

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.

Manoj Menonmanoj.menon@icicisecurities.com
+91 22 6807 7209**Dhiraj Mistry**

dhiraj.mistry@icicisecurities.com

Ashutosh Joytiraditya

ashutosh.joytiraditya@icicisecurities.com

Akshay Krishnan

akshay.krishnan@icicisecurities.com

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.

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

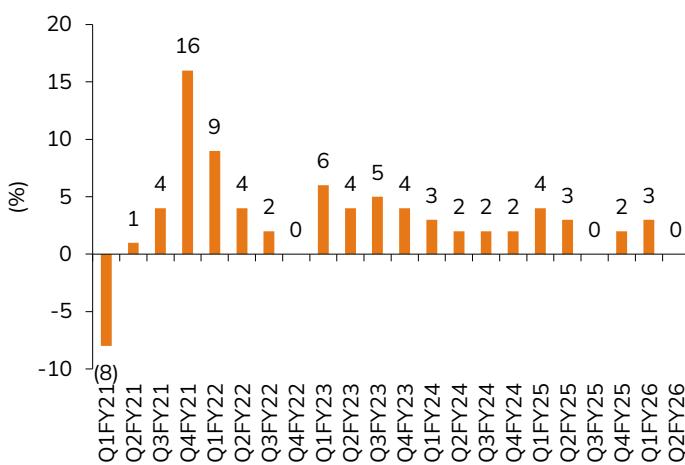
Per our understanding, one of the strategic focus (amongst the few) for Priya Nair, MD & CEO, HUL, is to drive growth in the rapidly growing QC channel. We believe, post the GST rate cut-led price corrections, HUL may become aggressive on promotional intensity, especially in large-pack SKUs (relevant 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.

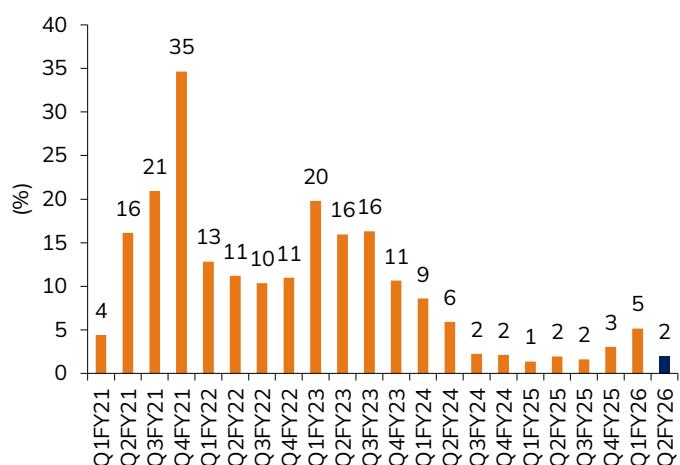
Key downside risks are delayed recovery in demand, irrational competition, and lower-than-anticipated GST-led benefit outcomes.

Exhibit 1: Volume growth

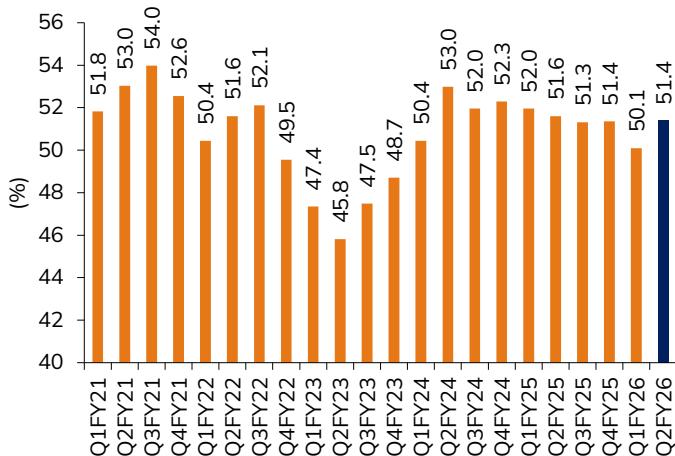


Source: Company data, I-Sec research

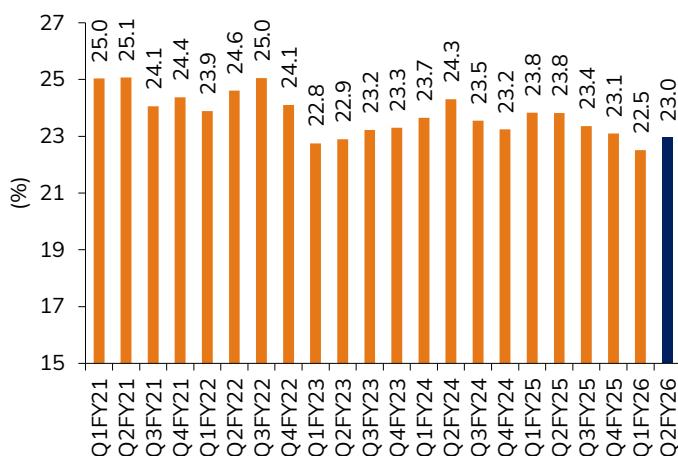
Exhibit 2: Revenue growth



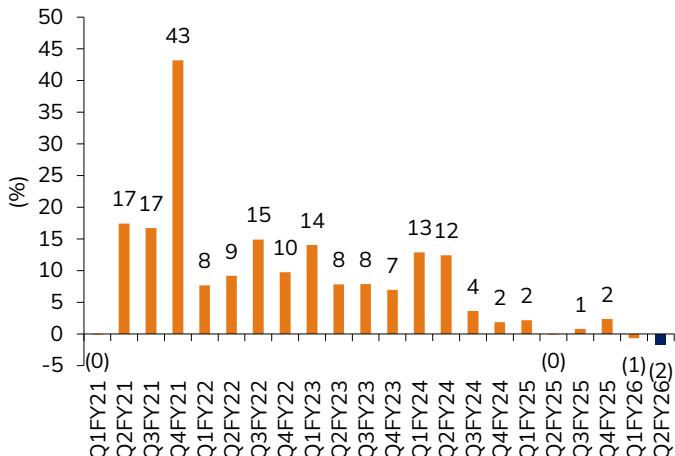
Source: Company data, I-Sec research

Exhibit 3: Gross margin

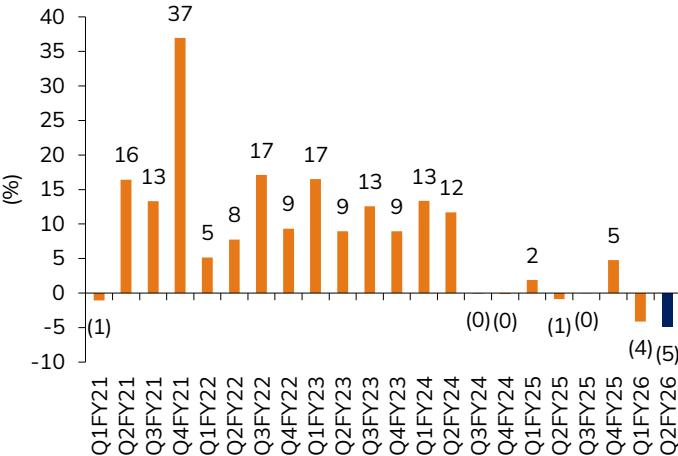
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin

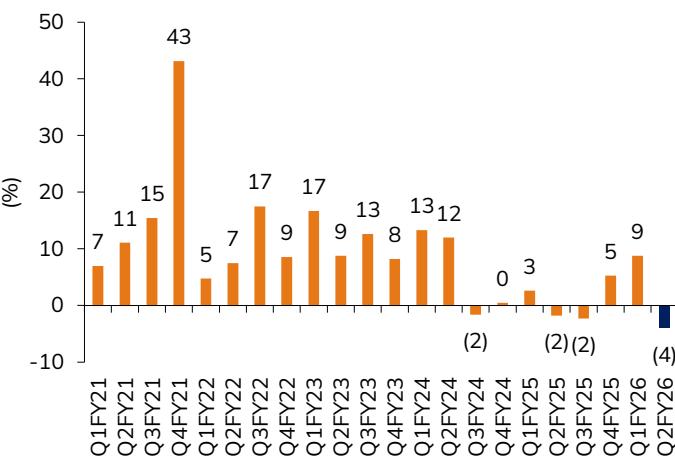
Source: Company data, I-Sec research

Exhibit 5: EBITDA growth

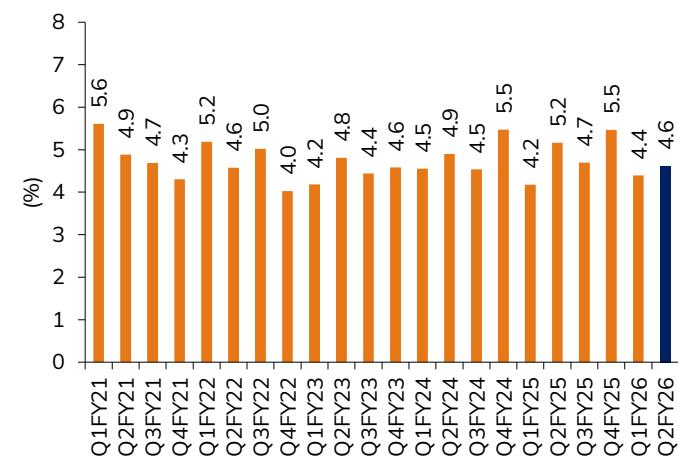
Source: Company data, I-Sec research

Exhibit 6: PBT growth

Source: Company data, I-Sec research

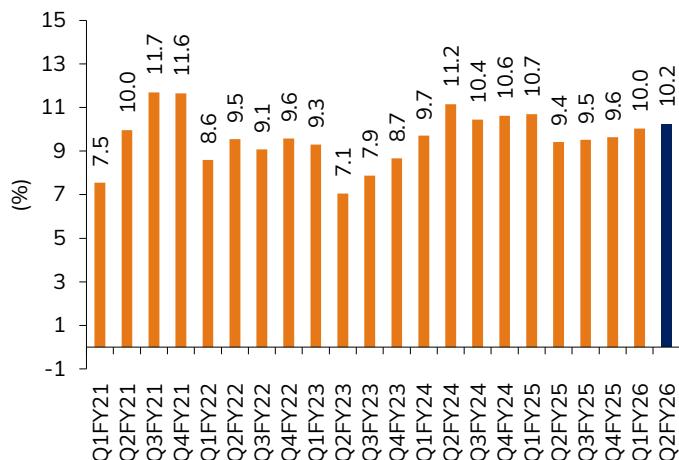
Exhibit 7: Recurring PAT growth

Source: Company data, I-Sec research

Exhibit 8: Staff costs, as a % of sales

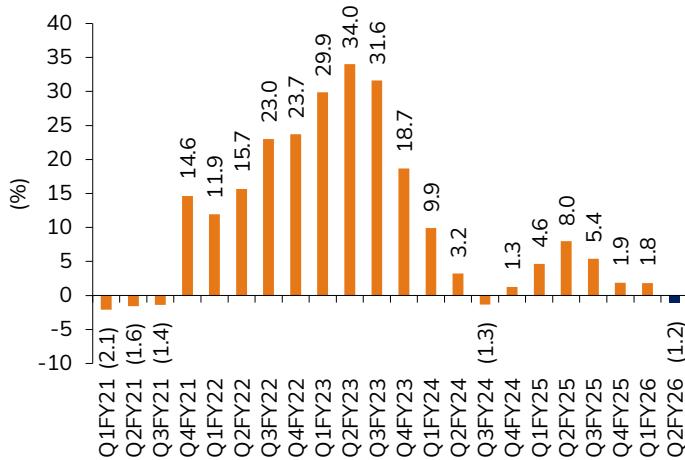
Source: Company data, I-Sec research

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



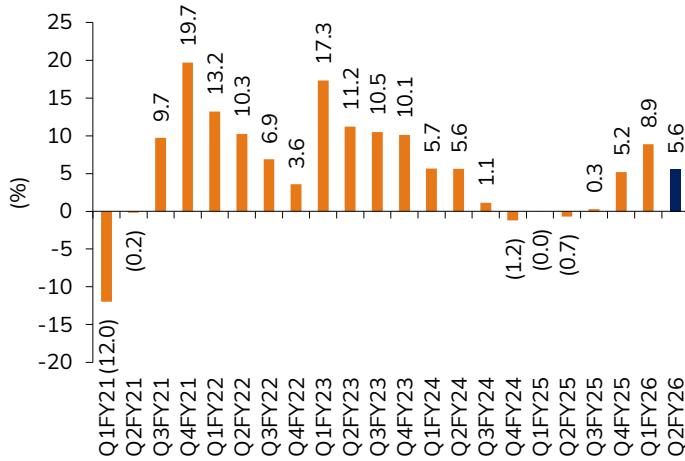
Source: Company data, I-Sec research

Exhibit 11: Revenue growth – Home Care



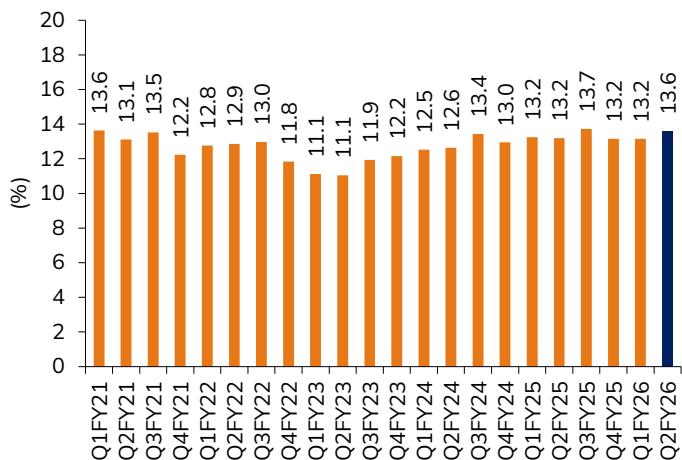
Source: Company data, I-Sec research

Exhibit 13: Revenue growth – Beauty and Personal Care



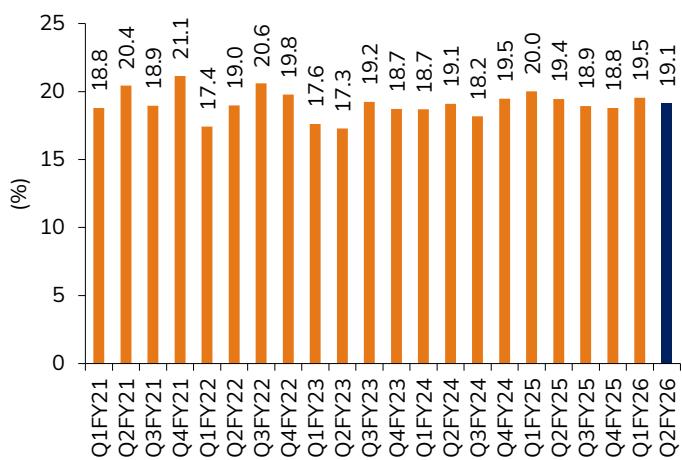
Source: Company data, I-Sec research

Exhibit 10: Other opex, as a % of sales



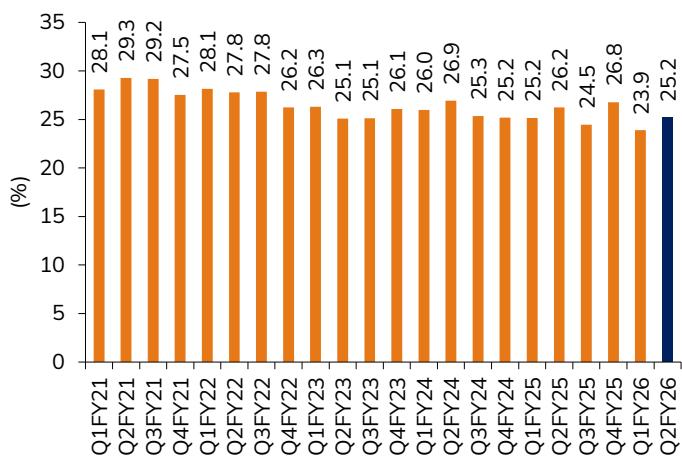
Source: Company data, I-Sec research

Exhibit 12: EBIT margin – Home Care



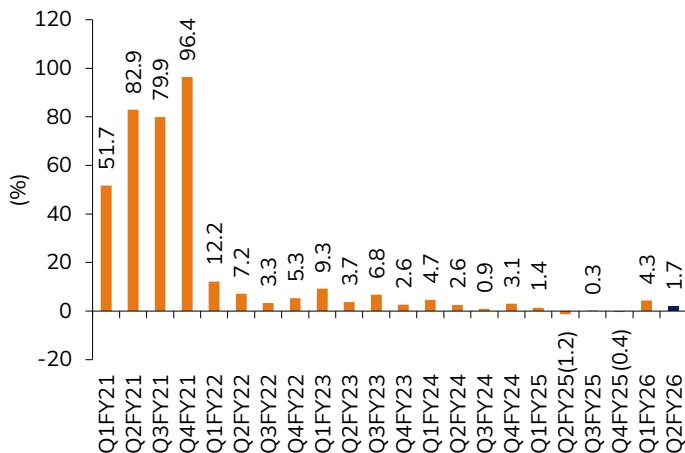
Source: Company data, I-Sec research

Exhibit 14: EBIT margin – Beauty and Personal Care



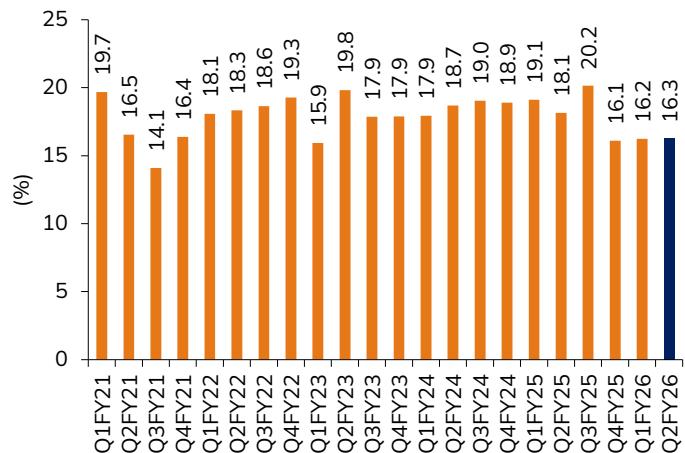
Source: Company data, I-Sec research

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

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Manoj Menon, MBA, CMA; Dhiraj Mistry, CMA; Ashutosh Joytiraditya, MBA; Akshay Krishnan, MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions. ([Link](#))

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address :** complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Jeetu Jawrani](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
