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Result Update

Change in Estimates ☑ Target ☑ Reco ☐

29 July 2026

Hindustan Unilever

Unchanged guidance reflects growth stability ahead; maintain BUY

Rating: **BUY**
Target Price (12-mth): Rs.2,700
Share Price: Rs.2,023

Hindustan Unilever (HUL) delivered a broadly in-line performance in Q1FY27, though volume growth of 5% was tad lower than consensus expectation of 6-7%. Revenue growth at 10% was the highest in 13 quarters, driven equally by volume and pricing. The management attributes the acceleration in revenue growth from 3% in H1FY26 to: (a) deliberate strategic choices – capital concentrated behind under-penetrated *'Power Move'* categories; (b) portfolio transformation via bolt-on acquisitions (Minimalist and OZiva) for offline scale-up, and (c) quick-commerce treated as a structural architecture of distribution and pricing rather than a channel add-on. The management continues to expect FY27 to be better than FY26 with EBITDA margin in 22.5-23.5% range, driven by its effort on portfolio transformation, channel expansion, premiumisation and calibrated price hike to offset input cost pressure. Thus, we maintain BUY rating on HUL with an unrevised 12-mth TP of Rs2,700, valuing it at 50x FY28e EPS.

Broad-Based Growth Aided Revenue Momentum: Homecare volume grew in high-single digit, while Beauty & Wellbeing (B&W) volume grew in high-single digit. While Food & Refreshments (F&R) posted a mid-single digit volume growth and Personal Care volume fell by low-single digit. Homecare revenue grew 13% y/y (marking its highest growth in 3 years), while the segmental EBIT margin declined by 230bps y/y. B&W revenue grew 11% y/y, while the segmental EBIT margin rose by 90bps y/y. Personal Care revenue increased 3% y/y, while the segmental margin grew by 100bps y/y. F&R revenue grew by 7% y/y, while the segmental margin rose by 120bps y/y. We expect HUL's revenue to clock ~9% CAGR over FY26-28e, aided by balance mix of steady volume growth and pricing.

EBITDA Margin Guidance Maintained Despite Cost Pressure: EBITDA margin contracted by 30bps to 22.6%, led by 100bp y/y compression in gross margin due to higher input prices. Brand spends declined 80bps y/y, partly offsetting input cost pressure, while other expenses and staff cost increased by ~5bps each. Though the management highlighted continued inflation across crude-linked inputs, palm oil and tea, it reiterated its 22.5-23.5% EBITDA margin guidance, supported by calibrated pricing, procurement efficiencies, structural savings and productivity initiatives. We expect HUL's EBITDA margin to expand 30bps over FY26-28e, driven by premiumisation, improved operating leverage and cost-saving initiatives.

Key Concall Takeaways: (a) Inflation has not impacted consumer demand, with both rural and urban demand remaining robust and expected to sustain, going ahead; **(b)** Moderation in sequential volume growth was attributed to deceleration/ decline in tea and soaps segment; and **(c)** AI is increasingly being integrated across manufacturing, distribution and logistics, including a digital-first distribution centre in Vijayawada.

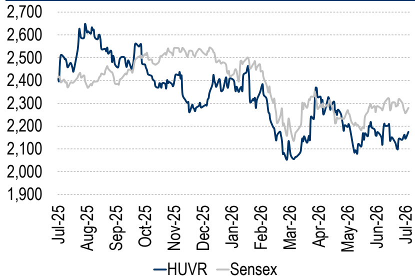
Outlook and Valuations: We have slightly tweaked our estimates to factor in pricing actions to offset input cost pressure. At CMP, the stock trades at 42/38x FY27/28e EPS of Rs48.8/53.9. We maintain BUY rating on HUL with an unrevised TP of Rs2,700, valuing it at 50x FY28e EPS (vs. 53x Sep-27e EPS earlier). **Key Risks:** (a) Failure of brand launches; (b) unwarranted/pricey bolt-on acquisition; (c) stringent regulations in nutrition-based healthcare; (d) sharp rise in input cost; and (e) price-based competition leading to market share loss.

Key Data	HUVR IN / HLL.BO
52-week high / low	Rs2705 / 2016
Sensex / Nifty	76766 / 23985
Market cap	Rs5109bn
Shares outstanding	2350m

Shareholding Pattern (%)	Jun'26	Mar'26	Dec'25
Promoters	61.9	61.9	61.9
- of which, Pledged			
Free Float	38.0	38.0	38.0
- Foreign Institutions	9.5	10.1	10.7
- Domestic Institutions	16.9	16.3	15.7
- Public	11.6	11.6	11.6

Estimates Revision (%)	FY27e	FY28e
Sales	1.0	1.0
EBITDA	0.3	0.4
PAT	-0.6	0.2

Relative Price Performance



Source: Bloomberg

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Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Income Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
Net revenue	6,18,960	6,13,280	6,44,680	7,04,312	7,59,232
Growth (%)	2	(1)	5	9	8
Direct cost	2,97,600	2,97,700	3,16,650	3,49,145	3,73,371
Gross profit	3,21,360	3,15,580	3,28,030	3,55,167	3,85,861
Gross margin (%)	51.9	51.5	50.9	50.4	50.8
Other expenses	1,74,730	1,68,520	1,77,490	1,92,011	2,06,609
EBITDA	**1,46,630**	**1,47,060**	**1,50,540**	**1,63,156**	**1,79,252**
EBITDA margin (%)	23.7	24.0	23.4	23.2	23.6
- Depreciation	12,160	12,530	13,330	14,143	14,816
Other income	8,110	10,170	7,510	7,832	8,315
Interest expenses	3,340	3,810	4,100	3,720	3,350
PBT	1,39,240	1,40,890	1,40,620	1,53,125	1,69,401
Effective tax rates (%)	26.2	26.6	22.5	25.0	25.0
+ Associates / (Minorities)	50	220	190	250	300
Net income	1,02,750	1,03,190	1,08,830	1,14,594	1,26,751
WANS	2,350	2,350	2,350	2,350	2,350
FDEPS (Rs)	43.7	43.9	46.3	48.8	53.9

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	4,87,390	4,96,395	5,05,831
Debt	130	10	-	-	-
Minority interest	2,050	2,070	2,690	2,940	3,240
TL / (Assets)	65,470	66,680	74,600	72,350	72,350
Lease liabilities	-	-	-	-	-
Capital employed	**5,79,830**	**5,62,780**	**5,64,680**	**5,71,685**	**5,81,421**
Net tangible assets	84,550	90,460	1,15,430	1,16,287	1,18,971
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	1,80,620	1,80,620	1,80,620
CWIP (tang. & intang.)	10,250	10,090	8,800	5,500	6,000
Investments (strategic)	-1,340	-2,390	-1,770	-1,770	-1,770
Investments (financial)	47,590	40,490	45,360	45,360	45,360
Current assets (ex.cash)	1,15,360	1,31,550	1,38,230	1,46,865	1,56,247
Cash	75,590	75,540	32,480	29,320	42,540
Current liabilities	2,05,060	2,35,850	2,32,700	2,28,727	2,44,777
Working capital	-89,700	-1,04,300	-94,470	-81,862	-88,530
Capital deployed	**5,79,830**	**5,62,780**	**5,64,680**	**5,71,685**	**5,81,421**

Fig 3 – Cash-flow Statement (Rs m)

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
PBT	1,39,260	1,44,150	1,81,480	1,53,125	1,69,401
+ Non-cash items	-6,110	-5,270	29,950	-10,031	-9,851
Oper. prof. before WC	1,45,370	1,49,420	1,51,530	1,63,156	1,79,252
- Incr. / (decr.) in WC	13,130	-7,880	6,860	-12,608	6,668
Others incl. taxes	3,810	22,680	48,400	38,281	42,350
Operating cash-flow	1,54,690	1,18,860	1,09,990	1,12,267	1,43,570
- Capex (tang. + intang.)	-14,570	-12,620	-13,320	-11,700	-18,000
Free cash-flow	1,40,120	1,06,240	96,670	1,00,567	1,25,570
Acquisitions					
- Div. (incl. buyback & taxes)	94,160	1,24,730	1,01,240	1,05,750	1,17,500
+ Equity raised	-	-	-	-	-
+ Debt raised	-850	-	-460	-	-
- Fin investments	42,920	-63,050	22,600	-	-
- Misc. (CFI + CFF)	1,080	-8,020	7,320	-2,023	-5,150
Net cash-flow	1,110	52,580	-34,950	-3,160	13,220

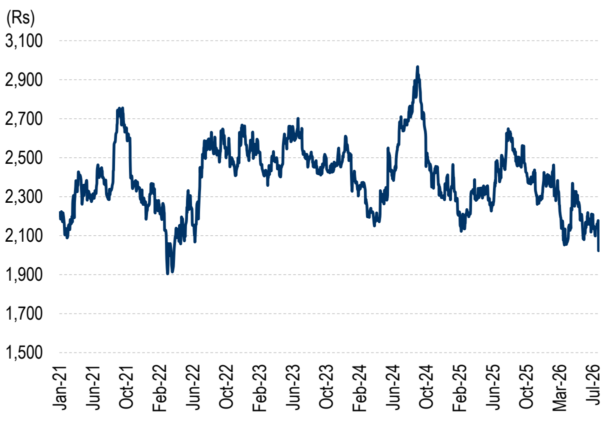
Source: Company, Anand Rathi Research

Fig 4 – Ratio Analysis

Y/E Mar	FY24	FY25	FY26	FY27e	FY28e
P/E (x)	46.3	46.1	43.7	41.5	37.5
EV / EBITDA (x)	31.6	31.5	31.1	28.7	26.0
EV / Sales (x)	7.5	7.6	7.3	6.6	6.1
P/B (x)	9.3	9.6	9.8	9.6	9.4
RoE (%)	20.1	20.9	22.3	23.1	25.1
RoCE (%) - after tax	18.3	18.6	19.9	20.7	22.5
RoIC (%) - after tax	22.2	23.5	24.0	23.9	26.2
DPS (Rs)	42.0	53.0	41.0	45.0	50.0
Dividend yield (%)	2.1	2.6	2.0	2.2	2.5
Dividend payout (%) - incl. DDT	96.1	120.7	88.5	92.3	92.7
Net debt / equity (x)	-0.1	-0.2	-0.1	-0.1	-0.1
Receivables (days)	17.7	22.7	19.1	21.2	20.6
Inventory (days)	23.7	26.3	27.1	26.3	26.0
Payables (days)	73.8	83.1	86.5	81.4	80.7
CFO: PAT %	150.5	115.2	101.1	98.0	113.3

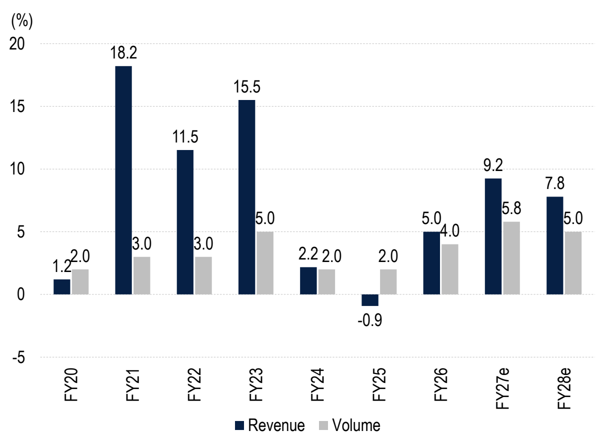
Source: Company, Anand Rathi Research

Fig 5 – Price Movement



Source: Bloomberg

Fig 6 – Revenue Growth Trend



Source: Company

Result Highlights

Fig 7 – Quarterly Results

(Rs m)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Volume growth (%)	2	2	2	4	3	-	2	2	4	4	6	5
Net sales	**1,52,760**	**1,51,880**	**1,48,570**	**1,53,390**	**1,55,080**	**1,51,460**	**1,47,340**	**1,51,740**	**1,52,630**	**1,58,050**	**1,57,330**	**1,66,570**
y/y	*3.6*	*-0.3*	*-0.2*	*1.3*	*1.5*	*-0.3*	*-0.8*	*-1.1*	*-1.6*	*4.4*	*6.8*	*9.8*
Gross Profit	80,550	78,210	77,060	78,910	79,150	76,460	74,170	74,970	77,090	79,510	77,340	80,560
Gross margins (%)	*52.7*	*51.5*	*51.9*	*51.4*	*51.0*	*50.5*	*50.3*	*49.4*	*50.5*	*50.3*	*49.2*	*48.4*
Staff expenses	7,080	6,490	7,740	6,020	7,650	6,530	7,530	6,200	6,520	8,200	7,510	6,880
Advertising spends	17,200	15,930	15,860	16,440	14,640	14,450	13,670	14,980	14,980	13,840	13,740	15,070
Other expenses	19,330	20,390	19,110	20,390	20,390	19,840	18,310	18,990	19,400	21,070	18,840	20,930
EBITDA	**36,940**	**35,400**	**34,350**	**36,060**	**36,470**	**35,640**	**34,660**	**34,800**	**36,190**	**36,400**	**37,250**	**37,680**
y/y	*9.4*	*0.1*	*-1.0*	*2.4*	*-1.3*	*0.7*	*0.9*	*-3.5*	*-0.8*	*2.1*	*7.5*	*8.3*
EBITDA margins	*24.2*	*23.3*	*23.1*	*23.5*	*23.5*	*23.5*	*23.5*	*22.9*	*23.7*	*23.0*	*23.7*	*22.6*
PBT	**36,360**	**34,620**	**32,640**	**34,800**	**35,520**	**34,890**	**34,090**	**33,330**	**34,530**	**34,780**	**36,100**	**36,230**
y/y	*13.0*	*-0.5*	*-2.4*	*2.3*	*-2.3*	*0.8*	*4.4*	*-4.2*	*-2.8*	*-0.3*	*5.9*	*8.7*
PAT	**27,220**	**25,490**	**24,230**	**25,860**	**26,280**	**24,990**	**25,380**	**28,300**	**25,560**	**25,580**	**27,140**	**27,060**
y/y	*3.0*	*-2.2*	*-2.0*	*3.1*	*-3.5*	*-2.0*	*4.7*	*9.4*	*-2.7*	*2.4*	*6.9*	*-4.4*
% to sales												
Staff cost	*4.6*	*4.3*	*5.2*	*3.9*	*4.9*	*4.3*	*5.1*	*4.1*	*4.3*	*5.2*	*4.8*	*4.1*
Advertising Spends	*11.3*	*10.5*	*10.7*	*10.7*	*9.4*	*9.5*	*9.3*	*9.9*	*9.8*	*8.8*	*8.7*	*9.0*
Other expenses	*12.7*	*13.4*	*12.9*	*13.3*	*13.1*	*13.1*	*12.4*	*12.5*	*12.7*	*13.3*	*12.0*	*12.6*
Segment revenue												
Home Care	53,120	54,480	57,150	56,750	57,370	57,420	58,180	57,830	56,670	58,900	63,490	65,600
y/y	*3.3*	*-1.3*	*1.4*	*4.6*	*8.0*	*5.4*	*1.8*	*1.9*	*-1.2*	*2.6*	*9.1*	*13.4*
Personal Care	25,350	23,150	20,630	23,860	24,120	22,460	21,240	25,410	24,260	23,710	22,290	26,240
y/y	*-54.4*	*-59.5*	*-60.2*	*-4.5*	*-4.9*	*-3.0*	*3.0*	*6.5*	*0.6*	*5.6*	*4.9*	*3.3*
Beauty & Wellbeing	32,740	33,900	29,870	31,990	33,230	34,380	31,130	33,490	33,890	35,950	33,510	37,210
y/y				*3.1*	*1.5*	*1.4*	*4.2*	*4.7*	*2.0*	*4.6*	*7.6*	*11.1*
Food & Refreshment	38,510	37,330	39,110	38,500	38,030	34,830	38,960	32,590	35,470	36,890	35,660	34,800
y/y	*2.6*	*0.9*	*3.1*	*1.4*	*-1.2*	*-6.7*	*-0.4*	*-15.4*	*-6.7*	*5.9*	*-8.5*	*6.8*
Others	3,040	3,020	1,810	2,290	2,330	2,370	2,630	2,420	2,340	2,600	2,380	2,720
y/y	*4.1*	*3.4*	*-33.7*	*-29.5*	*-23.4*	*-21.5*	*45.3*	*5.7*	*0.4*	*9.7*	*-9.5*	*12.4*
Segment EBIT												
Home Care	9,950	9,660	10,810	11,090	10,870	10,540	10,560	10,930	10,500	10,620	11,630	10,890
y/y	*11.9*	*-9.0*	*2.4*	*11.9*	*9.2*	*9.1*	*-2.3*	*-1.4*	*-3.4*	*0.8*	*10.1*	*-0.4*
Personal Care	4,560	3,640	3,710	4,180	4,010	3,950	3,920	4,700	4,870	4,140	4,120	5,110
y/y	*-67.3*	*-74.7*	*-72.6*	*-6.3*	*-12.1*	*8.5*	*5.7*	*12.4*	*21.4*	*4.8*	*5.1*	*8.7*
Beauty & Wellbeing	11,250	10,970	9,170	10,060	11,210	10,120	10,370	9,770	10,310	10,390	10,870	11,170
y/y				*-1.9*	*-0.4*	*-7.7*	*13.1*	*-2.9*	*-8.0*	*2.7*	*4.8*	*14.3*
Food & Refreshment	7,200	7,110	7,390	7,360	6,900	7,720	6,270	6,090	7,210	7,730	7,210	6,920
Y/Y	*-3.2*	*7.6*	*8.8*	*8.1*	*-4.2*	*8.6*	*-15.2*	*-17.3*	*4.5*	*0.1*	*15.0*	*13.6*
Others	1,290	1,200	380	390	430	460	410	420	420	530	320	450
y/y	*29.0*	*1.7*	*-68.6*	*-67.5*	*-66.7*	*-61.7*	*7.9*	*7.7*	*-2.3*	*15.2*	*-22.0*	*7.1*
Segment EBIT margin (%)												
Home Care	*18.7*	*17.7*	*18.9*	*19.5*	*18.9*	*18.4*	*18.2*	*18.9*	*18.5*	*18.0*	*18.3*	*16.6*
Personal Care	*18.0*	*15.7*	*18.0*	*17.5*	*16.6*	*17.6*	*18.5*	*18.5*	*20.1*	*17.5*	*18.5*	*19.5*
Beauty & Wellbeing	*34.4*	*32.4*	*30.7*	*31.4*	*33.7*	*29.4*	*33.3*	*29.2*	*30.4*	*28.9*	*32.4*	*30.0*
Food & Refreshment	*18.7*	*19.0*	*18.9*	*19.1*	*18.1*	*22.2*	*16.1*	*18.7*	*20.3*	*21.0*	*20.2*	*19.9*
Others	*42.4*	*39.7*	*21.0*	*17.0*	*18.5*	*19.4*	*15.6*	*17.4*	*17.9*	*20.4*	*13.4*	*16.5*

*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 Trends

Growth accelerated from 3% in H1FY26 to 10% in Q1FY27, reflecting portfolio transformation, sharper execution, and market development initiatives.

- FMCG demand environment remained stable in Q1, despite geopolitical tensions, commodity inflation and currency volatility.
- HUL delivered its highest growth in 13 quarters with 10% underlying sales growth (5% volume, 5% price), aided by competitive market share gain.
- The management said growth is broad-based across categories and channels, giving confidence in sustainability.
- It continues to allocate capital, talent and execution resources behind a few strategic *'Power Moves'*- low-penetration, high-growth categories across businesses, to accelerate category development and create long-term growth opportunities:
  - **Market Development:** The company is doubling down on market development through sampling, penetration-build initiatives and assortment expansion in underpenetrated categories.
  - **Focus on Execution:** Execution is being strengthened through specialist route-to-market capabilities, wider distribution and deeper assortment across General Trade, Modern Trade and Quick Commerce
  - **Portfolio Transformation:** It remains a key growth lever, with acquisitions i.e., Minimalist and OZiva increasing exposure to faster-growing demand spaces.
- The management stated that inflation has not impacted consumer demand, with both rural and urban demand remaining robust and rural witnessing a healthy momentum over the last few quarters. It expects the same to sustain, going ahead.
- Premium segments continue to grow faster than mass categories, but HUL emphasised maintaining competitiveness across the price pyramid rather than focusing only on premiumisation.
- HUL's brand expansion strategy is centred on three growth pillars:
  - Extending existing brands into adjacent demand spaces.
  - Introducing more global Unilever brands into India.
  - Pursuing selective bolt-on acquisitions, while leveraging distribution, R&D and category expertise to scale these businesses.

Segment-wise Performance

A. Home Care

- Home Care delivered 14% USG, its strongest performance in three years, led by high single-digit volume growth.
- Fabric wash saw broad-based double-digit volume growth with bars, powders and liquids all performing well, while liquid detergents accelerated further.
- Household Care delivered double-digit USG and UVG, with *Vim* Liquid continuing strong double-digit growth via market development initiatives.
- Crude-linked inflation persists, and the company is undertaking calibrated price hikes, while balancing pricing, savings and procurement benefits.
- The management continues to focus on developing low-penetration liquid categories rather than competing solely on market share.

B. Beauty & Well-being

- Beauty & Well-being delivered 12% USG driven by high single-digit volume growth.
- Hair Care reported another quarter of double-digit volume growth, led by premium formats such as hair masks and serums.
- Skincare and colour cosmetics grew high single-digit, aided by double-digit growth in premium skincare. Minimalist maintained strong double-digit growth, aided by aggressive offline expansion after acquisition.
- Health & Well-being saw a softer quarter due to OZiva portfolio transition, although the management remains positive on long-term growth and innovation opportunities.
- Sequential improvement was seen in both mass and premium skincare, with brands i.e., *Simple*, *Vaseline* and *Pond's* delivering strong double-digit growth.

C. Personal Care

- Personal Care grew 4% USG, mainly driven by pricing actions to offset palm oil inflation.
- Skin cleansing posted mid-single-digit growth, with *Dove* and *Pears* delivering double-digit volume growth.
- Body wash continued double-digit growth through sustained market development, category expansion and leadership gains.
- Oral Care delivered mid-single-digit growth, aided by premium innovations i.e., *Close-Up WhiteNow* and *Pepsodent Gum Care*.
- The management attributed softness in soaps to two years of palm oil inflation impacting affordability, while focusing on premiumisation and liquid conversion rather than sacrificing margin.

D. Foods

- Foods delivered 7% USG with mid-single-digit volume growth.
- Premium tea recorded low single-digit volume growth, while coffee delivered double-digit volume growth, aided by ready-to-drink formats i.e., *Bru Gold*. Tea inflation has started to trend upward, and pricing actions will depend on procurement costs during the buying season.
- Lifestyle Nutrition continued strong momentum, with *Horlicks* and *Boost* growing in double-digit and delivering the fifth consecutive quarter of positive volume growth.
- *Boost* crossed the Rs10bn annual turnover milestone, becoming HUL's 21st Rs10bn brand.
- *Horlicks Superfoods*, RTD offerings and *Horlicks* biscuits continued to gain traction, while Packaged Foods grew high single-digit, led by Unilever Food Solutions, mayonnaise, and international sauces.
- *Kissan Chutneys* maintained strong momentum with two new variants launched during the quarter.

Channel Strategy & Omnichannel Execution

- Q-Com continued to grow by double-digit, while General Trade distribution expanded in small towns and rural markets.

- Offline distribution of digital-first brands i.e., *Minimalist* and *Simple* continued to expand rapidly.
- HUL is investing towards specialist route-to-market capabilities, assortment expansion and market development across General Trade, Modern Trade and Q-Com.
- Q-Com is growing 40-50% for HUL, aided by channel-specific packs, tailored assortments, technology-enabled availability, pricing architecture and platform partnerships.
- The management views Q-Com as a structural opportunity to improve consumer segmentation, premiumisation and portfolio architecture rather than merely a channel shift.

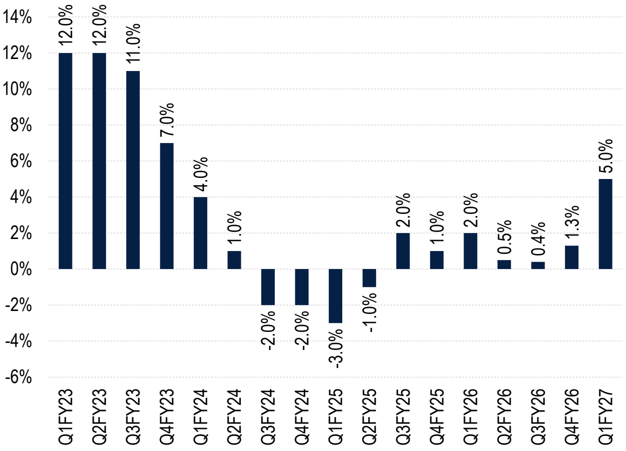
Margin & Input Cost

- EBITDA margin stood at 23%, within the guided range, despite elevated commodity cost, while EBITDA/APAT grew by 8/11%.
- Commodity inflation remains elevated across crude-linked inputs, palm oil and tea, while currencies also remain volatile.
- HUL continues to offset inflation through structural savings, procurement efficiencies, disciplined pricing and P&L management instead of relying solely on pricing.
- A&P spending increased to Rs16.57bn, the highest level in the last 11 quarters, while AI-driven media optimisation improved marketing efficiency and competitive share of voice.
- The management expects EBITDA margin to remain within the guided range even if commodity inflation persists under the current crude price environment (< US$100/bbl).

Outlook & Other Highlights

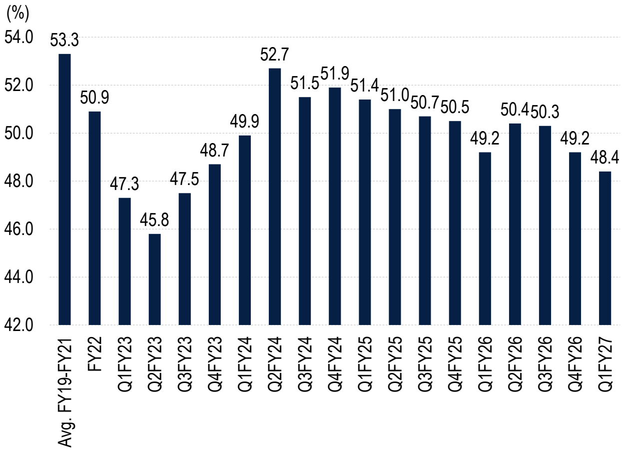
- The management reiterated that FY27 performance will be better than FY26, aided by market development, channel expansion and portfolio transformation. Guidance already incorporates risks from geopolitics, commodity inflation, currency movements and monsoon variability.
- The management expects limited impact from a weaker monsoon, supported by MSP increases, improving rainfall trends and the relatively lower contribution of agriculture to GDP.
- Supply chain resilience ensured uninterrupted operations through global procurement, agile manufacturing, and digital R&D capabilities.
- HUL launched the *Unilever Fragrance House* in India and expanded AI-enabled innovation capabilities through its new Mumbai Liquids Lab.
- AI is increasingly being integrated across manufacturing, distribution, and logistics, including a digital-first distribution centre in Vijayawada.
- Future growth priorities include: **(a)** accelerating low-penetration categories; **(b)** strengthening market development; **(c)** expanding distribution; **(d)** increasing innovation; and **(e)** scaling acquired brands i.e, *Minimalist* and *OZiva*.

Fig 8 – Pricing jumps in Q1 on rise in crude oil prices



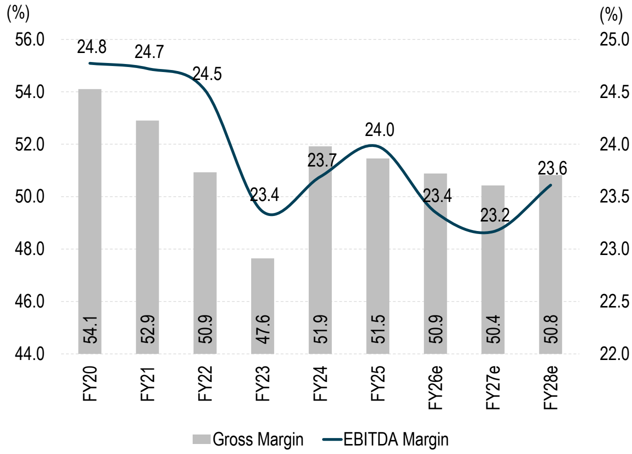
Source: Company, Anand Rathi Research

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



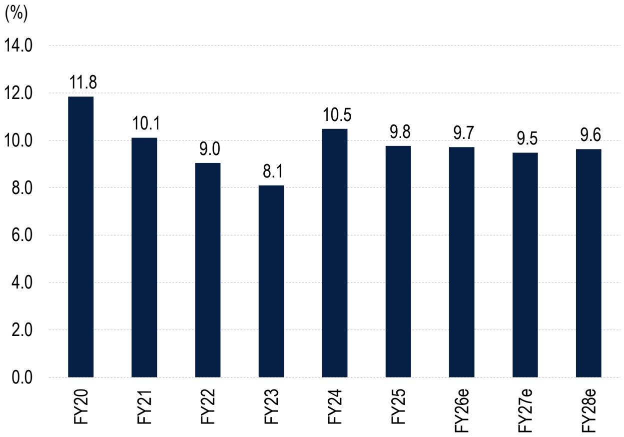
Source: Company, Anand Rathi Research

Fig 10 – EBITDA margin to expand 30bps over FY26-28e



Source: Company, Anand Rathi Research

Fig 11 – A&SP spending expected to remain high



Source: Company, Anand Rathi Research

Outlook and Valuation

HUL delivered a broadly in-line performance in Q1FY27, though volume growth of 5% was tad lower than consensus expectation of 6-7%. Revenue growth at 10% was the highest in 13 quarters, driven by volume and pricing. The management attributes the acceleration in revenue growth from 3% in H1FY26 to: (a) deliberate strategic choices – capital concentrated behind under-penetrated 'Power Move' categories; (b) portfolio transformation via bolt-on acquisitions (Minimalist and OZiva) for offline scale-up, and (c) q-com treated as a structural architecture of distribution and pricing.

Notwithstanding recent input cost pressure due to West Asia conflicts, the management expects FY27 to be better than FY26 with EBITDA margin in 22.5-23.5% range, aided by portfolio transformation, channel expansion, premiumisation and calibrated price hike to offset input cost pressure.

We have slightly tweaked our FY27/28e estimates to factor in price hikes taken to offset recent crude-linked input cost and consequent margin impact. We remain optimistic of sustained demand growth in the coming quarter, aided by the management's portfolio transformation initiative, channel expansion, premiumisation and calibrated price increase to offset input cost pressure.

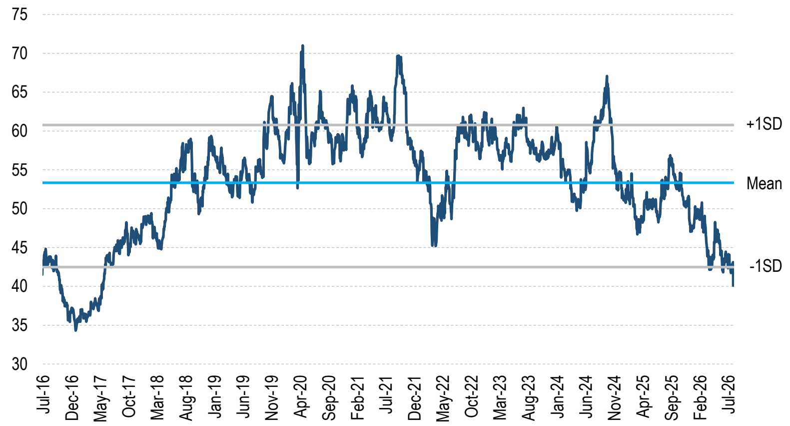
At CMP, the stock trades at 42/38x FY27e/28e EPS of Rs48.8/53.9. We maintain BUY rating on HUL with an unrevised 12-mth TP of Rs2,700, valuing it at 50x FY28e EPS.

Fig 12 – Change in Estimates

(Rs m)	Old Estimates		New Estimates		Change (%)	
	FY27e	FY28e	FY27e	FY28e	FY27	FY28
Sales	6,97,473	7,51,515	7,04,312	7,59,232	1.0	1.0
EBITDA	1,62,729	1,78,589	1,63,156	1,79,252	0.3	0.4
EBITDA margin (%)	*23.3*	*23.8*	*23.2*	*23.6*		
PAT	1,15,264	1,26,468	1,14,594	1,26,751	-0.6	0.2

Source: Anand Rathi Research

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



Source: Bloomberg, Anand Rathi Research

Key Risks

- Failure of brand launches.
- Unwarranted/pricey bolt-on acquisition
- Stringent regulations in nutrition-based healthcare.
- Sharp rise in input cost.
- Price-based competition leading to market share loss.

Appendix

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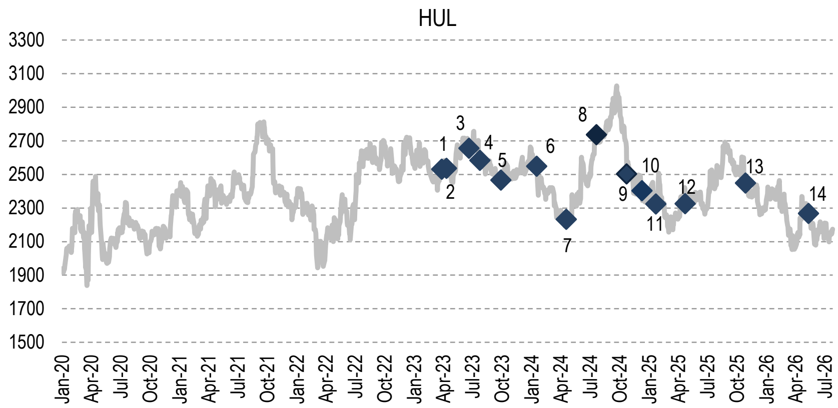
Rating and Target Price History (as of 28 July 2026)



	Date	Rating	TP (Rs)	Share Price (Rs)
1	20-Apr-23	**Buy**	3,020	2,541
2	27-Apr-23	**Buy**	3,000	2,468
3	05-Jul-23	**Buy**	3,500	2,703
4	21-Jul-23	**Buy**	3,450	2,604
5	21-Oct-23	**Buy**	3,300	2,495
6	20-Jan-24	**Buy**	3,100	2,469
7	25-Apr-24	**Buy**	3,000	2,231
8	25-Jul-24	**Buy**	3,130	2,717
9	24-Oct-24	**Buy**	3,100	2,503
10	02-Dec-24	**Buy**	3,100	2,496
11	23-Jan-25	**Buy**	2,900	2,323
12	24-Apr-25	**Buy**	2,840	2,328
13	24-Oct-25	**Buy**	2,910	2,517
14	03-May-26	**Buy**	2,700	2,251

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Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

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