Hindustan Unilever Limited

Kantilal Chhaganlal Since 1954

8th July ' 2026

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Showing a gradual recovery in FY 26, supported by improving macros

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Hindustan Unilever Limited, With a legacy of over 90 years in India, HUL is India's largest FMCG company. company are known for great brands and driven by a belief that 'What is good for India, is good for HUL

8th July' 2026

Rating: : Buy
Target : 2700
Upside : 22%
CMP : 2210 (NSE)

Key Data

Bloomberg Code	HUVR:IN
Mkt Cap (INR)	5,19,271 Crs
Free Float Mkt Cap (INR)	1,95,439 Crs
52Wk Range (INR)	2682.41 / 2023.05
Free Float (%)	37.64%

Shareholding (%)

Promoters	Mar '26	Dec'25	Sep'25
Promoters	61.9%	61.9%	61.9%
FIIs	10.1%	10.7%	10.6%
DIIs	16.4%	15.8%	15.6%
Others	11.6%	11.6%	11.9%

Management	
CEO & M D	Mrs. Priya Nair
Non- Executive Chairman	Mr. Nitin Pranjape
Executive Director & CFO	Niranjan Gupta
Independent Director	Ranjay Gulati
Independent Director	Tarun Bajaj , Neelam Dhawan , Ashu suyash, Bobby Parekh

Showing a gradual recovery in FY 26, supported by improving macros

FY26 was a year of gradual demand recovery for HUVR, supported by easing consumer inflation, favorable government policies, and a healthy monsoon, which strengthened rural consumption. Urban demand also remained healthy, although certain discretionary segments witnessed moderate softness. The company reported 5% YoY revenue growth, driven by 4% volume growth, reflecting steady underlying demand. Gross margin declined by 60 bps to 50.9% due to continued volatility in raw material costs, leading to a 50 bps contraction in EBITDA margin to 24.0%. Consequently, PAT remained broadly unchanged at INR103 billion during FY26.

HUVR maintained its strong capital allocation discipline, with the dividend payout ratio at 93% compared with 97% in FY25, while net working capital remained highly efficient at negative 30 days. Looking ahead, management expects the demand environment to remain stable over the medium term, supported by improving consumer sentiment. While near-term volatility may continue due to geopolitical uncertainties and fluctuations in commodity prices, the company remains focused on delivering sustainable, volume-led growth across its portfolio.

EBITDA Margin Remains Resilient Despite Elevated Input Cost Inflation

The company delivered a resilient operating performance, with EBITDA margin improving 20bps YoY to 23.7%, despite a 120bps decline in gross margin due to elevated raw material costs. Strong cost discipline helped offset inflationary pressures, with employee costs down 30bps and other operating expenses and brand spends each declining 50bps.

Management highlighted continued raw material inflation of 8–10% and implemented calibrated price hikes of 2–5% across select categories. The company maintained its medium-term EBITDA margin guidance of 22.5–23.5%, supported by premiumization, productivity gains, and cost optimization. We expect gradual margin expansion of ~40bps over FY26–FY28E, driven by better product mix, operating leverage, and efficiency initiatives

Valuation and Outlook : HUVR remains focused on driving volume-led revenue growth while balancing near-term margin pressures. Despite commodity inflation and macro uncertainties, the company is confident of navigating challenges through hedging strategies, cost efficiencies, portfolio transformation, and stronger omnichannel capabilities. Additionally, HUVR has announced ₹20bn capex investment toward premium and high-growth categories to support long-term growth. delivering improved performance in FY27 vs FY26. In its 4QFY26 concall, HUVR maintained consolidated EBITDA margin guidance of 22.5-23.5% (adjusted for the ice-cream business demerger). Based on our FY 28 EPS estimate 56.4x f We **Maintain a Target Price of ₹2700**

Segment Performance

Home Care:
Home Care delivered a strong 9.1% YoY revenue growth, supported by high single-digit underlying volume growth (UVG), marking its best quarterly performance in nearly three years. The segment's EBIT margin improved by 26 bps YoY to 19.1%, aided by a favourable product mix.
Fabric Wash registered broad-based double-digit growth, driven by robust demand in the liquids portfolio, along with improving traction in powders and bars.

Household Care posted high single-digit growth with double-digit volume expansion, led by the continued strong performance of Vim Liquid.

Beauty & Wellbeing:

The Beauty & Wellbeing segment reported an impressive 13.2% YoY sales growth, driven by mid single-digit volume growth, with Hair Care remaining the key growth engine. However, EBIT margin declined by 294 bps YoY to 29.1%, reflecting continued investments in innovation, brand building and market expansion.
Hair Care recorded strong double-digit growth, supported by volume-led demand and wider distribution, with shampoo bottle availability in General Trade increasing by around 25%.
Skin Care and Colour Cosmetics continued to witness healthy demand in the premium portfolio, partially offsetting softer performance in the mass skin care category. Growth was further supported by expansion in future channels and new product launches, including Lakme Sun Gel (₹10 access pack) and Vaseline Cloud Soft SPF 50.
Health & Wellbeing delivered a relatively muted performance during the quarter.

Personal Care:

Personal Care revenue increased 4.8% YoY, primarily driven by strong growth in the Skin Cleansing category, although overall volumes remained under pressure. Despite the volume softness, EBIT margin remained stable at 18.7%, supported by an improved premium product mix.
Skin Cleansing registered high single-digit growth, led by strong demand for Dove and Lux, while premium soaps and body wash continued to record double-digit growth.
Oral Care posted low single-digit growth, with Closeup continuing to strengthen its market share.

Foods & Refreshments:

The Foods & Refreshments business reported 4.4% YoY revenue growth, supported by high single-digit underlying volume growth, mainly driven by Lifestyle Nutrition and Coffee. The segment's EBIT margin expanded by 101 bps YoY to 20.2%, benefiting from operating leverage.
Beverages delivered healthy growth, with tea recording low single-digit volume growth, while coffee achieved double-digit growth driven by both higher volumes and pricing.
Lifestyle Nutrition continued its strong momentum with double-digit growth led by Horlicks and Boost. The company further expanded the Horlicks portfolio through the launch of ready-to-drink Horlicks Protein Drink in four flavours. Packaged Foods posted mid single-digit growth, supported by strong demand for Kissan ketchup, chutneys, mayonnaise and Unilever Food Solutions. Early consumer response to Kissan's expansion into the chutney category has been encouraging.
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Key Trends Shaping the Indian FMCG Industry & HUVR's Strategic Response

1. Rising Premiumization Alongside Value-Conscious Consumption

Indian consumers continue to balance affordability with premium purchases. While value packs remain essential for daily consumption, demand is steadily increasing for products offering superior quality, enhanced efficacy, and wellness benefits.

HUVR's Strategy : Expanded offerings across the entire price spectrum to cater to both mass and premium consumers. Introduced affordable entry packs such as ₹10 moisturizers and sun care products and a ₹99 premium laundry powder to improve accessibility. Accelerated premiumization through science-led innovations across brands like Simple, Dove, and TRESemmé. Strengthened its wellness and premium beauty portfolio through the acquisition of OZiva and a majority stake in Minimalist, while expanding Home Care liquids and Body Wash categories.

2. Digital-First Consumer Engagement

Consumers increasingly discover, evaluate, and purchase products through social media, influencer content, e-commerce, and quick commerce platforms, making digital channels central to brand building.

HUVR's Strategy

Shifted to a social-first and content-driven marketing approach.

Increased investments in creators, influencers, and online communities to improve consumer engagement. Developed omnichannel marketing capabilities and digital-ready brand assets to strengthen visibility across emerging digital platforms.

3. Fragmented Retail Channels Driving Distribution Strategy

The retail landscape is becoming increasingly diversified with the rapid growth of Quick Commerce (QC), while traditional trade continues to play a vital role in expanding rural and semi-urban penetration.

HUVR's Strategy : Built a data-driven and agile route-to-market (RTM) network tailored to different retail channels. Established specialized sales structures for modern trade, chemists, beauty stores, and open-format outlets. Introduced channel-specific assortments, exclusive packs, and customized service models to improve execution across formats.

4. Artificial Intelligence Enhancing Operations and Consumer Experience

AI is transforming the FMCG industry by enabling personalized marketing, improving supply chain efficiency, and enhancing manufacturing productivity.

HUVR's Strategy : Embedded AI across its value chain through 'Sangam', a hyper-personalized media planning platform, and 'Samarth', an AI-powered Supply Chain Nerve Centre.

Expanded the use of automation, robotics, and digital twins across its Lighthouse factories to improve operational efficiency and manufacturing excellence.

5. Growing Demand for Health, Nutrition & Wellness

Consumers are increasingly prioritizing products that support immunity, functional nutrition, and overall wellbeing, creating significant opportunities across food and personal care categories.

HUVR's Strategy : Increased focus on Lifestyle Nutrition and science-backed wellness products. Relaunched Horlicks with superfood ingredients aimed at improving gut health and immunity. Expanded its Ready-to-Drink (RTD) portfolio with functional beverages and protein-based nutrition products to address evolving consumer preferences.

Financial Summary

Amt. (In Millions.)

Income Statement					
Y/E Mar	**FY24A**	**FY25A**	**FY26A**	**FY27E**	**FY28E**
Revenue from Operations	618,960	631,210	648,250	705,850	765,300
Growth (%)	2	2	2.7	8.9	8.4
Cost of Goods Sold	297,600	305,780	316,200	342,150	369,800
Gross Profit	**321,360**	**325,430**	**332,050**	**363,700**	**395,500**
Gross Margin (%)	51.9	51.6	51.2	51.5	51.7
Employee & Other Operating Expenses	174,730	176,920	178,850	194,200	210,900
EBITDA	**146,630**	**148,510**	**153,200**	**169,500**	**184,600**
EBITDA Margin (%)	23.7	23.5	23.6	24	24.1
Depreciation	12,160	13,550	13,700	14,350	15,000
Other Income	8,110	10,170	8,000	8,600	9,000
Finance Cost	3,340	3,950	3,900	3,700	3,500
Profit Before Tax	**139,240**	**141,180**	**143,600**	**160,000**	**175,100**
Effective Tax Rate (%)	26.2	26.5	24	24.5	24.8
Share of Associates	50	220	180	250	300
Adjusted Net Profit	**102,750**	**103,520**	**109,300**	**121,000**	**132,600**
Shares Outstanding (mn)	2,350	2,350	2,350	2,350	2,350
EPS (₹)	**43.7**	**44.1**	**46.5**	**51.5**	**56.4**

Source : KC Research

Ratio Analysis					
Y/E Mar	**FY24A**	**FY25A**	**FY26A**	**FY27E**	**FY28E**
EPS (₹)	43.70	44.10	46.50	51.50	56.40
P/E (x)	50.60	50.10	47.50	42.90	39.20
Book Value / Share (₹)	218.00	210.30	215.90	221.10	227.10
P/B (x)	10.10	10.50	10.20	10.00	9.70
EV / Sales (x)	8.30	8.20	8.00	7.40	6.80
EV / EBITDA (x)	35.20	34.80	33.90	30.80	28.20
RoE (%)	20.10	20.90	21.60	23.30	24.90
RoCE (%)	18.30	18.80	19.40	20.70	22.00
Dividend per Share (₹)	40.00	53.00	43.00	46.00	50.00
Dividend Yield (%)	1.80	2.40	1.90	2.10	2.30
Dividend Payout (%)	91.50	120.20	92.50	89.30	88.70
Net Debt / Equity (x)	(0.15)	(0.26)	(0.18)	(0.20)	(0.23)

Amt. (In Millions.)

Balance Sheet

Equity & Liabilities					
Y/E Mar	**FY24A**	**FY25A**	**FY26A**	**FY27E**	**FY28E**
Share Capital	2,350	2,350	2,350	2,350	2,350
Reserves & Surplus	509,800	491,900	504,950	517,350	531,250
Net Worth	**512,150**	**494,250**	**507,300**	**519,700**	**533,600**
Minority Interest	2,050	2,120	2,250	2,450	2,700
Long-term Borrowings	130	80	50	25	-
Lease Liabilities	65,470	66,300	65,900	65,400	65,000
Total Equity & Liabilities	**579,800**	**562,750**	**575,500**	**587,575**	**601,300**

Assets					
Y/E Mar	**FY24A**	**FY25A**	**FY26A**	**FY27E**	**FY28E**
Property, Plant & Equipment	84,600	91,200	100,800	110,500	121,000
Intangible Assets	278,230	278,230	278,230	278,230	278,230
Goodwill	174,660	174,660	174,660	174,660	174,660
Capital WIP	10,200	9,800	7,500	6,000	5,500
Strategic Investments	(1,340)	(2,390)	(2,390)	(2,390)	(2,390)
Financial Investments	47,600	41,000	42,000	43,000	44,500
Cash & Cash Equivalents	**75,590**	**128,170**	**93,220**	**101,620**	**120,820**
Other Current Assets	39,770	41,540	42,870	44,675	46,300
Current Assets	**163,000**	**210,710**	**178,090**	**189,295**	**211,620**
Current Liabilities	205,060	235,850	208,520	225,900	239,000
Net Working Capital	**(42,060)**	**(25,140)**	**(30,430)**	**(36,605)**	**(27,380)**
Total Assets	**579,800**	**562,750**	**575,500**	**587,575**	**601,300**

Cash Flow Statement (₹ Mn)

Y/E Mar	**FY24A**	**FY25A**	**FY26A**	**FY27E**	**FY28E**
Profit Before Tax	139,240	141,180	140,620	160,000	175,100
+ Non-cash Items	(6,110)	(5,270)	(9,920)	(9,700)	(9,600)
Operating Profit before WC	**145,350**	**146,450**	**150,540**	**169,700**	**184,700**
Working Capital Changes	13,130	(7,880)	30,000	(5,500)	(6,500)
Others incl. Taxes	3,810	22,680	31,600	36,800	42,000
Operating Cash Flow	**154,690**	**118,860**	**109,990**	**127,400**	**145,200**
Capital Expenditure	(14,570)	(6,670)	(12,580)	(18,500)	(22,000)
Free Cash Flow	**140,120**	**112,190**	**97,410**	**108,900**	**123,200**
Acquisitions / Investments	42,920	(63,050)	(24,260)	(8,500)	(10,000)
Dividend / Buyback	(94,160)	(124,730)	(101,240)	(108,500)	(118,000)
Debt / Equity / Other Financing	(87,770)	128,170	(6,860)	(92,000)	(95,000)
Net Cash Flow	**1,110**	**52,580**	**(34,950)**	**8,400**	**19,200**

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