.00 per share.

2003

- Ties up with Pepsi for distribution, signs a memorandum of understanding with Pepsi, to leverage each other's strengths in distribution. The agreement provides Pepsi access to the HUL's institutional accounts.

- HUL extended its Knorr Annapurna range into soup powders at Rs 5. Sporting flavours such as Tomato Tease, Spicy Vegetable, Chicken Punch and Peppery Chicken

2004

- Hindustan Unilever launches 'Perfect Radiance', range of 12 premium skincare products under brand name Fair & Lovely on May 26, 2004
- HUL enters into kids' personal care market
- Unilever, the parent company of Hindustan Lever and one of the world's largest consumer products companies, has set up a global sourcing arm, that will have a large presence in India to buy products and raw materials from low-cost locations for its subsidiaries across the world

2005

- HUL introduce iced tea in glass bottles
- HUL rolls out Brooke Bond brand variation
- Mcleod Russel & HUL signs MoU

2007

- Hindustan Unilever Ltd. has appointed Mr. Ashok K. Gupta as "Officer who is in default" for the purposes of Compliance with section 5(f) of the Companies Act, 1956.
- Hindustan Unilever was rated as the most respected company in India for the past 25 years by Business world, one of India's leading business magazines. The rating was based on a compilation of the magazine's annual survey of India's most reputed companies over the past 25 years.

HUL is one of the country's largest exporters; it has been recognised as a Golden Super Star Trading House by the Government of India.

HUL won three awards at the 'CNBC Avaaz Storyboard Consumer Awards' in 2011 Most Recommended FMCG Company of the Year; Most Consumer Conscious Company of the Year and Digital Marketer of the Year.

Future Growth Prospects

Future projects of HUL: As competition is increasing day by day, it's difficult to maintain the leader position & to further strengthen the distribution network HUL made a project called project **SHAKTI** which will serve the following purpose:

A) To Reach:

- Small, scattered settlements and poor infrastructure make distribution difficult.
- Over 500,000 villages not reached directly by HUL.

B) To Communicate:

- Low literacy hampers effectiveness of print media.
- Poor media-reach: 500 million Indians lack TV& radio.

C) To Influence:

- Low category penetration, consumption.

D) Awareness:

- Per capita consumption in Unilever categories is 33% of urban level.



SHAKTI - CHANGING LIVES IN RURAL INDIA



Shakti is HUL's rural initiative, which targets small villages with population of less than 2000 people or less. It seeks to empower underprivileged rural women by providing income-generating opportunities, health and hygiene education through the Shakti Vani programme, and creating access to relevant information through the Shakti community portal.

In general, rural women in India are underprivileged and need a sustainable source of income. NGOs, governmental bodies and other institutions have been working to improve the status of rural women. Shakti is a pioneering effort in creating livelihoods for rural women, organized in Self-Help Groups (SHGs), and improving living standards in rural India. Shakti provides critically needed additional income to these women and their families, by equipping and training them to become an extended arm of the company's operation.

Started in 2001, Shakti has already been extended to about 80,000 villages in 15 states Andhra Pradesh, Karnataka, Tamilnadu, Maharashtra, Gujarat, Madhya Pradesh, Chattisgarh, Uttar Pradesh, Rajasthan, Punjab, Haryana, West Bengal, Orissa, Bihar & Jharkhand. The respective state governments and several NGOs are actively involved in the initiative.

HUL's vision for Shakti is to scale it up across the country, covering 100,000 villages and touching the lives of 100 million rural consumers by 2005.

Shakti Vani is a social communication programme. Women, trained in health and hygiene issues, address village communities through meetings at schools, village *baithaks*, SHG meetings and other social fora. In 204, Shakti Vani has covered 10,000 villages in Madhya Pradesh, Chattisgarh and Karnataka. The vision is to cover 80,000 villages in 2005.

CHAPTER:3

MCKINSEY'S SEVEN FRAMEWORK of Hindustan Unilever



Most of us grew up learning about 'the 4Ps' of the marketing mix: product, price, place, promotion. And this model still works when the focus is on product marketing. However most developed economies have moved on, with an ever-increasing focus on service businesses, and therefore service marketing. To better represent the challenges of service marketing, McKinsey developed a new framework for analyzing and improving organizational effectiveness, the 7S model:

STRATEGY:

The strategy of HUL has been to introduce new and innovative products at competitive price in the market which gives value for money. This is the prime reason that the company emphasizes a lot on research and development. This is why it has been termed as the most reputed FMCG brand in the country.

STRUCTURE:

The basic organization of the company, its departments, reporting lines, areas of expertise, and responsibility (and how they inter-relate).

Hindustan Unilever Limited is India's largest Fast Moving Consumer Goods (FMCG) company. It is present in Home & Personal Care and Foods & Beverages categories. HUL and Group companies have about 21000 employees, including 200 managers.

The fundamental principle determining the organization structure is to infuse speed and flexibility in decision-making and implementation, with empowered managers across the company's nationwide operations.

BOARD :

The Board of Directors as repositories of the corporate powers act as a guardian to the Company as also the protectors of shareholder's interest.

MANAGEMENT COMMITTEE:

The day-to-day management of affairs of the Company is vested with the Management Committee which is subjected to the overall superintendence and control of the Board.

SYSTEMS:

Formal and informal procedures that govern everyday activity, covering everything from management information systems, through to the systems at the point of contact with the customer (retail systems, call centre systems, online systems, etc).

HUL has one of the best MIS systems in the country to coordinate day to day activities with its huge distribution network including depots, wholesalers and retailers as well. The company has come up with the new retailing structure of city stores, family and bazaar store that are supported by the Adonis software system

The 4Ss across the bottom of the model are less tangible, more cultural in nature, and were termed 'Soft Ss' by McKinsey:

SKILLS:

The capabilities and competencies that exist within the company. What it does best.

HUL excels in the following –

- The company has maintained an extensive network of distributors that enables it to reach millions of customers. No other manufacturer in the country has such extensive distribution channel
- HUL's factories ensures uninterrupted supply of FMCG for captive consumption
- HUL is distinguished by its global presence and its access to other global brands.

SHARED VALUES:

The values and beliefs of the company HUL believes in the following values-

- Equality of opportunity
- Conducting operations ethically
- Long term partnership with suppliers/ business associates
- Training for new skills development
- Promotion on merit
- HUL believes in being good corporate citizens

STYLE:

- The leadership approach of top management and the company's overall operating approach.
- Career development program in HUL takes in to consideration the following activities-
- Provides training to the employees and reorganized its front end sales force
- It has undertaken intensive training program for its employees and managers to ensure excellence in customer service. It has empowered its workforce by promoting the best performers and bringing in new managers with fresh ideas.

STAFF:

It will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

They are committed to safe and healthy working conditions for all employees. They will not use any form of forced, compulsory or child labour.

They are committed to working with employees to develop and enhance each individual's skills and capabilities.

They respect the dignity of the individual and the right of employees to freedom of association.

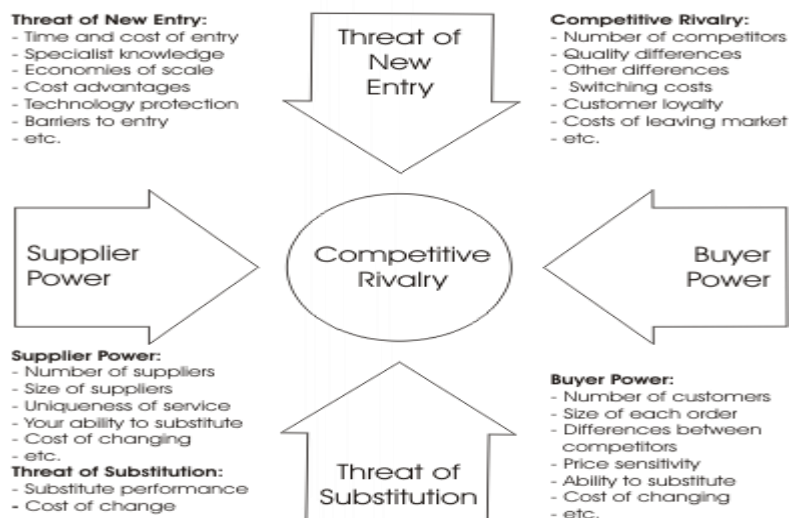
They will maintain good communications with employees through company based information and consultation procedures.

The company's people resources and how they are developed, trained, and motivated. Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company.

Porter's Five Force Model

The five forces concept is perhaps best explained through example. (Porter's work is nothing short of excellent, but it is a heavy read.) Let's briefly examine the household consumer-products industry by considering rival firms Clorox CLX, Kimberly-Clark KMB, Colgate-Palmolive CL, and Procter & Gamble PG in terms of Porter's five forces:

Porter's Five Forces



BUYER POWER:

Consumer-products companies face weak buyer power because customers are fragmented and have little influence on price or product. But if we consider the buyers of consumer products to be retailers rather than individuals, then these firms face very strong buyer power. Retailers like Wal-Mart WMT and Target TGT are able to negotiate for pricing with companies like HUL because they purchase and sell so much of HUL's products.

Verdict: Strong buyer power from retailers.

SUPPLIER POWER:

More than likely, consumer-products companies face some amount of supplier power simply because of the costs they incur when switching suppliers. On the other hand, suppliers that do a large amount of business with these companies--supplying HUL with raw materials for its

products, for instance--also are somewhat beholden to their customers, like HUL. Nevertheless, bargaining power for both the firms and their suppliers is probably limited.

Verdict: Limited supplier power.

THREAT OF NEW ENTRANTS:

Given the amount of capital investment needed to enter certain segments in household consumer products, such as manufacturing deodorants, we suspect the threat of new entrants is fairly low in the industry. In some segments within the household consumer- products industry, this may not be the case since a small manufacturer could develop a superior product, such as a detergent, and compete with HUL. The test is whether the small manufacturer can get its products on the shelves of the same retailers as its much larger rivals. Verdict: High threat of new entrants.

THREAT OF SUBSTITUTES:

Within the consumer-products industry, brands succeed in helping to build a competitive advantage, but even the pricing power of brands can be eroded with substitutes such as store-branded private-label offerings. In fact, some of these same store-brand private-label products are manufactured by the large consumer-products firms. The firms believe that if they can manufacture and package a lower-price alternative themselves, they would rather accept the marginal revenue from their lower-priced items than risk completely losing the sale to a private-label competitor.

Verdict: High threat of substitutes.

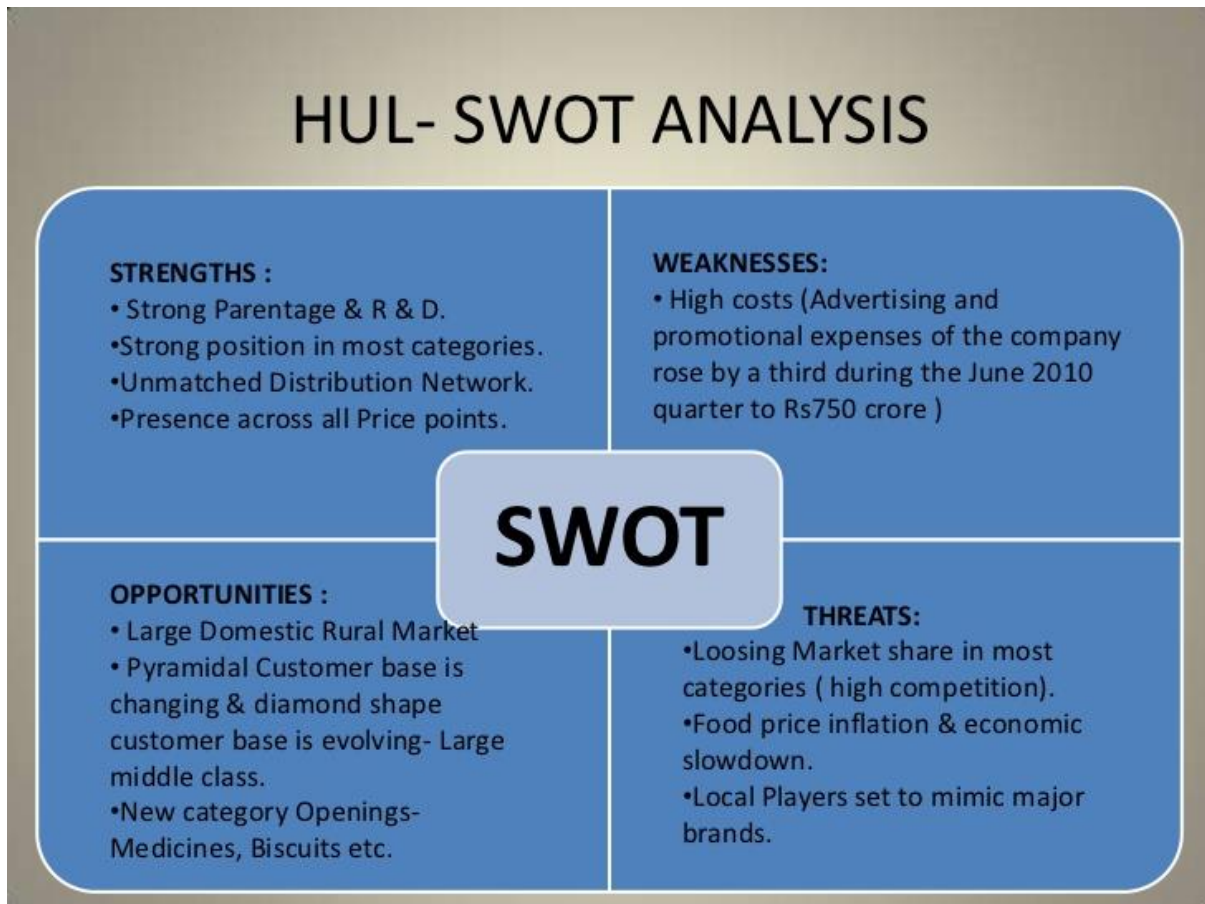
DEGREE OF RIVALRY:

Consumers in this category enjoy a multitude of choices for everything from cleaning products to bath washes. While many consumers prefer certain brands, switching costs in this industry are quite low. It does not cost anything for a consumer to buy one brand of shampoo instead of another. This, along with a variety of other factors, including the forces we've already examined, makes the industry quite competitive.

Verdict: High degree of rivalry.

CHAPTER:4

SWOT Analysis



Strengths

1) Brand visibility: From soap to mineral water, HUL is shaping the life of 1.3 billion people daily. Being in consumer goods market with its 20 consumer categories such as soap, tea, detergents, shampoo etc. & each having large assortments, helped HUL in occupying the large shelf space of Grocery /departmental stores which itself explains the acceptance/demand of their products in the market.

2) Market leader in consumer goods: According to Nielsen data 2 out of three Indian consumers use HUL products. HUL used selective targeting strategy to emerge as a market leader in the Indian market.

3) Innovative FMCG Company: Hindustan Unilever Research center (HURC), Mumbai & Unilever Research India, Bangalore, both research facilities were bought together in a single site in Bangalore in 2006. Employees in this facility continuously working & developing innovations in products & manufacturing processes which is helping the HUL to set it as front-runner in the consumer goods market.

4) Extensive & integrated distribution system: HUL's brands are now household name which is only possible due to its 4 tier distribution system namely

- Direct Coverage through common stockist within a town of population under 50000 people.
- Indirect coverage: Villages closer to larger urban markets have been targeted.
- Streamline: Leveraging the rural wholesale market to reach markets inaccessible by road.
- Project SHATKI AMMA: It targeted the very small villages (2000 population) & tapped into pre-existing women's SHG (self-help groups). Markets have been segmented based on their accessibility & business potential.

5) High Brand awareness: By signing popular celebrities for the advertisements of their products HUL has created positive word of mouth over the ages which helped them in social acceptance of their products intelligently targeted & meant for different income groups.

6) Product line: It offers product categories namely oral care, personal care, household surface, fabric care and pet nutrition etc. having deep assortments across the product categories.

7) Financial position: Having more than 80 years of experience in the consumer goods market & backed by Unilever who owns 67% controlling share in HUL, It is financially strong.

8) Market share: Through high penetration in the market, HUL had managed to hold their high market share in different product categories.

9) Share of Wallet: Whether one buys surf /wheel /Rin detergent it will go to HUL's pockets. HUL strategy to offer different products for different income groups (selective targeting) has been successful in having share of wallet of a consumer.

Weaknesses

- 1) **Decreasing Market share:** Competitors focusing on a particular product & eating up HUL's share, like Ghadi & Nirma detergent eating up HUL's wheel detergent market share.
- 2) **Large number of brands in different product categories:** Sometimes having broad brand portfolio can lead to confused positioning. Price positioning in some categories allows for low price competition like AMUL captured Kwality's market share.



Opportunities

- 1) **Expanding market:** By penetrating more in the rural markets through its project Shakti AMMA and transition of unorganized business to organized one will lead to further expansion of the consumer goods market.
- 2) **Awareness in usage rate of consumer goods:** People getting more aware and conscious about the usage may be through advertising /word of mouth /doctor prescription ,is resulting in increase in usage rate of the these products.
- 3) **Increasing Income levels:** Due to stable political scenario, improved literacy rate & controlled inflation, disposable income of the people is increasing thereby resulting into upsurge in demand & changing their lifestyle.

Threats

1) Competition in the market: With increasing number of local & national players it's becoming very hard for the companies to differentiate themselves from others. There is also threat from counterfeit products destroying its brand image in the market.

2) Price of commodities: Increasing price of commodities will result in further increase in the price. Further increase in price will result in decrease in sales, margins & brand switching.

3) Buyers power: With highly diversified consumer goods market where there are lots of brands claiming different sorts of benefits, it's very difficult for consumers to stick to a particular brand & hence results into brand switching where consumer got power to select a brand based on several factors like availability, reference group recommendation, preference & price.

CHAPTER:5

Analysis of financial statement

2.1 Annual Income statement of HINDUSTAN UNILEVER (in Rs. Cr.)

	MAR 2020	MAR 2019	MAR 2018	MAR 2017	MAR 2016
Sales	39,783	39,310	35,545	33,162	32,186
Other Income	632.00	550.00	384.00	369.00	423.00
Total Income	40,415	39,860	35,929	33,531	32,609
Total Expenditure	31,124	31,223	28,599	27,017	26,550
EBIT	9,291	8,637	7,330	6,514	6,059
Interest	118.00	33.00	26.00	35.00	17.00
Tax	2,409	2,544	2,079	1,977	1,875
Net Profit	6,764	6,060	5,225	4,502	4,167

2.2 BALANCE SHEET OF HINDUSTAN UNILEVER (in Rs. Cr.)

	MAR '20	MAR '19	MAR '18	MAR '17	MAR '16
	12 mths	12 mths	12 mths	12 mths	12 mths
SOURCES OF FUNDS					
Total Share Capital	216.00	216.00	216.00	216.00	216.00
Equity Share Capital	216.00	216.00	216.00	216.00	216.00
Reserves	7,815.00	7,443.00	6,859.00	6,274.00	6,063.00
NETWORTH	8,031.00	7,659.00	7,075.00	6,490.00	6,279.00
Secured Loans	0.00	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00	0.00
TOTAL DEBT	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	8,031.00	7,659.00	7,075.00	6,490.00	6,279.00
Gross Block	7,313.00	5,912.00	5,234.00	4,689.00	3,207.00
Less: Accum. Depreciation	2,257.00	1,569.00	1,092.00	665.00	293.00
NET BLOCK	5,056.00	4,343.00	4,142.00	4,024.00	2,914.00
Capital Work in Progress	513.00	373.00	430.00	203.00	386.00
INVESTMENTS	1,500.00	2,949.00	3,111.00	3,779.00	2,780.00

Inventories	2,636.00	2,422.00	2,359.00	2,362.00	2,528.00
Sundry Debtors	1,046.00	1,673.00	1,147.00	928.00	1,064.00
Cash and Bank Balance	5,017.00	3,688.00	3,373.00	1,671.00	2,759.00
Total Current Assets	8,699.00	7,783.00	6,879.00	4,961.00	6,351.00
Loans and Advances	3,834.00	2,417.00	2,587.00	1,784.00	1,489.00
Total CA, Loans & Advances	12,533.00	10,200.00	9,466.00	6,745.00	7,840.00
	0	0			
Current Liabilities	9,955.00	8,656.00	8,651.00	7,389.00	6,757.00
Provisions	1,616.00	1,550.00	1,423.00	872.00	884.00
Total CL & Provisions	11,571.00	10,206.00	10,074.00	8,261.00	7,641.00
	0	0	0		
NET CURRENT ASSETS	962.00	-6.00	-608.00	-	199.00
				1,516.00	
TOTAL ASSETS	8,031.00	7,659.00	7,075.00	6,490.00	6,279.00
Contingent Liabilities	2,809.00	2,009.00	1,699.00	1,241.00	1,158.00
Book Value (Rs)	37.10	35.38	32.69	29.99	29.02

2.3 PROFIT & LOSS ACCOUNT OF HINDUSTAN UNILEVER (in Rs. Cr.)

	MAR '20	MAR '19	MAR '18	MAR '17	MAR '16
	12 mths	12 mths	12 mths	12 mths	12 mths
INCOME					
Sales Turnover	38,785.00	38,224.00	35,218.00	34,487.00	33,491.00
Net Sales	38,785.00	38,224.00	34,525.00	31,890.00	31,061.00
Other Income	485.00	437.00	507.00	767.00	533.00
TOTAL INCOME	39,391.00	38,649.00	35,103.00	32,501.00	31,507.00
EXPENDITURE					
Raw Materials	17,914.00	17,948.00	16,303.00	15,529.00	15,218.00
Power & Fuel Cost	263.00	269.00	259.00	257.00	271.00
Employee Cost	1,691.00	1,747.00	1,745.00	1,620.00	1,573.00
Other Manufacturing Expenses	0.00	0.00	0.00	0.00	0.00
Miscellaneous Expenses	4,752.00	5,059.00	4,908.00	4,811.00	4,563.00
TOTAL EXPENSES	29,306.00	29,575.00	27,320.00	25,687.00	25,225.00
OPERATING PROFIT	9,600.00	8,637.00	7,276.00	6,047.00	5,749.00
PBDIT	10,085.00	9,074.00	7,783.00	6,814.00	6,282.00

PBDT	9,979.00	9,046.00	7,763.00	6,792.00	6,267.00
Depreciation	938.00	524.00	478.00	396.00	321.00
Profit Before Tax	9,041.00	8,522.00	7,285.00	6,396.00	5,946.00
PBT (Post Extra-ord Items)	9,041.00	8,522.00	7,285.00	6,396.00	5,946.00
Tax	2,354.00	2,486.00	2,048.00	1,906.00	1,809.00
REPORTED NET PROFIT	6,738.00	6,036.00	5,237.00	4,490.00	4,137.00
Total Value Addition	11,392.00	11,627.00	11,017.00	10,158.00	10,007.00
Equity Dividend	5,196.00	4,546.00	3,896.00	3,571.00	3,354.00
Corporate Dividend Tax	1,048.00	913.00	755.00	693.00	655.00
PER SHARE DATA (ANNUALISED)					
Shares in issue (lakhs)	21,647.04	21,647.04	21,645.29	21,643.50	21,639.37
EARNING PER SHARE (RS)	31.13	27.88	24.19	20.75	19.12
Equity Dividend (%)	3,450.00	2,200.00	2,000.00	1,700.00	1,600.00
Book Value (Rs)	37.10	35.38	32.69	29.99	29.02

2.4 CASH FLOW OF HINDUSTAN UNILEVER (in Rs. Cr.)

	MAR 20	MAR 19	MAR 18	MAR 17	MAR 16
	12 mths	12 mths	12 mths	12 mths	12 mths
NET PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS AND TAX	9,092.00	8,522.00	7,347.00	6,155.00	5,977.00
Net Cash Flow From Operating Activities	7,305.00	5,728.00	5,916.00	4,953.00	3,974.00
Net Cash Used In Investing Activities	1,926.00	-264.00	-1,264.00	-752.00	-51.00
Net Cash Used From Financing Activities	-6,676.00	-5,462.00	-4,651.00	-4,264.00	-4,008.00
NET INC/DEC IN CASH AND CASH EQUIVALENTS	2,555.00	2.00	1.00	-63.00	-85.00
Cash And Cash Equivalents Begin of Year	575.00	573.00	572.00	635.00	720.00
Cash And Cash Equivalents End Of Year	3,130.00	575.00	573.00	572.00	635.00

2.5 KEY FINANCIAL RATIOS OF HINDUSTAN UNILEVER (in Rs. Cr.)

	MAR 20	MAR 19	MAR 18	MAR 17	MAR 16
PER SHARE RATIOS					
Basic EPS (Rs.)	31.13	27.89	24.20	20.75	19.12
Diluted EPS (Rs.)	31.12	27.88	24.19	20.74	19.11
Cash EPS (Rs.)	35.54	30.37	26.46	22.62	20.64
Book Value [ExclRevalReserve]/Share (Rs.)	37.18	35.46	32.75	30.05	29.07
Book Value [InclRevalReserve]/Share (Rs.)	37.18	35.46	32.75	30.05	29.07
Dividend / Share(Rs.)	34.50	22.00	20.00	17.00	16.00
Revenue from Operations/Share (Rs.)	179.56	176.96	159.84	147.64	143.80
PBDIT/Share (Rs.)	47.84	43.06	36.32	30.43	29.23
PBIT/Share (Rs.)	43.50	40.63	34.11	28.60	27.74
PBT/Share (Rs.)	42.09	39.45	33.73	29.61	27.53
Net Profit/Share (Rs.)	31.19	27.94	24.25	20.79	19.15

PROFITABILITY RATIOS					
PBDIT Margin (%)	26.64	24.33	22.72	20.61	20.32
PBIT Margin (%)	24.22	22.96	21.33	19.36	19.29
PBT Margin (%)	23.44	22.29	21.10	20.05	19.14
Net Profit Margin (%)	17.37	15.79	15.16	14.07	13.31
Return on Networth / Equity (%)	83.89	78.80	74.02	69.18	65.88
Return on Capital Employed (%)	89.49	92.27	86.53	81.82	56.92
Return on Assets (%)	34.37	33.78	30.53	30.43	29.71
Total Debt/Equity (X)	0.00	0.00	0.00	0.00	0.00
Asset Turnover Ratio (%)	197.86	213.96	201.32	216.18	223.13
LIQUIDITY RATIOS					
Current Ratio (X)	1.31	1.36	1.29	1.30	1.43
Quick Ratio (X)	1.02	1.07	1.02	0.97	1.05
Inventory Turnover Ratio (X)	14.71	15.78	14.64	13.50	12.29

Dividend Payout Ratio (NP) (%)	77.11	75.31	74.39	79.53	81.07
Dividend Pay-out Ratio (CP) (%)	67.69	69.29	68.17	73.08	75.23
Earnings Retention Ratio (%)	22.89	24.69	25.61	20.47	18.93
Cash Earnings Retention Ratio (%)	32.31	30.71	31.83	26.92	24.77
VALUATION RATIOS					
Enterprise Value (Cr.)	491,383.40	365,196.80	285,181.40	194,835.00	185,053.00
EV/Net Operating Revenue (X)	12.67	9.55	8.26	6.11	5.96
EV/EBITDA (X)	47.55	39.26	36.35	29.64	29.31
MarketCap/Net Operating Revenue (X)	12.80	9.65	8.36	6.16	6.05
Retention Ratios (%)	22.88	24.68	25.60	20.46	18.92
Price/BV (X)	61.81	48.16	40.79	30.28	29.91
Price/Net Operating Revenue	12.80	9.65	8.36	6.16	6.05
Earnings Yield	0.01	0.02	0.02	0.02	0.02

CHAPTER:6

Learning Experience

After writing the report I came to know about the Working and operations of the company. And got to know that how HUL became India's largest Fast moving consumer goods and also the largest exporter of FMCG in the world. I got to know about the diversified products in the company and the strategies to promote their products. Also got an idea about their vision, mission and their quality policy. And also understood that being so large and so extensive in brands it has allocated equal importance to each product and services.

Highlighting my learnings:

- Vision Mission
- Products produced
- Strength and weakness

Bibliography:

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<http://www.wikipedia.org>

www.moneycontrol.com

WEEKLY PROGRESS REPORT

Student Name	Ashik Jain A S
USN	1CR19MBA10
Title of the Study	Organization study on Hindustan Unilever Ltd.
Organization	Hindustan Unilever Ltd.
WEEK-1	
Duration (start date - End date)	6.8.2020 - 12.8.2020
Chapter s covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and company profile
WEEK-2	
Duration (start date - End date)	13.8.2020 - 18.8.2020
Chapter s covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S framework, Porter's Five Force Model.
WEEK-3	
Duration (start date - End date)	19.8.2020 - 26.8.2020
Chapter s covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
WEEK-4	
Duration (start date - End date)	27.8.2020 - 30.8.2020
Chapter s covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography

Signature of the Student

Signature of the Guide