

RESEARCH**BOB ECONOMICS RESEARCH | MONSOON UPDATE**

Monsoon and Sowing progress

HINDUSTAN UNILEVER | TARGET: Rs 2,549 | +29% | BUY

Investing for next Growth Leg

SUMMARY**INDIA ECONOMICS: MONSOON UPDATE**

Southwest monsoon on a cumulative basis was under normal category with rainfall at 13% below LPA till 4 Sep 2026. This has resulted in lower sown area of kharif crops, which is drawing to a close soon. Rice and coarse cereals have registered lower acreage, while pulses sowing has improved. Out of 36, 17 sub-divisions (49% of the country) have received normal to excess rainfall during this period, while 16 states are in the deficient zone. Region-wise, a deviation has been noted across all the regions. Southern Peninsula reported deficient rainfall (-26%), followed by East and North Eastern India (-24%) while North Western (-9%) and central region (-5%) have reported normal rainfall.

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HINDUSTAN UNILEVER

- Volume-led growth, with 80% incremental growth from core consumption and premiumisation
- Capex intensity to rise to 3%, supporting capacity and future growth investments
- Sharper focus on premiumisation, market creation and new-age categories through digital and AI-led execution

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MONSOON UPDATE

05 September 2026

Monsoon and Sowing progress

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Jahnvi Prabhakar
Economist

Moderate El Nino conditions are currently prevailing as per the IMD and are projected to strengthen in the remaining period of the season. As we head towards the last leg of the monsoon, the focus would be on spatial distribution which could have an impact on final kharif acreage and food inflation in the near term.

Where does Kharif sowing stand?

As of 4th Sep 2026, overall sown area has declined by 1.5% compared with last year and bringing actual sown area to 98.3% of the normal area sown. The acreage of coarse cereals and rice have registered a weaker growth of (-) 0.6% and (-) 3.7% respectively. Lower sown area has also been noted for oilseeds, with slower growth noted in soybean (-0.9%) and groundnut (-1.6%). Cotton and sugarcane sowing has also been lowered for the same period. On the positive side, acreage of pulses has improved with higher sowing for both tur (1.6%) and urad (12%). Additionally, higher acreage has also been noted for jute and mesta up by 1.7% for the same period.

Table 1: Kharif Sowing

	Area sown in 2025-26 (lakh ha)	Area sown in 2026- 27 (Lakh ha)	Growth (YoY %)
Coarse Cereals	182.5	181.4	(0.6)
Rice	438.2	421.8	(3.7)
Pulses	115.3	117.1	1.6
Oilseeds	193.1	192.0	(0.6)
Cotton	109.9	109.2	(0.6)
Sugarcane	58.9	58.5	(0.7)
Jute and Mesta	6.2	6.3	1.7
All Crops	1286.5	1267.7	(1.5)

Source: CEIC, Bank of Baroda | Data as of 04 Sep 2026



BUY**TP: Rs 2,549 | ▲ 29%****HINDUSTAN UNILEVER**

Consumer Staples

07 September 2026

Investing for next Growth Leg

- Volume-led growth, with 80% incremental growth from core consumption and premiumisation
- Capex intensity to rise to 3%, supporting capacity and future growth investments
- Sharper focus on premiumisation, market creation and new-age categories through digital and AI-led execution

We attended HUL's Capital Markets Day, where management laid out its "Winning in New India" strategy, centred on accelerating volume-led growth by capturing structural consumption opportunities across distinct consumer cohorts, categories and channels.

Premiumisation and market creation emerge as key growth levers: HUL sees India nearing an income inflection point that should accelerate premiumisation, where it is structurally advantaged with premium market share ~1.3x its mass portfolio. Premium brands receive ~2x higher investment intensity, while over 60% of media spends are directed towards digital. Simultaneously, underpenetrated categories such as hair masks, body wash, dishwash liquids and laundry liquids offer significant market-creation opportunities, leveraging HUL's established category-building capabilities.

Growth investments to step up while maintaining profitability: Management expects FY27 performance to be better than FY26, with the focus firmly on delivering competitive volume-led growth. The 40:40:20 growth framework comprising consumption/premiumisation, market making and new spaces will underpin the next phase of growth. Productive capex is set to increase to ~3% of turnover from ~2% over the last five years, while the company revised its medium-term EBITDA margin band of 22–24%. Overall, management's commentary signals a greater willingness to reinvest internally generated savings towards growth while maintaining its profitability framework.

Our View: We view HUL focused on restoring growth through higher investments, sharper resource allocation and a clear preference for volume growth over near-term margin maximisation. Higher capex, disproportionate investments behind premium brands, channel specialisation and the 40:40:20 growth framework provide better visibility on future growth drivers. While the strategy is directionally positive, execution and the conversion of investments into sustained volume growth remain critical. We maintain BUY rating, valuing the stock at 50x June'28 EPS with a TP of Rs 2,549

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Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	HUVR IN/Rs 1,973
Market cap	US\$ 48.8bn
Free float	38%
3M ADV	US\$ 36.2mn
52wk high/low	Rs 2,673/Rs 1,950
Promoter/FPI/DII	62%/10%/17%

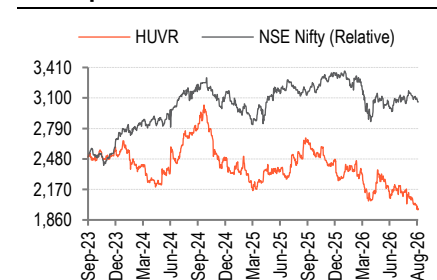
Source: NSE | Price as of 4 Sep 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	644,680	704,166	757,336
EBITDA (Rs mn)	150,540	162,540	171,158
Adj. net profit (Rs mn)	106,520	113,569	119,771
Adj. EPS (Rs)	45.3	48.3	51.0
Consensus EPS (Rs)	45.3	48.1	53.0
Adj. ROAE (%)	21.6	22.9	23.6
Adj. P/E (x)	43.5	40.8	38.7
EV/EBITDA (x)	30.8	28.5	27.1
Adj. EPS growth (%)	(0.3)	6.6	5.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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