

## Hindustan Unilever

Hindustan Unilever Limited (HUL) is engaged in fast-moving consumer goods business comprising home and personal care, foods and refreshments. HUL will be focusing on improving its direct coverage reach.

HUL has been steady in its growth, both on top-line and bottom-line front. In the latest quarter, 2QFY19 also it generated net sales which was 11.5% higher yoy. This was aided by spurt in volumes witnessed across all its segments. Simultaneous to the sales growth, EBITDA and Pat margins also improved, which was further supported by the slow movement in expenses. The company has a debt-free balance sheet and generated operating cash flow of ₹6,064cr as of FY2018 from ₹5,185cr in FY17. We believe that the company generates sufficient cash flows to cover for R&D and technology up-gradation related expenses. Further, pricing growth and cost control will drive margin expansion going forward. The management of HUL is: currently targeting consumers by the use of digital mapping, reduction in delivery time to retailers from 40 hours to 18 hours under project Shogun and product development to fit the WIMI (winning in many Indias) strategy which can help the company to boost its sales growth. HUL continues to reflect the company's market leadership across segments with strong brand presence and high operating efficiency which will demonstrate healthy revenue growth in the medium to long term. The Company is virtually debt free and has a good return on equity (ROE) of 76% for the last 3 years. The company has been maintaining a healthy dividend payout of 75%-80% (Div yield: 1.2%).

**Hence Buy.**

### BUY

CMP ₹1,731

#### Stock Info

Sector	FMCG
Market Cap (₹ cr)	3,74,657
Beta	1.0
52 Week High / Low	1870/1281
Avg. Daily Volume	95,820
Face Value (₹)	1
BSE Sensex	35,717
Nifty	10,729
Reuters Code	HLL.BO
Bloomberg Code	HUVR IN

#### Shareholding Pattern (%)

Promoters	67.2
MF / Banks / Indian Fls	7.4
FII / NRIs / OCBs	12.0
Indian Public / Others	13.4

Abs. (%)	3m	1yr	3yr
Sensex	(8.2)	6.2	36.7
HUL	(2.3)	36.5	111.7

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### Disclosure of Interest Statement

	Hindustan Unilever
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)