BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 2,549 | 26%

HINDUSTAN UNILEVER | Consumer Staples | 28 July 2026

Strong start to FY27

- **10% USG driven equally by volume and pricing, reflecting stronger competitiveness across the portfolio and continued market share gains**
- **EBITDA margin at 23.0%, remaining within the company's guided range despite commodity volatility**
- **Home Care & Beauty led growth, supported by strong premiumisation and Minimalist momentum. BUY with a TP of Rs 2,549**

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Result highlights: HUL delivered its highest growth in 13 quarters, with consolidated turnover increasing 10% YoY to Rs 171.8bn, driven by 10% Underlying Sales Growth (USG) and 5% Underlying Volume Growth (UVG). EBITDA grew 8% YoY to Rs 39.5bn, while EBITDA margin stood at 23.0%, down 40 bps YoY, remaining within the company's guided range despite a volatile operating environment. PAT before exceptional items increased 9% YoY to Rs 27.3bn, while reported PAT declined 2% YoY due to a one-off tax credit in the base quarter. Home Care/Beauty & Wellbeing/Personal Care/Foods delivered USG of 14%/12%/4%/7%, respectively, supported by broad-based growth, premiumisation and continued portfolio transformation.

Company outlook: During the quarter, supply chain resilience remained a key competitive advantage, supported by HUL's global procurement network, digitally-enabled R&D capabilities and flexible manufacturing network, enabling uninterrupted product availability despite commodity volatility. Moreover, A&P spends increased to Rs 16.57 bn (highest in the last 11 quarters) while continued investments in innovation, technology and digital capabilities are expected to support long-term growth. While commodity inflation and geopolitical volatility are expected to persist in the near term, HUL expects consolidated EBITDA margins to remain within the current guided range and will continue investing behind market development, channel expansion and portfolio transformation to drive competitive, volume-led revenue growth. The company remains focused on strengthening competitiveness while leveraging its scale, brand portfolio and execution capabilities to navigate the dynamic operating environment.

Our view: We believe that the company delivered a strong start to FY27, with its highest growth driven by broad-based volume growth, continued market share gains and disciplined execution. We remain positive on HUL's medium-term outlook, supported by premiumisation, innovation, rapid growth in Quick Commerce and strong execution across its portfolio. We maintain BUY rating, valuing the stock at 50x June'28 EPS with a revised TP of Rs 2,549.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HUVR IN/Rs 2,023
Market cap	US$ 50.1bn
Free float	38%
3M ADV	US$ 45.4mn
52wk high/low	Rs 2,750/Rs 2,016
Promoter/FPI/DII	62%/10%/17%

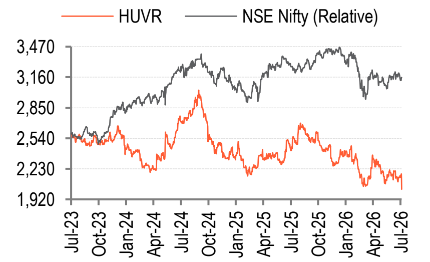
Source: NSE | Price as of 28 Jul 2026

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	48.4	53.1
Adj. ROAE (%)	21.6	22.9	23.6
Adj. P/E (x)	44.6	41.8	39.7
EV/EBITDA (x)	31.6	29.2	27.8
Adj. EPS growth (%)	(0.3)	6.6	5.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings Call KTA's

HUL delivered its highest growth in the last 13 quarters, with 10% USG (5% UVG and 5% pricing), reflecting the benefits of portfolio transformation, sharper execution and stronger market development initiatives. The company also continued to gain turnover-weighted market share, reinforcing competitive performance across categories.

Segment-wise

- **Home Care** delivered a strong 14% USG, driven by high-single-digit UVG, marking its strongest performance in the last three years. Fabric Wash registered broad-based double-digit, volume-led growth across bars and powders, while Liquids accelerated its double-digit growth trajectory, supported by premiumisation and consumer upgrades. Household Care also delivered double-digit USG and UVG, led by continued strength in Vim Liquid and market development initiatives aimed at increasing penetration. Management highlighted continued inflation in crude-linked derivatives and has implemented calibrated price increases across the portfolio. Going forward, growth is expected to be supported by premiumisation, category upgrades, continued penetration gains and pricing actions while maintaining market leadership.

- **Beauty & Wellbeing** reported a robust 12% USG, driven by high-single-digit UVG, with Hair Care delivering another quarter of double-digit volume-led growth. Premium Hair Care formats, including hair masks and serums, continued to outperform, strengthening HUL's market leadership. Skincare and Colour Cosmetics registered high-single-digit growth, led by double-digit growth in premium skincare. Minimalist maintained its double-digit growth trajectory while expanding aggressively through offline channels following last year's acquisition. Moreover, the Vaseline Gluta-Hya franchise was expanded through the launch of Smoothening Body Lotion, supporting premiumisation and deseasonalisation. Although OZiva witnessed a softer quarter due to portfolio transition towards emerging consumer demand spaces, management reiterated confidence in its long-term growth potential and continued investment behind the brand.

- **Personal Care** delivered 4% USG, largely driven by pricing actions undertaken to offset continued palm oil inflation for the second consecutive year. Moreover, skin Cleansing posted mid-single-digit growth, led by premium brands such as Dove and Pears, both of which delivered double-digit volume-led growth. Bodywash continued its strong double-digit growth trajectory through sustained market development efforts, further strengthening HUL's category leadership. Oral Care delivered mid-single-digit growth, supported by premium innovations including Close Up Right Now, Pepsodent Gum Care and Sensitive Care, which continue to gain traction in higher-benefit segments. Going forward, management expects premiumisation, innovation and category development to remain key growth drivers, while continuing calibrated pricing actions amid elevated palm oil costs.

- **Foods** reported 7% USG, driven by mid-single-digit UVG, reflecting healthy performance across categories. Premium Tea delivered low-single-digit UVG despite commodity inflation, while Coffee maintained its double-digit volume-led growth momentum, supported by premium offerings and Ready-to-Drink formats such as Bru Gold. Lifestyle Nutrition continued to perform strongly, with Horlicks and Boost registering double-digit growth. The category also reported its fifth consecutive quarter of positive UVG, while Boost crossed the Rs 1,000 crore annual turnover milestone, becoming HUL's 21st Rs 1,000 crore brand. The relaunched Horlicks Superfoods, RTD portfolio and Horlicks Biscuits continued to witness encouraging traction. Packaged Foods recorded high-single-digit growth, led by Unilever Food Solutions, Mayonnaise and International Sauces, while Kissan Chutneys maintained strong momentum with two additional variants launched during the quarter. Management remains positive on Foods, supported by premiumisation, innovation and expansion into adjacent categories.

- **AI-led innovation:** The company strengthened its long-term innovation capabilities through the launch of Unilever Fragrance House in India and the Liquids Lab of the Future in Mumbai, leveraging AI and advanced digital capabilities to accelerate formulation development by up to 6x. HUL also continued embedding AI across its value chain through the Digital First Distribution Centre in Vijayawada, improving demand sensing, warehouse operations and fulfilment efficiency.
- **Quick Commerce & Channels:** Quick Commerce continued to grow strongly at **40-50%**, supported by improved availability, channel-specific assortments and dedicated price-pack architecture. Management also continues to expand the offline presence of digital-first brands including Minimalist and Simple, while strengthening distribution in General Trade through deeper rural and small-town penetration.

Category Insights

Tea: Premium Tea reported low-single-digit UVG during the quarter amid continued commodity inflation. Management indicated that the initial tea crop points towards an inflationary trend and future pricing actions will depend on commodity movements. Tea continues to remain a stable category, supported by calibrated pricing and premiumisation initiatives.

Coffee: Coffee sustained its double-digit volume-led growth trajectory, supported by premium offerings and strong traction in Ready-to-Drink formats such as Bru Gold. Management continues to view Coffee as a key premiumisation and consumption growth driver within the Foods portfolio.

Premiumisation: Premiumisation remained a consistent theme across the portfolio, with premium Hair Care, Dove, Pears, Bodywash, Liquids, Premium Skincare and Coffee significantly outperforming. Management highlighted that while premium categories continue to grow faster, HUL remains committed to driving competitive growth across both mass and premium segments through its broad price-benefit portfolio. Rural and urban markets both remained robust, with rural growth witnessing a meaningful step-up over recent quarters.

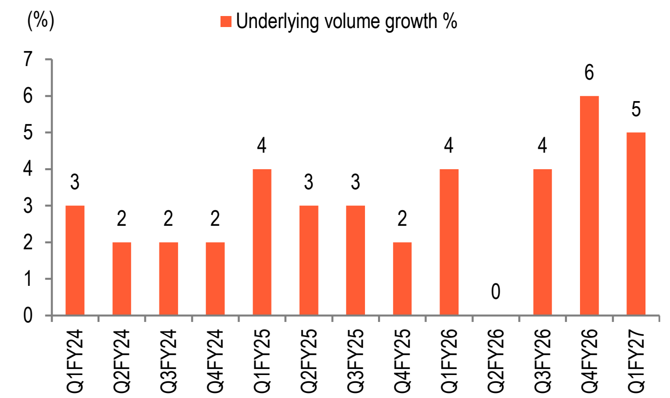
Future Outlook: Management retained its guidance that FY'27 will be better than FY'26, supported by portfolio transformation, channel expansion, continued market development actions and disciplined execution. Additionally , demand remains stable across both rural and urban markets, while the company continues to monitor monsoon progress, geopolitical developments and commodity inflation.

Fig 1 – Quarterly Table

Particular	Q1FY27	Q4FY26	Q1FY26	%q0q/bps	% yoy/bps
Sales (Rsm)	173,410	163,510	157,570	6.1	10.1
COGS	87,530	81,310	78,290	7.6	11.8
GP	85,880	82,200	79,280	4.5	8.3
Gross Margin(%)	49.5	50.3	50.3	(75bps)	(79bps)
Employee	7,690	8,470	6,890	(9.2)	11.6
Other expenses	38,720	35,320	35,990	9.6	7.6
EBITDA (Rsm)	39,470	38,410	36,400	2.8	8.4
EBITDA margin (%)	22.8	23.5	23.1	(73bps)	(34bps)
Interest (Rsm)	750	760	1,220	(1.3)	(38.5)
Depreciation (Rsm)	3,530	3,480	3,260	1.4	8.3
Other income (Rsm)	1,880	2,640	2,010	(28.8)	(6.5)
PBT (Rsm)	37,070	36,810	33,930	0.7	9.3
Tax (Rsm)	(9,520)	(9,220)	(5,260)	3.3	81.0
Reported PAT	26,800	29,940	27,410	(10.5)	(2.2)

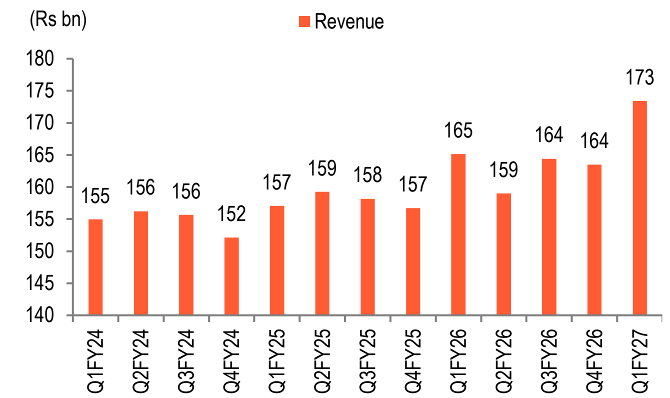
Source: Company, BOBCAPS Research

Fig 2 – Volume growth (%)



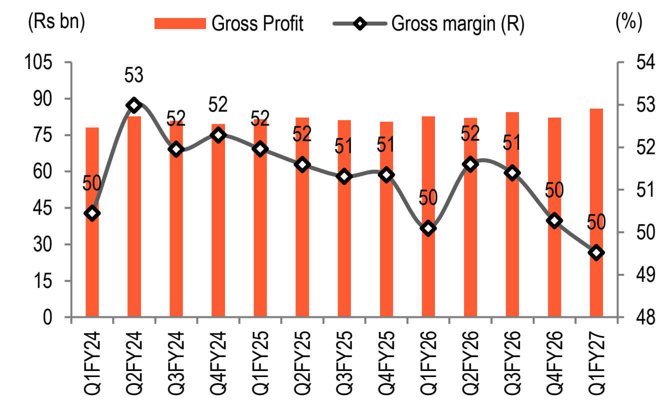
Source: Company, BOBCAPS Research

Fig 3 – Revenue Trend



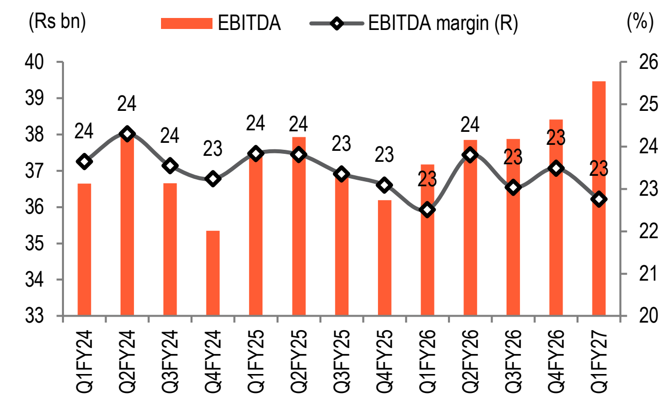
Source: Company, BOBCAPS Research

Fig 4 – Gross profit & its margins



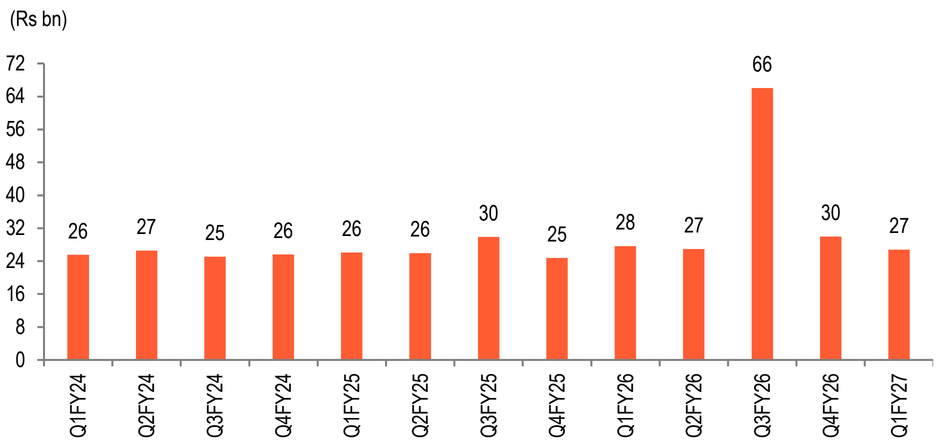
Source: Company, BOBCAPS Research

Fig 5 – EBITDA & its margins



Source: Company, BOBCAPS Research

Fig 6 – PAT Trend



Source: Company, BOBCAPS Research

Valuation methodology

We remain positive on HUL's medium-term outlook, supported by premiumisation, innovation, rapid growth in Quick Commerce and strong execution across its portfolio. We maintain BUY rating, valuing the stock at 50x June'28 EPS with a revised TP of Rs 2,549.

Fig 7 – Actual vs Estimates

Rs mn	Q1FY27A	Q1FY27E	Deviation (%)
Revenue	173,410	178,351	(2.77)
EBITDA	39,470	40,664	(2.94)
EBITDA Margin (%)	22.76	22.80	(4bps)
PAT	26,800	28,623	(6.37)

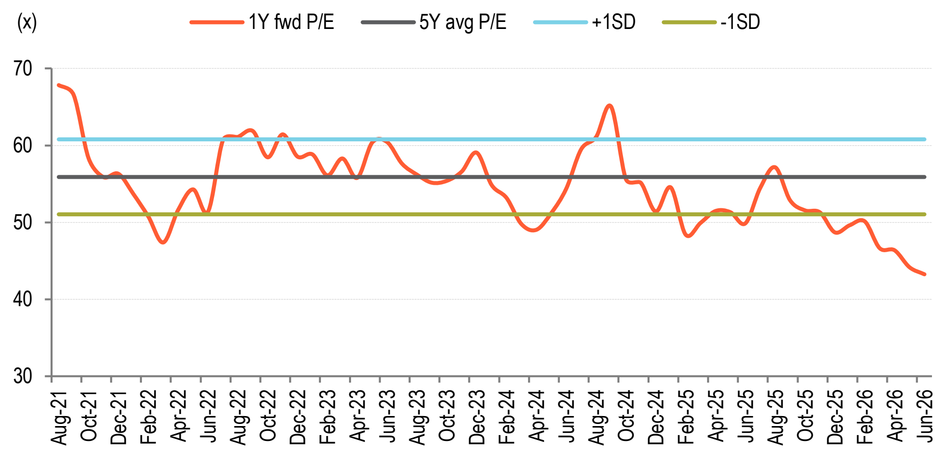
Source: Company, BOBCAPS Research

Fig 8 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	704,166	757,336	833,773	710,333	763,897	841,145	(0.87)	(0.86)	(0.88)
EBITDA	162,540	171,158	200,939	164,797	176,460	202,715	(1.37)	(3.00)	(0.88)
EBITDA Margin (%)	23.08	22.6	24.1	23.2	23.1	24.1	(12bps)	(50bps)	0bps
Adj PAT	113,569	119,771	142,331	121,123	128,444	148,729	(6.24)	(6.75)	(4.30)
Adj EPS	48.34	50.98	60.58	51.55	54.67	63.30	(6.24)	(6.75)	(4.30)

Source: BOBCAPS Research

Fig 9 – Trading at 40.5x on 1YF P/E vs historical average of 55.6x since IPO



Source: Company, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates:

- Volatility in raw material prices
- Competition from regional players
- Weak consumer spending

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**613,280**	**644,680**	**704,166**	**757,336**	**833,773**
EBITDA	147,060	150,540	162,540	171,158	200,939
Depreciation	12,530	13,330	14,043	14,923	15,387
EBIT	134,530	137,210	148,497	156,235	185,552
Net interest inc./(exp.)	3,810	4,100	4,113	4,114	4,116
Other inc./(exp.)	10,170	7,510	7,042	7,573	8,338
Exceptional items	3,470	(2,350)	0	0	0
EBT	144,280	138,120	151,426	159,694	189,774
Income taxes	(37,480)	(31,600)	(37,856)	(39,924)	(47,444)
Extraordinary items	3,470	(2,350)	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**106,800**	**106,520**	**113,569**	**119,771**	**142,331**
Adjustments	0	0	0	0	0
Adjusted net profit	**106,800**	**106,520**	**113,569**	**119,771**	**142,331**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	113,150	133,250	115,753	124,494	137,059
Other current liabilities	9,590	7,360	7,360	7,360	7,360
Provisions	22,030	19,490	19,490	19,490	19,490
Debt funds	10	0	11	12	13
Other liabilities	16,840	12,190	12,190	12,190	12,190
Equity capital	2,350	2,350	2,350	2,350	2,350
Reserves & surplus	491,670	485,040	495,883	507,318	520,907
Shareholders' fund	494,020	487,390	498,233	509,668	523,257
Total liab. and equities	**798,800**	**797,520**	**790,837**	**811,013**	**837,169**
Cash and cash eq.	75,540	25,830	4,918	15,345	27,793
Accounts receivables	38,190	33,790	28,938	31,123	34,265
Inventories	44,150	47,890	47,059	50,613	55,721
Other current assets	9,550	11,590	11,590	11,590	11,590
Investments	37,530	43,590	43,590	43,590	43,590
Net fixed assets	86,250	81,820	101,731	105,742	111,200
CWIP	10,090	8,800	8,800	8,800	8,800
Intangible assets	457,100	492,460	492,460	492,460	492,460
Deferred tax assets, net	170	140	140	140	140
Other assets	22,740	27,020	27,020	27,020	27,020
Total assets	**798,800**	**797,520**	**790,837**	**811,013**	**837,169**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**118,860**	**109,990**	**119,871**	**141,810**	**166,149**
Capital expenditures	(12,750)	(13,610)	(33,954)	(18,933)	(20,844)
Change in investments	0	0	11	1	1
Other investing cash flows	(4,980)	(5,070)	0	0	0
Cash flow from investing	**64,730**	**(36,840)**	**(33,954)**	**(18,933)**	**(20,844)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	11	1	1
Interest expenses	(1,300)	(1,790)	(4,113)	(4,114)	(4,116)
Dividends paid	(124,730)	(101,240)	(102,726)	(108,336)	(128,742)
Other financing cash flows	(4,980)	(5,070)	0	0	0
Cash flow from financing	**(131,010)**	**(108,100)**	**(106,829)**	**(112,449)**	**(132,856)**
Chg in cash & cash eq.	**52,580**	**(34,950)**	**(20,912)**	**10,427**	**12,448**
Closing cash & cash eq.	**60,700**	**25,830**	**4,918**	**15,345**	**27,793**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	45.3	45.3	48.3	51.0	60.6
Adjusted EPS	45.5	45.3	48.3	51.0	60.6
Dividend per share	0.0	41.0	43.7	46.1	54.8
Book value per share	210.3	207.4	212.1	216.9	222.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	7.7	7.4	6.7	6.3	5.7
EV/EBITDA	32.3	31.6	29.2	27.8	23.7
Adjusted P/E	44.5	44.6	41.8	39.7	33.4
P/BV	9.6	9.8	9.5	9.3	9.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.0	77.1	75.0	75.0	75.0
Interest burden (PBT/EBIT)	107.2	100.7	102.0	102.2	102.3
EBIT margin (EBIT/Revenue)	21.9	21.3	21.1	20.6	22.3
Asset turnover (Rev./Avg TA)	76.8	80.8	89.0	93.4	99.6
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.6	1.6
Adjusted ROAE	21.1	21.6	22.9	23.6	27.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.9)	5.1	9.2	7.6	10.1
EBITDA	0.3	2.4	8.0	5.3	17.4
Adjusted EPS	3.9	(0.3)	6.6	5.5	18.8
Profitability & Return ratios (%)					
EBITDA margin	24.0	23.4	23.1	22.6	24.1
EBIT margin	21.9	21.3	21.1	20.6	22.3
Adjusted profit margin	17.4	16.5	16.1	15.8	17.1
Adjusted ROAE	21.1	21.6	22.9	23.6	27.4
ROCE	23.5	24.3	26.0	26.9	31.2
Working capital days (days)					
Receivables	15	15	15	15	15
Inventory	24	24	24	24	24
Payables	60	60	60	60	60
Ratios (x)					
Gross asset turnover	1.1	1.1	1.2	1.2	1.3
Current ratio	1.3	1.2	1.2	1.2	1.3
Net interest coverage ratio	(17.8)	(25.1)	36.1	38.0	45.1
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

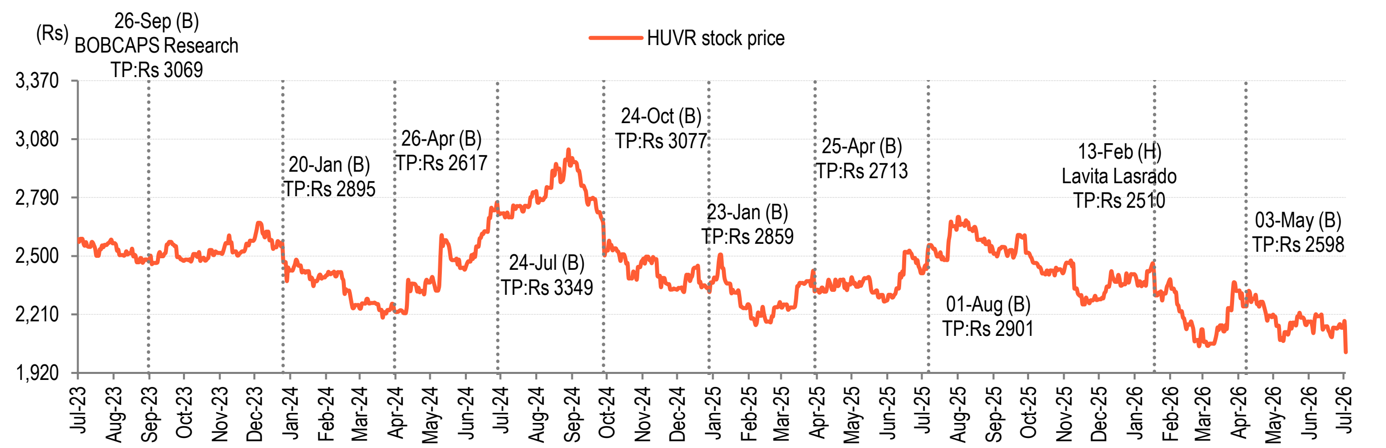
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HINDUSTAN UNILEVER (HUVR IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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