

3 May 2026

Hindustan Unilever (HUL)

Strong show, sustained volume recovery holds key amid rising cost; BUY

With ~6% y/y volume growth (best in 12 quarters and ahead of street estimate of 4-5%), HUL validated the volume-recovery trend in the industry, supported by GST rate cut and measures pivoted by its new CEO Priya Nair. It reiterated its focus on competitive volume-led growth through sharper consumer segmentation, premiumisation, brand modernisation and acceleration in digital and quick commerce. Notwithstanding recent input cost pressure due to West Asia conflict, the management maintained its mid-term EBITDA margin guidance band of 22.5-23.5% and re-iterated that the company's FY27 performance will be better than FY26. While we have reduced our FY27/28e estimates by 4-7% to factor in demerger of ice-cream business and impact of recent input cost pressure, we remain optimistic of sustained demand recovery in the coming quarter, aided by HUL's diversified portfolio and brand investment towards new-age and digital commerce. We maintain BUY rating on HUL with a revised 12-mth TP of Rs2,700 (from Rs2,910 earlier), valuing the stock at 50x FY28e EPS (vs. 53x Sep-27e EPS earlier).

Demand Recovery and GST Rate Cuts Aided 6% Quarterly Volume Growth:

Homecare volume grew in high-single digit; Beauty & Wellbeing (B&W) volume stood flat. Personal Care volume fell by low-single digit, while Food & Refreshments (F&R) posted a mid-single digit volume growth. Homecare revenue grew 9% y/y (marking its highest growth in 11 quarters), with the segmental EBIT margin increased by 20bps y/y. B&W revenue grew 8% y/y, while the segmental EBIT margin declining by 90bps y/y. Personal Care revenue rose 5% y/y, while the segmental margin rose by 3bps y/y. F&R revenue declined by 8.5% y/y, while the segmental margin rose by 400bps y/y. We build in an ~8% revenue CAGR over FY26-28e, aided by balance mix of volume recovery and pricing growth.

EBITDA Margin Remains Stable Despite Higher Input Cost: EBITDA margin expanded by 20bps to 23.7%, despite 120bp y/y compression in gross margin on higher input prices. Staff cost declined by 30bps y/y, while other expenses and brand spending declined 50bps each, offsetting gross margin contraction. With material cost inflation running at 8-10%, the management has undertaken calibrated price hike of 2-5% but maintained its mid-term margin guidance of 22.5-23.5%. We build in a 40bps EBITDA-margin gain over FY26-28e, driven by premiumisation, operating leverage and cost-saving initiatives.

Concall Takeaways: Elasticity in staples categories (detergents, soaps, shampoos and tea) is inherently low vs. discretionary segments, providing a natural buffer against price-driven demand erosion. Thus, Management was confident on demand recovery sustaining and margins guidance being maintained, despite west Asia conflict led cost inflation.

Outlook and Valuations: At CMP, the stock trades at 49/46/42x FY26e/27e/28e EPS of Rs46.3/49/53.8. We maintain BUY rating on HUL with a revised 12-mth TP of Rs2,700 (from Rs2,910 earlier), valuing it at 50x FY28e EPS (vs. 53x Sep-27e EPS earlier). **Key Risks:** (a) Failure of brand launches; (b) unwarranted or overpriced bolt-on acquisitions; (c) stringent regulations in nutrition-based healthcare; (d) sharp rise in input cost; and (e) price-based competition leading to loss of market share to new/smaller manufacturers.

Rating: **BUY**

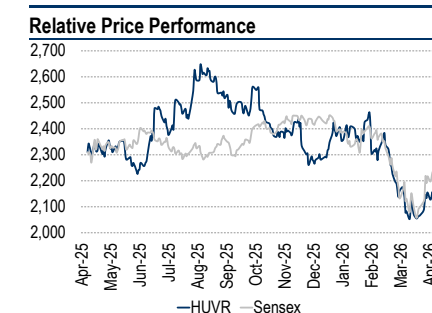
Target Price (12-mth): Rs.2,700

Share Price: Rs.2,251

Key Data	HUVR IN / HLL.BO
52-week high / low	Rs2705 / 2023
Sensex / Nifty	76914 / 23998
Market cap	Rs5614bn
Shares outstanding	2350m

Shareholding Pattern (%)	Mar'26	Dec'25	Sep'25
Promoters	61.9	61.9	61.9
- of which, Pledged			
Free Float	38.0	38.0	38.0
- Foreign Institutions	10.1	10.7	10.8
- Domestic Institutions	16.3	15.7	15.6
- Public	11.6	11.6	11.6

Estimates Revision (%)	FY27e	FY28e
Sales	(3.7)	(3.7)
EBITDA	(6.1)	(5.8)
PAT	(6.1)	(6.6)



Source: Bloomberg

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Quick Glance – Financials and Valuations

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net revenues	6,18,960	6,31,210	6,44,680	6,97,473	7,51,515
Growth (%)	2	2	2	8	8
Direct costs	2,97,600	3,05,780	3,14,514	3,41,615	3,64,939
Gross profit	3,21,360	3,25,430	3,30,166	3,55,859	3,86,576
Gross margins (%)	51.9	51.6	51.2	51.0	51.4
Other expenses	1,74,730	1,76,920	1,79,624	1,93,129	2,07,988
EBITDA	1,46,630	1,48,510	1,50,542	1,62,729	1,78,589
EBITDA margins (%)	23.7	23.5	23.4	23.3	23.8
- Depreciation	12,160	13,550	13,332	14,160	14,834
Other income	8,110	10,170	7,510	8,150	8,620
Interest expenses	3,340	3,950	4,100	3,720	3,350
PBT	1,39,240	1,41,180	1,40,620	1,52,999	1,69,025
Effective tax rates (%)	26.2	26.5	22.5	24.5	25.0
+ Associates / (Minorities)	50	220	150	250	300
Net income	1,02,750	1,03,520	1,08,869	1,15,264	1,26,468
WANS	2,350	2,350	2,350	2,350	2,350
FDEPS (Rs)	43.7	44.1	46.3	49.0	53.8

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
PBT	1,39,260	1,44,150	1,40,620	1,52,999	1,69,025
+ Non-cash items	-6,110	-5,270	-9,922	-9,730	-9,564
Oper. prof. before WC	1,45,370	1,49,420	1,50,542	1,62,729	1,78,589
- Incr. / (decr.) in WC	13,130	-7,880	-30,003	8,444	7,269
Others incl. taxes	3,810	22,680	31,601	37,485	42,256
Operating cash-flow	1,54,690	1,18,860	88,938	1,33,689	1,43,602
- Capex (tang. + intang.)	-14,570	-6,670	-39,910	-15,500	-18,000
Free cash-flow	1,40,120	1,12,190	49,028	1,18,189	1,25,602
Acquisitions					
- Div. (incl. buyback & taxes)	94,160	1,24,730	1,01,050	1,08,100	1,17,500
+ Equity raised	-	-	-	-	-
+ Debt raised	-850	-	-	-	-
- Fin investments	42,920	-63,050	-	-	-
- Misc. (CFI + CFF)	1,080	-2,070	3,949	-4,594	-5,456
Net cash-flow	1,110	52,580	-55,971	14,682	13,557

Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 2 – Balance Sheet (Rs m)

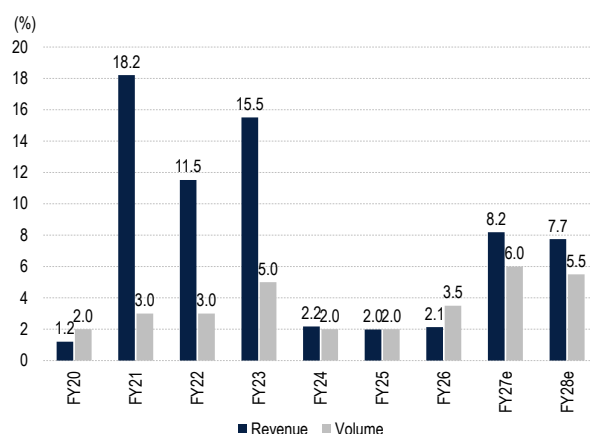
Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Share capital	2,350	2,350	2,350	2,350	2,350
Net worth	5,12,180	4,94,020	4,99,610	5,06,938	5,16,092
Debt	130	10	10	10	10
Minority interest	2,050	2,070	2,220	2,470	2,770
TL / (Assets)	65,470	66,680	61,550	61,550	61,550
Lease liabilities	-	-	-	-	-
Capital employed	5,79,830	5,62,780	5,63,390	5,70,968	5,80,422
Net tangible assets	84,550	90,460	1,22,128	1,22,968	1,25,634
Net intangible assets	2,78,230	2,78,230	2,78,230	2,78,230	2,78,230
Goodwill	1,74,660	1,74,660	1,74,660	1,74,660	1,74,660
CWIP (tang. & intang.)	10,250	10,090	5,000	5,500	6,000
Investments (strategic)	-1,340	-2,390	-2,390	-2,390	-2,390
Investments (financial)	47,590	40,490	40,490	40,490	40,490
Current assets (ex.cash)	1,15,360	1,31,550	1,34,225	1,44,731	1,53,824
Cash	75,590	75,540	19,569	34,251	47,808
Current liabilities	2,05,060	2,35,850	2,08,522	2,27,472	2,43,835
Working capital	-89,700	-1,04,300	-74,297	-82,741	-90,010
Capital deployed	5,79,830	5,62,780	5,63,390	5,70,968	5,80,422

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
P/E (x)	51.5	51.1	48.6	45.9	41.8
EV / EBITDA (x)	35.2	34.8	34.7	32.0	29.1
EV / Sales (x)	8.3	8.2	8.1	7.5	6.9
P/B (x)	10.3	10.7	10.6	10.4	10.2
RoE (%)	20.1	21.0	21.8	22.7	24.5
RoCE (%) - after tax	18.3	18.7	19.9	20.9	22.5
RoIC (%) - after tax	22.2	23.6	23.6	23.7	26.2
DPS (Rs)	42.0	53.0	43.0	46.0	50.0
Dividend yield (%)	1.9	2.4	1.9	2.0	2.2
Dividend payout (%) - incl. DDT	96.1	120.3	92.8	93.8	92.9
Net debt / equity (x)	-0.1	-0.2	-0.0	-0.1	-0.1
Receivables (days)	17.7	22.1	21.8	21.1	20.5
Inventory (days)	23.7	25.5	25.8	26.0	25.8
Payables (days)	73.8	80.7	80.5	80.7	80.0
CFO: PAT %	150.5	114.8	81.7	116.0	113.5

Source: Company, Anand Rathi Research

Fig 6 – Revenue Growth Trend



Source: Company

Result Highlights

Fig 7 – Quarterly Results

(Rs m)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Volume growth (%)	3	2	2	2	4	3	-	2	2	4	4	6
Net sales	1,51,480	1,52,760	1,51,880	1,48,570	1,53,390	1,55,080	1,51,460	1,47,340	1,59,310	1,52,630	1,58,050	1,57,330
y/y	6.1	3.6	-0.3	-0.2	1.3	1.5	-0.3	-0.8	3.9	-1.6	4.4	6.8
Gross Profit	75,600	80,550	78,210	77,060	78,910	79,150	76,460	74,170	78,420	77,090	79,510	77,340
Gross margins (%)	49.9	52.7	51.5	51.9	51.4	51.0	50.5	50.3	49.2	50.5	50.3	49.2
Staff expenses	6,510	7,080	6,490	7,740	6,020	7,650	6,530	7,530	6,570	6,520	8,200	7,510
Advertising spends	14,810	17,200	15,930	15,860	16,440	14,640	14,450	13,670	15,560	14,980	13,840	13,740
Other expenses	19,070	19,330	20,390	19,110	20,390	20,390	19,840	18,310	20,710	19,400	21,070	18,840
EBITDA	35,210	36,940	35,400	34,350	36,060	36,470	35,640	34,660	35,580	36,190	36,400	37,250
y/y	8.4	9.4	0.1	-1.0	2.4	-1.3	0.7	0.9	-1.3	-0.8	2.1	7.5
EBITDA margins	23.2	24.2	23.3	23.1	23.5	23.5	23.5	23.5	22.3	23.7	23.0	23.7
PBT	34,020	36,360	34,620	32,640	34,800	35,520	34,890	34,090	33,710	34,530	34,780	36,100
y/y	9.8	13.0	-0.5	-2.4	2.3	-2.3	0.8	4.4	-3.1	-2.8	-0.3	5.9
PAT	25,090	27,220	25,490	24,230	25,860	26,280	24,990	25,380	28,590	25,560	25,580	27,140
y/y	9.0	3.0	-2.2	-2.0	3.1	-3.5	-2.0	4.7	10.6	-2.7	2.4	6.9

% to sales

Staff cost	4.3	4.6	4.3	5.2	3.9	4.9	4.3	5.1	4.1	4.3	5.2	4.8
Advertising Spends	9.8	11.3	10.5	10.7	10.7	9.4	9.5	9.3	9.8	9.8	8.8	8.7
Other expenses	12.6	12.7	13.4	12.9	13.3	13.1	13.1	12.4	13.0	12.7	13.3	12.0

Segment revenue

Home Care	54,250	53,120	54,480	57,150	56,750	57,370	57,420	58,180	57,830	56,670	58,900	63,490
y/y	10.0	3.3	-1.3	1.4	4.6	8.0	5.4	1.8	1.9	-1.2	2.6	9.1
Personal Care	24,980	25,350	23,150	20,630	23,860	24,120	22,460	21,240	25,410	24,260	23,710	22,290
y/y	-53.4	-54.4	-59.5	-60.2	-4.5	-4.9	-3.0	3.0	6.5	0.6	5.6	4.9
Beauty & Wellbeing	31,030	32,740	33,900	29,870	31,990	33,230	34,380	31,130	33,490	33,890	35,950	33,510
y/y					3.1	1.5	1.4	4.2	4.7	2.0	4.6	7.6
Food & Refreshment	37,970	38,510	37,330	39,110	38,500	38,030	34,830	38,960	40,160	35,470	36,890	35,660
y/y	4.7	2.6	0.9	3.1	1.4	-1.2	-6.7	-0.4	4.3	-6.7	5.9	-8.5
Others	3,250	3,040	3,020	1,810	2,290	2,330	2,370	2,630	2,420	2,340	2,600	2,380
y/y	-7.1	4.1	3.4	-33.7	-29.5	-23.4	-21.5	45.3	5.7	0.4	9.7	-9.5

Segment EBIT

Home Care	9,910	9,950	9,660	10,810	11,090	10,870	10,540	10,560	10,930	10,500	10,620	11,630
y/y	14.0	11.9	-9.0	2.4	11.9	9.2	9.1	-2.3	-1.4	-3.4	0.8	10.1
Personal Care	4,460	4,560	3,640	3,710	4,180	4,010	3,950	3,920	4,700	4,870	4,140	4,120
y/y	-68.4	-67.3	-74.7	-72.6	-6.3	-12.1	8.5	5.7	12.4	21.4	4.8	5.1
Beauty & Wellbeing	10,260	11,250	10,970	9,170	10,060	11,210	10,120	10,370	9,770	10,310	10,390	10,870
y/y					-1.9	-0.4	-7.7	13.1	-2.9	-8.0	2.7	4.8
Food & Refreshment	6,810	7,200	7,110	7,390	7,360	6,900	7,720	6,270	6,520	7,210	7,730	7,210
Y/Y	17.8	-3.2	7.6	8.8	8.1	-4.2	8.6	-15.2	-11.4	4.5	0.1	15.0
Others	1,200	1,290	1,200	380	390	430	460	410	420	420	530	320
y/y	-7.0	29.0	1.7	-68.6	-67.5	-66.7	-61.7	7.9	7.7	-2.3	15.2	-22.0

Segment EBIT margin (%)

Home Care	18.3	18.7	17.7	18.9	19.5	18.9	18.4	18.2	18.9	18.5	18.0	18.3
Personal Care	17.9	18.0	15.7	18.0	17.5	16.6	17.6	18.5	18.5	20.1	17.5	18.5
Beauty & Wellbeing	33.1	34.4	32.4	30.7	31.4	33.7	29.4	33.3	29.2	30.4	28.9	32.4
Food & Refreshment	17.9	18.7	19.0	18.9	19.1	18.1	22.2	16.1	16.2	20.3	21.0	20.2
Others	36.9	42.4	39.7	21.0	17.0	18.5	19.4	15.6	17.4	17.9	20.4	13.4

Source: Company * Note: Beauty & Personal care segment has been reclassified into Personal care and B&W segment from Q1 FY25.

Earnings Concall – Key Takeaways

Demand Trend

- Demand remained broadly stable throughout the year, aided by lower headline inflation and favourable macro backdrop.
- Demand is growing at roughly equal rates in both rural and urban markets, while the overall consumption scenario remains constructive.
- The Middle East crisis in Mar-26 led to sharp spikes in crude and crude-linked commodity cost, supply disruptions and continued depreciation of INR. The company is navigating this with operational agility.
- India stands out as a key emerging market with forecast of 6.5% GDP growth. The management expects FY27 to be better than FY26 despite near-term volatility.
- On *El Niño* concerns, the management noted that reservoir levels are significantly above last year's normal, grain stocks are at record highs and MSP for food grains has risen 5-6%. Below 85% rainfall would be needed for a meaningful rural demand impact.
- Elasticity in staples categories (detergents, soaps, shampoos and tea) is inherently low vs. discretionary segments, providing a natural buffer against price-driven demand erosion.

Segment-wise Performance

■ Home Care

- The segment delivered 9% USG with high single-digit UVG in Q4FY26 (strongest performance in 11 quarters).
- Fabric Care posted broad-based double-digit growth across formats. Liquids delivered robust double-digit growth on a high base.
- Household Care recorded double-digit volume growth, with Vim Liquid being the key outperformer.
- Calibrated price hike of 2-5% implemented in fabric wash and household care from June quarter onwards due to crude-linked inflation.
- In FY26, it delivered 4% USG powered by high single-digit UVG and sustained market share gain throughout the year.
- Growing double digit and consolidating leadership in this emerging format, liquids portfolio crossed Rs40bn turnover.

■ Beauty & Wellbeing (B&W)

- The segment delivered 8% USG driven by mid-single-digit UVG in Q4FY26. Hair care recorded strong double-digit volume-led growth across brands and formats.
- Premium Skincare and Colour cosmetics delivered double-digit growth. Mass skincare was softer due to seasonal weakness in talcum powder and channel-of-the-future dynamics.
- Simple delivered strong double-digit growth and scaled to an annualised revenue run rate of >Rs1.6bn. Minimalist annualised run rate is ~Rs8.5bn.

- Combined premium beauty portfolio (Minimalist, Simple and Oziva, etc.) is at an annualised revenue run rate of Rs14bn.
 - Distribution of shampoo bottles in general trade increased by 25% in Q4FY26.
 - It delivered 6% USG in FY26. Masstige and Wellbeing platform quadrupled, reaching an annualised revenue run rate of Rs12bn.
- **Personal Care**
- The segment delivered 5% USG in Q4FY26 driven by pricing. Skin cleansing posted high single-digit growth (highest in 12 quarters).
 - Premium skin cleansing (Dove and Pears) delivered volume-led double-digit growth with market share gain. Body wash gained ~400bps of market share.
 - Oral Care recorded low single-digit growth. Pepsodent Sensitive Care Toothpaste was launched to strengthen high-benefit spaces.
 - It delivered 4% USG in FY26? driven by premiumisation and sustained brand investment.
- **Food & Refreshments (F&R)**
- The segment delivered 5% USG with high single-digit UVG in beverages in Q4FY26. Tea delivered low single-digit volume growth, while Coffee sustained strong double-digit growth (volume and price).
 - Lifestyle nutrition delivered double-digit growth, driven by Horlicks and Boost. Horlicks was relaunched as 'Horlicks Superfoods' and expanded into RTD and protein formats.
 - Packaged foods reported mid-single-digit growth. Kissan's extension into chutneys is seeing encouraging early traction.
 - The segment delivered 5% USG led by mid-single-digit UVG in FY26. Lifestyle nutrition delivered four consecutive quarters of positive UVG, growing double digit in H2FY26.
 - Vaseline surpassed the Rs10bn milestone in FY26 with healthy double-digit growth, aided by the new weightless technology and portfolio expansion.

Channel Strategy and Omnichannel Execution

- Direct coverage in general trade expanded by ~2 lakh outlets in FY26. Dedicated infrastructure is being built for specialty retail channels (open-format stores, chemists and cosmetics stores).
- E-commerce delivered >25% growth in FY26, aided by digital-first assortment approach, data-led demand generation and improved availability and fulfilment.
- A dedicated cross-functional quick commerce organisation was created, enabling faster response and greater channel relevance. Customer availability improved by 1,400bps.
- In modern trade, HUL is focused on category captaincy, in-store demand generation and deeper joint business planning with key customers, resulting in continued market share gains.
- Omnichannel approach aligns frontline execution across physical and digital touchpoints, ensuring brand presence wherever consumers choose to shop.

Brand Building – SASSY Framework

- **Science:** Vim Liquid leveraged Tech, a proprietary biosurfactant technology delivering superior grease-cutting with gentleness on hands; the brand achieved robust double-digit growth.
- **Aesthetics:** Dove's core range received upgraded packaging with premium design cues and refined finishes, signalling care expertise; the brand delivered competitive double-digit growth.
- **Sensorial:** Vaseline upgrades its sensorial experience with a weightless technology that absorbs fast, feels light, and works beneath the skin surface, supporting the brand crossing Rs10bn revenue.
- **Set by Others & Youthful:** HUL now works with a network of 30k creators (almost doubled on y/y basis), driving a sharp rise in volume and diversity of brand assets. AI-led campaigns (i.e., Close Up's 'Brew Together') and sports platform integration are strengthening brand contemporariness among Gen Z consumers.
- Integrated media mix deploys TV and outdoor effectively in rural and mass markets, while stepping up targeted digital and social advertising for higher impact.

Margins & Inputs

- Material cost inflation is running at ~8-10% on overall basket for June quarter, driven by crude-linked commodity cost, supply disruption and INR depreciation.
- Price hikes of 2-5% have already been implemented across affected portfolios, while further price hikes will be undertaken depending on cost trajectory.
- The savings funnel has been accelerated, and optimisation is focused on non-working media and overhead lines that do not affect consumer-facing brand investments.
- Mid-term EBITDA margin guidance is maintained at 22.5-23.5%, which allows operation at higher end when cost is favourable and lower end under elevated inflation.
- Unlike the post-Ukraine structural commodity spike (FY23), the current inflation is geopolitics-driven and volatile in nature, warranting a more measured approach to price increases.
- HUL holds commodity covers at normal levels. It declared it does not rely on pre-purchased low-cost inventory to cushion reported inflation.

Capital Allocation

- Rs35bn deployed in bolt-on acquisitions in FY26, including Minimalist and Oziva -digital-first, premium beauty and wellbeing platforms.
- Rs20bn capex signed off for expanding capacity in premium liquid formats across home care, personal care and beauty.
- It declared final dividend of Rs22/share (subject to necessary approval), taking total dividend to Rs41/share for FY26.

Both RoE and RoCE improved on y/y basis. Robust BS provides financial flexibility to navigate volatility while investing in growth.

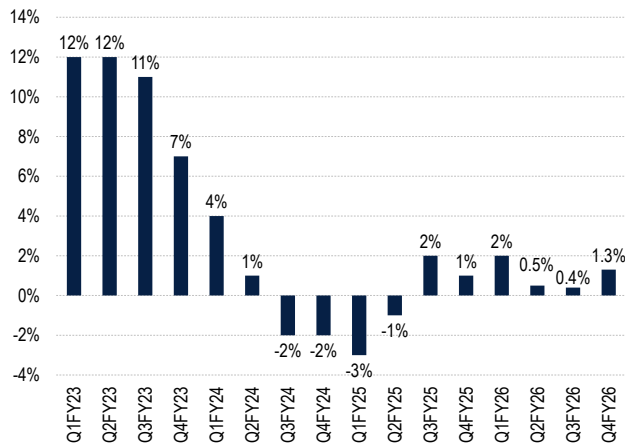
Strategic Priorities and Organisational Changes

- **Four key pillars of the growth agenda:** (a) Radical consumer segmentation; (b) volume-led brand building via SASSY; (c) omnichannel frontline execution; and (d) focused capital allocation on fewer, bigger bets. A unified India organisation was created with the introduction of a Chief Marketing Officer role and a dedicated India R&D structure, simplifying decision-making and accelerating response to market and channel dynamics.
- **Portfolio Rotation:** Demerger of ice-cream business, along with investments in Oziva and Minimalist, is already improving the growth mix and quality of the portfolio.
- Skincare market development cell has expanded into new benefit spaces (sun care, moisturisers and facial cleansing), growing by double-digit. Sunscreen penetration in India is currently only ~2%, representing a significant democratisation opportunity.
- Foods strategy remains India-specific and distinct from Unilever's global direction; Horlicks, Boost, tea, coffee and Kissan remain HUL's core priorities.

Outlook

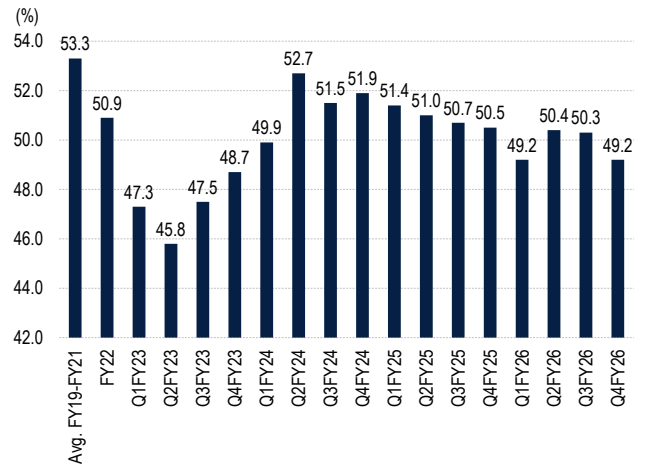
- The management expects FY27 to be better than FY26 in terms of top-line performance, led by stronger fundamentals, greater portfolio clarity, and improved execution momentum.
- Competitive volume-led growth remains the core priority. Pricing will be used judiciously to manage cost inflation without compromising consumer franchise.
- Mid-term EBITDA margin guidance band of 22.5–23.5% is maintained; HUL will operate at the lower end of the band, if inflationary pressures persist.
- No channel pre-buying (trade stocking ahead of price hikes) was observed in March quarter. The company does not anticipate demand derailment from *El Niño* risk given supportive reservoir levels, grain stocks and MSP levels.
- The company will continue to rotate capital towards premium formats, digital-first brands and channels of future to drive sustainable, competitive long-term growth.

Fig 8 – Pricing expected to increase in coming quarters



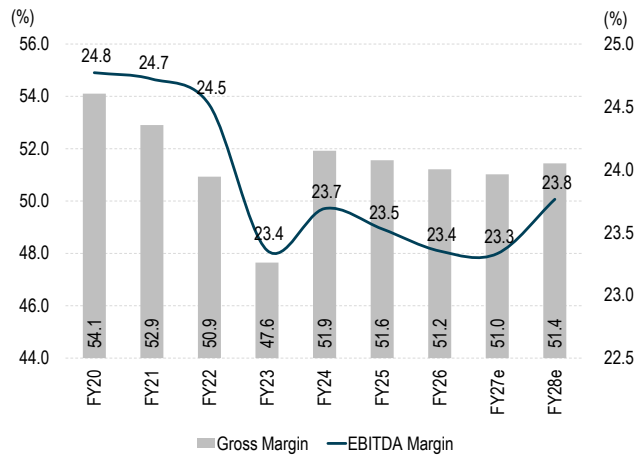
Source: Company, Anand Rathi Research

Fig 9 – GPM to remain under pressure on higher input cost



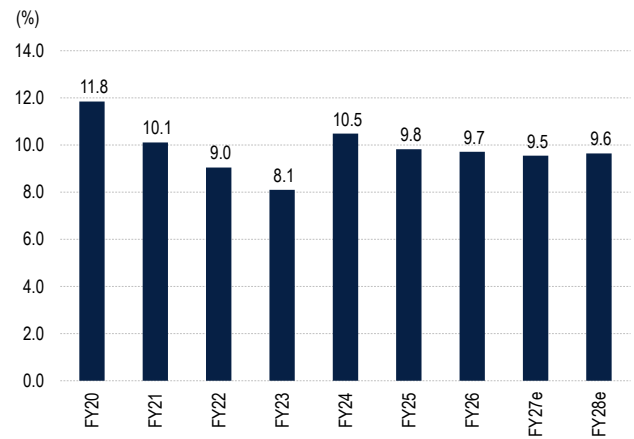
Source: Company, Anand Rathi Research

Fig 10 – EBITDA margin to expand by 40bps in two years...



Source: Company, Anand Rathi Research

Fig 11 – ... while A&SP spending expected to remain high



Source: Company, Anand Rathi Research

Outlook and Valuation

With ~6% y/y volume growth (best in 12 quarters and ahead of street estimate of 4-5%), HUL validated the volume-recovery trend in the industry, supported by GST rate cut and measures pivoted by its new CEO Priya Nair. The company reiterated its focus on competitive volume-led growth through sharper consumer segmentation, premiumisation, brand modernisation and acceleration in digital and quick commerce. Notwithstanding recent input cost pressure due to West Asia conflict, the management maintained its mid-term EBITDA margin guidance band of 22.5-23.5% and re-iterated that the company's FY27 performance to be better than FY26.

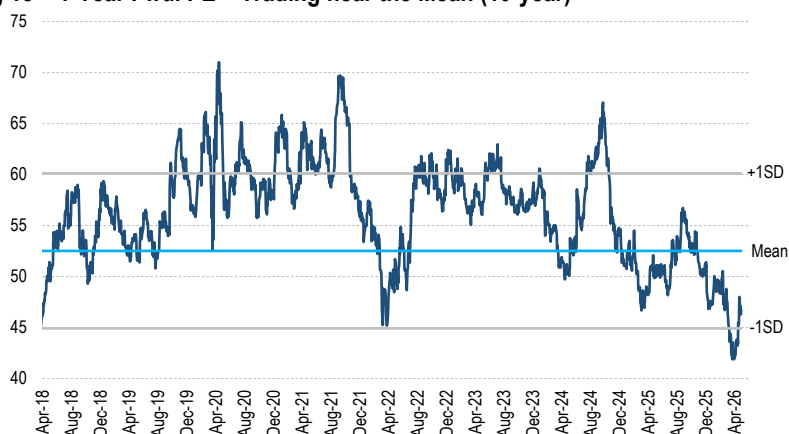
While we have reduced our FY27/28e estimates by 4-7% to factor in demerger of ice-cream business and impact of recent input cost pressure, we remain optimistic of sustained demand recovery in the coming quarter, aided by HUL's diversified portfolio and brand investment towards new-age and digital commerce. At CMP, the stock trades at 49/46/42x FY26e/27e/28e EPS of Rs46.3/49/53.8. **We maintain BUY rating on HUL with a revised 12-mth TP of Rs2,700 (from Rs2,910 earlier), valuing the stock at 50x FY28e EPS (vs. 53x Sep-27e EPS earlier).**

Fig 12 – Change in Estimates

(Rs m)	Old Estimates		Revised Estimates		Change (%)	
	FY27e	FY28e	FY27e	FY28e	FY27	FY28
Sales	7,24,602	7,80,068	6,97,473	7,51,515	-3.7	-3.7
EBITDA	1,73,339	1,89,596	1,62,729	1,78,589	-6.1	-5.8
EBITDA margin (%)	23.9	24.3	23.3	23.8		
PAT	1,22,741	1,35,477	1,15,264	1,26,468	-6.1	-6.6

Source: Anand Rath Research

Fig 13 – 1-Year Fwd. PE – Trading near the Mean (10-year)



Source: Bloomberg, Anand Rath Research

Key Risks

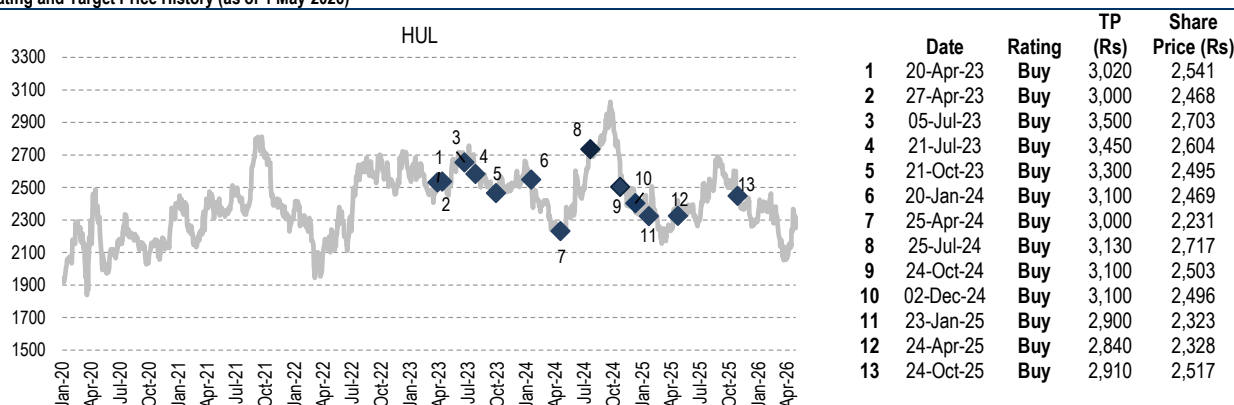
- Failure of brand launches.
- Unwarranted or overpriced bolt-on acquisitions.
- Stringent regulations in nutrition-based healthcare.
- Sharp rise in input cost.
- Price-based competition leading to loss of market share to new/smaller manufacturers.

Appendix

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