

17 January 2026

India | Equity Research | Company Update

Hindustan Unilever

Consumer Staples & Discretionary

The volume resurgence – elasticity unlocked; upgrade to BUY

We upgrade HUL to BUY (from Add) as our conviction strengthens on the back of how a regulatory tailwind (GST cuts) can turn into a structural competitive advantage. We identify four growth levers that could drive HUL's performance in FY27 and beyond: 1) Demand in Personal Care products for large-pack units is proving highly responsive to price corrections post GST rate cuts. 2) Lower prices have improved the value proposition of premium products, encouraging consumers to trade up, benefiting HUL's strong mass to premium portfolio. 3) We expect volume uptick in near and medium term, with grammage increase in LUPs and price cuts in large packs. 4) Renewed focus on QC channel, supported by aggressive promotional activity and better premium mix, to aid growth and margins over the long term.

Personal Care shows higher elasticity versus Staples

Unlike the Staples segment, which typically exhibits inelastic demand, HUL's discretionary portfolio within Staples – example shampoo – is currently demonstrating favorable price elasticity, post the GST rate rationalisation-led price cuts, in our opinion. Our channel checks indicate that consumers are willing to increase usage or upgrade to large packs in these categories. As volume throughput increases in these categories, HUL benefits from operating leverage, potentially supporting EBITDA margin expansion as well.

Premium products gaining traction

Lower prices, after the GST cut, are also making premium products more affordable. Consumers are increasingly upgrading to premium brands as the price-value proposition versus mass products has improved. This trend should support faster premiumisation, and HUL is well placed to benefit given its strong presence across mass and premium segments in most categories. We noted early signs in Personal Wash (Soaps) category as well.

Expect volume uptick in FY27++

HUL's post-GST rate rationalisation-led grammage increase in LUPs (low-unit packs) improves the value for the consumer and is critical for rural recovery where inflation had previously led to shrinkflation. We think raising grammage restores usage frequency, especially in consumers at the bottom of the pyramid.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	6,14,690	6,58,025	7,29,578	8,21,924
EBITDA	1,42,890	1,50,827	1,68,287	1,92,718
EBITDA Margin (%)	23.2	22.9	23.1	23.4
Net Profit	1,02,220	1,05,197	1,16,632	1,33,327
EPS (Rs)	43.5	44.8	49.6	56.7
EPS % Chg YoY	0.2	2.9	10.9	14.3
P/E (x)	54.3	52.7	47.6	41.6
EV/EBITDA (x)	38.5	36.5	32.7	28.4
RoCE (%)	19.2	20.9	23.5	26.5
RoE (%)	20.4	21.7	24.2	27.2

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Market Data

Market Cap (INR)	5,546bn
Market Cap (USD)	61,054mn
Bloomberg Code	HUVR IN
Reuters Code	HLL.BO
52-week Range (INR)	2,737 / 2,103
Free Float (%)	38.0
ADTV-3M (mn) (USD)	43.9

Price Performance (%)	3m	6m	12m
Absolute	(6.4)	(4.8)	2.2
Relative to Sensex	(6.5)	(5.9)	(6.2)

ESG Score	2024	2025	Change
ESG score	72.0	77.2	5.2
Environment	57.3	65.4	8.1
Social	69.8	75.7	5.9
Governance	85.0	87.5	2.5

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	-	1.8	4.8
EBITDA	-	0.8	3.1
EPS	-	0.6	2.7

Previous Reports

24-10-2025: [Q2FY26 results review](#)

24-09-2025: [Company Update](#)

Additionally, direct price cuts in large packs should excite urban/upper middle-class consumers; thus, encouraging pantry loading and increasing share of wallet per shopping trip. We think the combined benefits of grammage increase in small packs and the price cuts on large packs should drive overall volume growth for HUL in the coming quarters.

Increased focus on quick commerce (QC) to aid growth and premiumisation

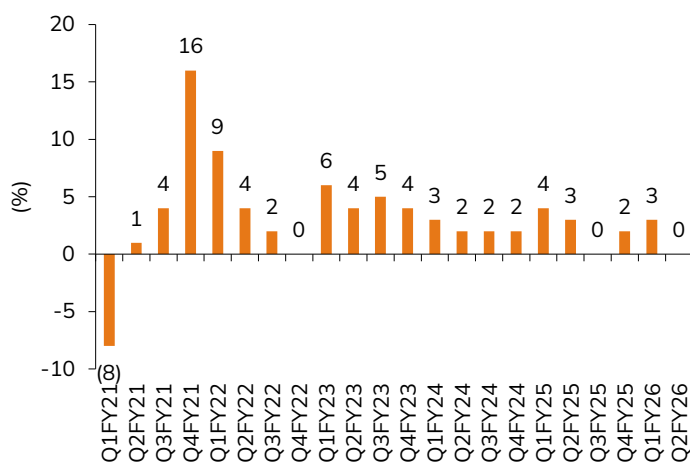
Per our understanding, one of the strategic focus (amongst the few) for Priya Nair, MD & CEO, HUL, is to drive growth in the rapidly growing QC channel. We believe, post the GST rate cut-led price corrections, HUL may become aggressive on promotional intensity, especially in large-pack SKUs (relevant for QC). As a result, volume momentum may rise in large packs driven by value-seeking consumers and trade partners prioritising higher-ticket items (especially in QC). Additionally, we believe higher focus on QC may drive stronger demand for premium products, aiding UVG and overall margin improvement.

Valuation and risks

We increase our estimates by 1%/3% for FY27/28 on the back of recovery in performance. We model revenue/EBITDA/PAT CAGRs of 8/9/9 (%) over FY25–28E with higher growth of 12/13/13 (%) over FY27–28E. We upgrade HUL to **BUY**, from **Add**, based on our DCF-based revised target price of **INR 3,000**, on Sep'27 estimates.

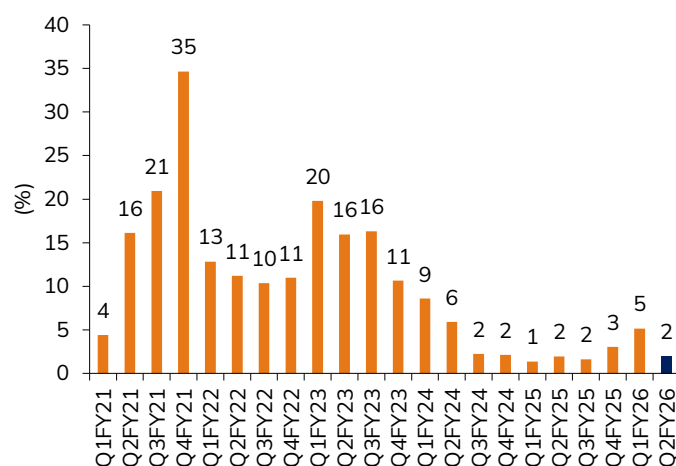
Key downside risks are delayed recovery in demand, irrational competition, and lower-than-anticipated GST-led benefit outcomes.

Exhibit 1: Volume growth

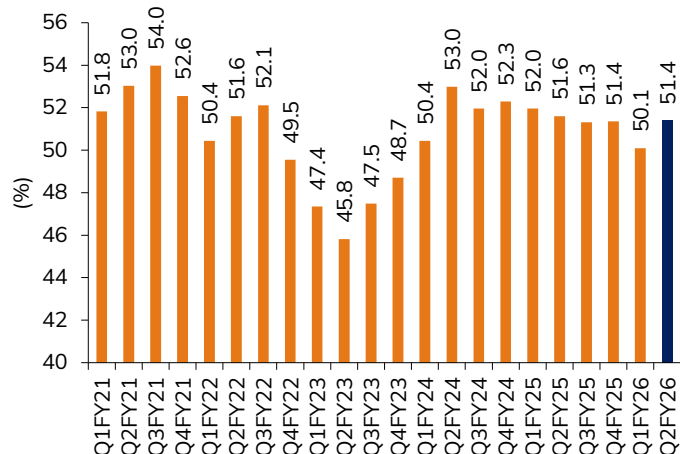


Source: Company data, I-Sec research

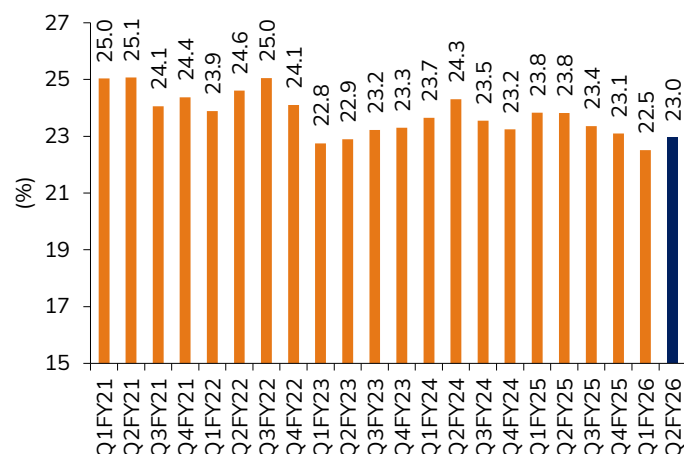
Exhibit 2: Revenue growth



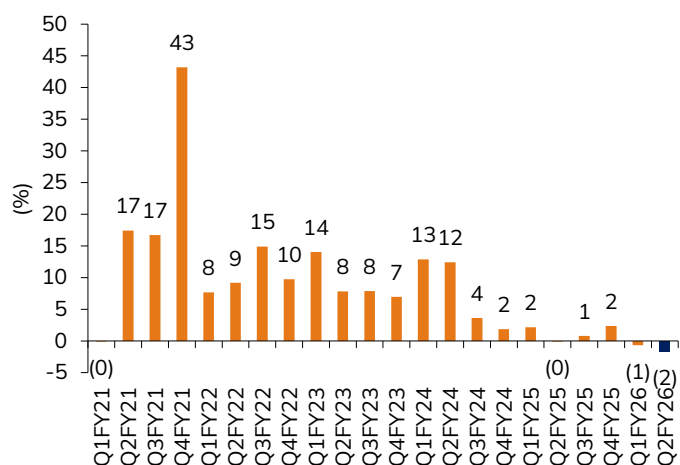
Source: Company data, I-Sec research

Exhibit 3: Gross margin

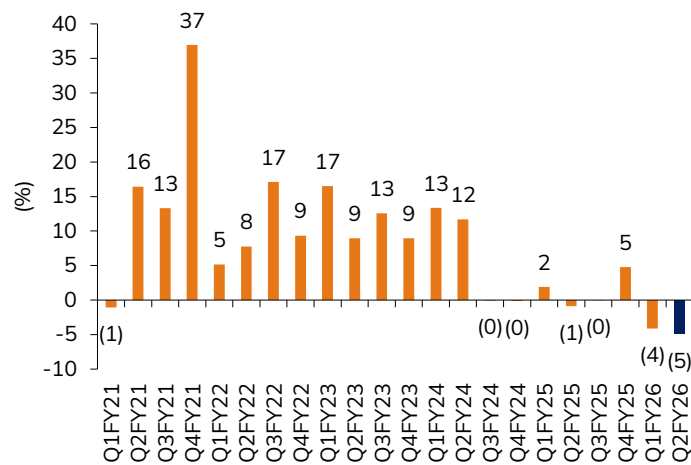
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin

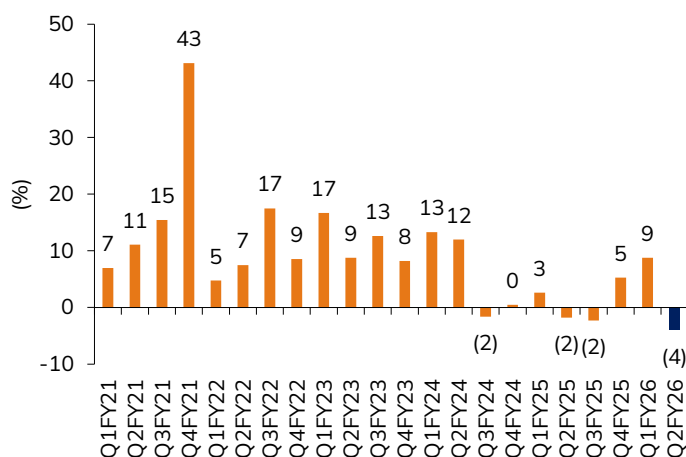
Source: Company data, I-Sec research

Exhibit 5: EBITDA growth

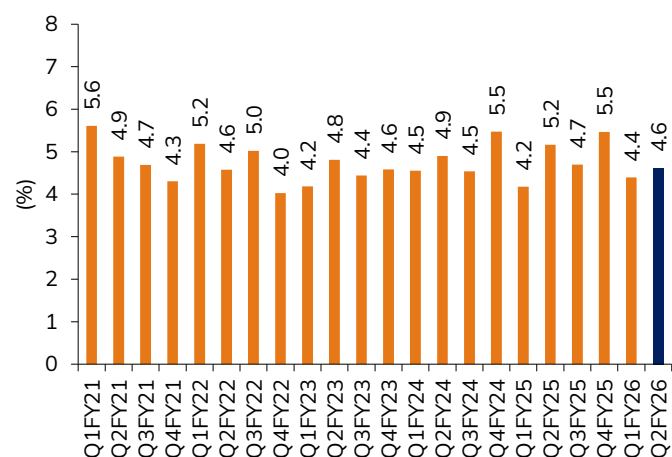
Source: Company data, I-Sec research

Exhibit 6: PBT growth

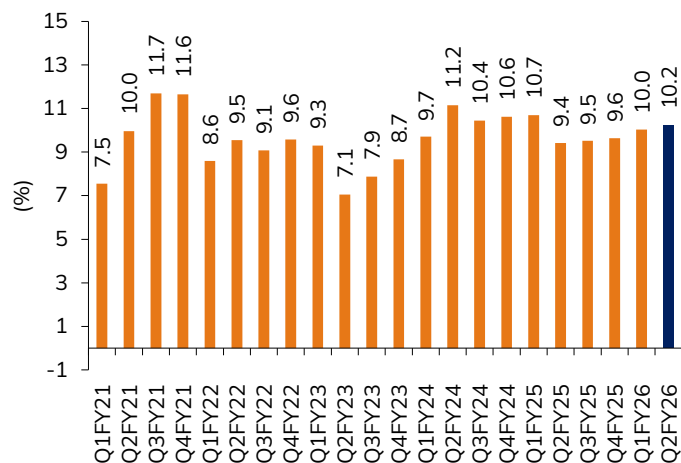
Source: Company data, I-Sec research

Exhibit 7: Recurring PAT growth

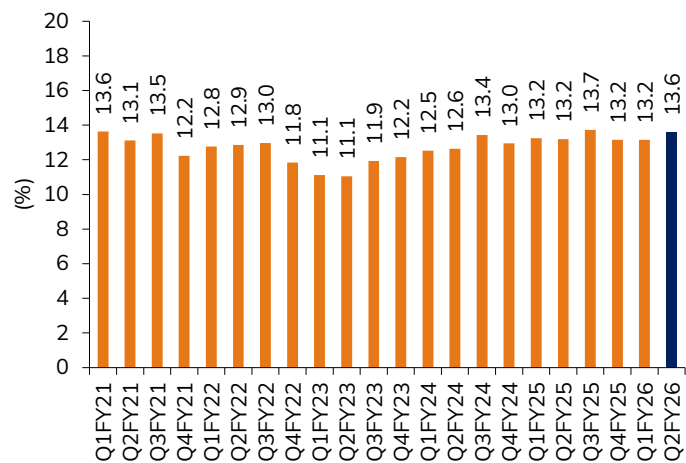
Source: Company data, I-Sec research

Exhibit 8: Staff costs, as a % of sales

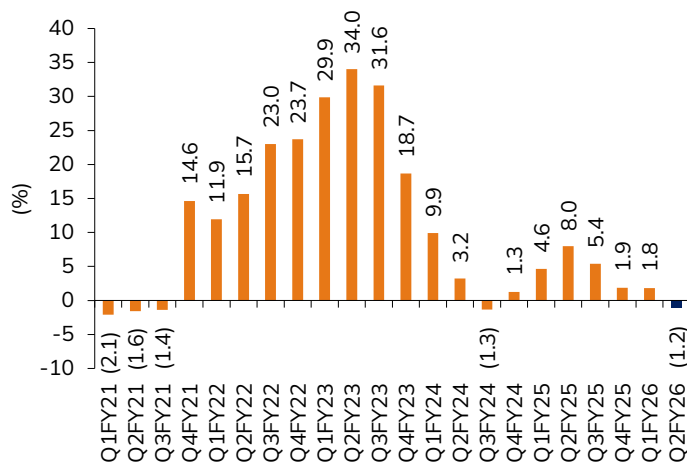
Source: Company data, I-Sec research

Exhibit 9: Ad-spends, as a % of sales

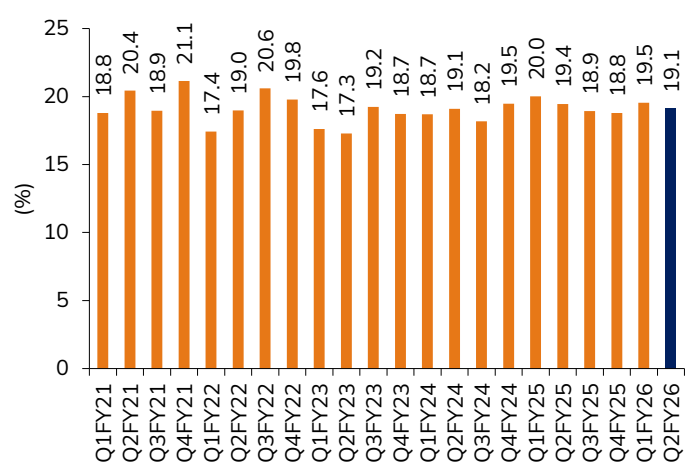
Source: Company data, I-Sec research

Exhibit 10: Other opex, as a % of sales

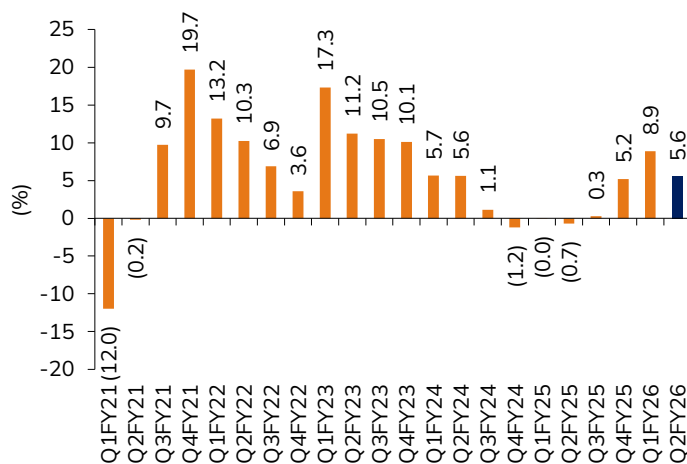
Source: Company data, I-Sec research

Exhibit 11: Revenue growth – Home Care

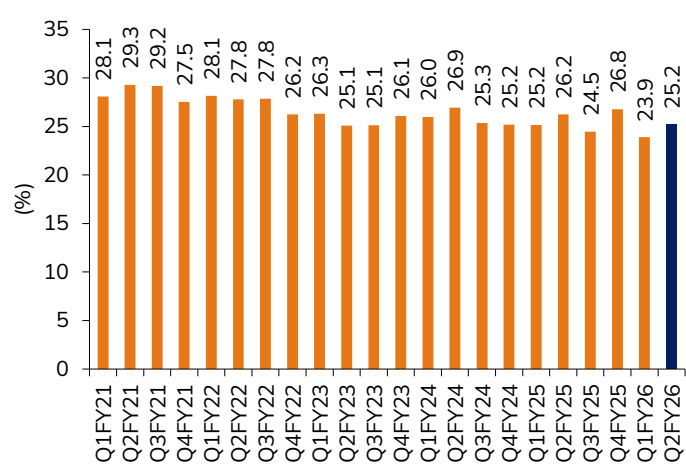
Source: Company data, I-Sec research

Exhibit 12: EBIT margin – Home Care

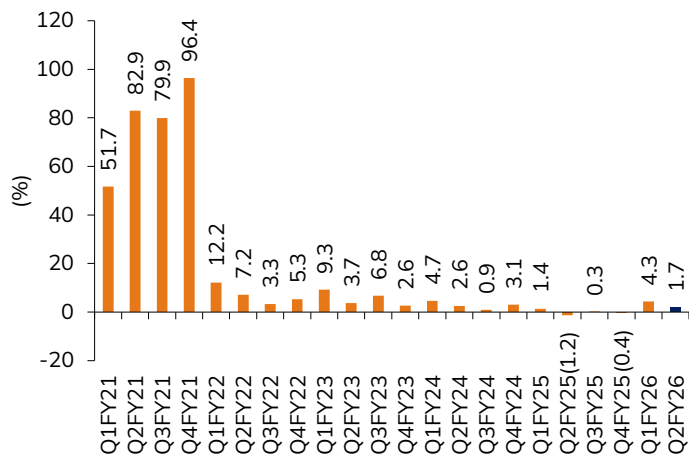
Source: Company data, I-Sec research

Exhibit 13: Revenue growth – Beauty and Personal Care

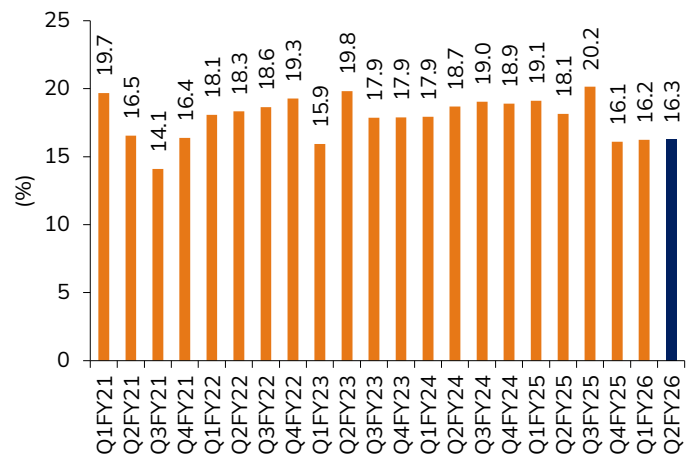
Source: Company data, I-Sec research

Exhibit 14: EBIT margin – Beauty and Personal Care

Source: Company data, I-Sec research

Exhibit 15: Revenue growth – Foods and Refreshments

Source: Company data, I-Sec research

Exhibit 16: EBIT margin – Foods and Refreshments

Source: Company data, I-Sec research

Exhibit 17: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	61.9	61.9	61.9
Institutional investors	25.9	26.1	26.4
MFs and others	5.0	5.6	6.4
Banks, FI's, Insurance co	7.4	8.6	9.2
FII's	13.5	11.9	10.8
Others	12.2	12.0	11.7

Source: Bloomberg, I-Sec research

Exhibit 18: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	6,14,690	6,58,025	7,29,578	8,21,924
Operating Expenses	4,71,800	5,07,197	5,61,291	6,29,205
EBITDA	1,42,890	1,50,827	1,68,287	1,92,718
EBITDA Margin (%)	23.2	22.9	23.1	23.4
Depreciation & Amortization	12,240	13,658	15,129	17,031
EBIT	1,30,650	1,37,169	1,53,157	1,75,687
Interest expenditure	3,640	3,898	4,324	4,876
Other Non-operating Income	11,770	8,886	8,777	9,361
Recurring PBT	1,38,780	1,42,158	1,57,610	1,80,172
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	36,560	36,961	40,979	46,845
PAT	1,02,220	1,05,197	1,16,632	1,33,327
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	4,220	-	-	-
Net Income (Reported)	1,06,440	1,05,197	1,16,632	1,33,327
Net Income (Adjusted)	1,02,220	1,05,197	1,16,632	1,33,327

Source Company data, I-Sec research

Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	2,08,990	1,97,286	2,14,841	2,43,623
of which cash & cash eqv.	1,09,070	1,00,014	1,07,266	1,22,880
Total Current Liabilities & Provisions	1,52,920	1,55,790	1,68,386	1,87,453
Net Current Assets	56,070	41,496	46,455	56,169
Investments	9,880	9,880	9,880	9,880
Net Fixed Assets	61,270	67,353	74,111	81,737
ROU Assets	15,830	15,830	15,830	15,830
Capital Work-in-Progress	9,560	9,560	9,560	9,560
Total Intangible Assets	4,51,970	4,51,970	4,51,970	4,51,970
Long Term Loans & Advances	25,630	27,444	30,448	34,331
Deferred Tax assets	-	-	-	-
Total Assets	6,30,210	6,23,532	6,38,254	6,59,477
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	65,830	65,830	65,830	65,830
Provisions	15,090	16,158	17,927	20,213
Other Liabilities	57,760	61,847	68,619	77,369
Equity Share Capital	2,350	2,350	2,350	2,350
Reserves & Surplus	4,89,180	4,77,347	4,83,529	4,93,716
Total Net Worth	4,91,530	4,79,697	4,85,879	4,96,066
Minority Interest	-	-	-	-
Total Liabilities	6,30,210	6,23,532	6,38,254	6,59,477

Source Company data, I-Sec research

Exhibit 21: Quarterly trend

(INR mn, year ending March)

	Dec 24	Mar 25	Jun 25	Sep 25
Net Sales	158,180	156,700	165,140	162,410
% growth (YOY)	2	3	5	2
EBITDA	36,950	36,190	37,180	37,290
Margin %	23.4	23.1	22.5	23.0
Other Income	2,320	3,090	2,010	1,470
Extraordinaries	5,080	(1,390)	(1,280)	1,810
Adjusted Net Profit	24,810	26,140	28,960	25,130

Source Company data, I-Sec research

Exhibit 22: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,16,060	1,22,726	1,35,137	1,58,926
Working Capital Changes	(5,540)	8,860	7,829	13,052
Capital Commitments	11,280	19,741	21,887	24,658
Free Cashflow	1,04,780	1,02,986	1,13,249	1,34,268
Other investing cashflow	78,910	8,886	8,777	9,361
Cashflow from Investing Activities	67,630	(10,855)	(13,110)	(15,297)
Issue of Share Capital	-	-	-	-
Interest Cost	(5,780)	(3,898)	(4,324)	(4,876)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,24,530)	(1,17,030)	(1,10,450)	(1,23,140)
Others	-	-	-	-
Cash flow from Financing Activities	(1,30,310)	(1,20,928)	(1,14,774)	(1,28,016)
Chg. in Cash & Bank balance	53,380	(9,056)	7,252	15,613
Closing cash & balance	59,470	50,414	57,666	73,280

Source Company data, I-Sec research

Exhibit 23: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	43.5	44.8	49.6	56.7
Adjusted EPS (Diluted)	43.5	44.8	49.6	56.7
Cash EPS	48.7	50.6	56.1	64.0
Dividend per share (DPS)	53.0	45.0	50.0	56.0
Book Value per share (BV)	209.2	204.1	206.8	211.1
Dividend Payout (%)	121.8	100.5	100.7	98.7
Growth (%)				
Net Sales	1.8	7.1	10.9	12.8
EBITDA	0.7	5.6	11.6	14.5
EPS (INR)	0.2	2.9	10.9	14.3
Valuation Ratios (x)				
P/E	54.3	52.7	47.6	41.6
P/CEPS	48.5	46.7	42.1	36.9
P/BV	11.3	11.6	11.4	11.2
EV / EBITDA	38.5	36.5	32.7	28.4
P / Sales	9.3	8.6	7.8	6.9
Dividend Yield (%)	2.2	1.9	2.1	2.4
Operating Ratios				
Gross Profit Margins (%)	50.9	51.1	51.4	51.6
EBITDA Margins (%)	23.2	22.9	23.1	23.4
Effective Tax Rate (%)	26.3	26.0	26.0	26.0
Net Profit Margins (%)	16.6	16.0	16.0	16.2
Net Debt / Equity (x)	(0.2)	(0.2)	(0.2)	(0.3)
Net Debt / EBITDA (x)	(0.8)	(0.7)	(0.7)	(0.7)
Fixed Asset Turnover (x)	5.9	5.6	5.3	5.1
Working Capital Days	(32)	(34)	(32)	(31)
Inventory Turnover Days	25	26	27	27
Receivables Days	21	16	17	17
Payables Days	67	64	64	64
Profitability Ratios				
RoCE (%)	19.2	20.9	23.5	26.5
RoE (%)	20.4	21.7	24.2	27.2
RoIC (%)	25.5	27.3	30.7	35.5

Source Company data, I-Sec research

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