INSTITUTIONAL RESEARCH

Hindustan Unilever

In-line Q2; sustaining topline momentum key

We maintain REDUCE with Sep-27 TP of INR1,925, on 36x P/E, at ~30% discount to its 5Y /10Y avg. fwd. P/E. As the company pivots toward Winning in New India, we expect HUL to address evolving trends, establish its traditional brands with new-age consumers, and leverage parent portfolio to address opportunities. The reduction in A&P spends in Q2 raises concerns around the strategy, although management views it as competitive. While management is encouraged by the sequential improvement in momentum, the sustainability of this improvement on a normalized base remains to be seen. Q2FY27 saw 15% revenue growth (2Y CAGR at 5%; ~7% underlying volume growth), 22.4% operating margin (~135bps YoY contraction; gross margin stress of 400bps, partially negated with 215bps lower A&P spends), and 9% earnings growth (in-line). Amid inflation, it has been affecting calibrate price hikes to negate absolute cost impact. We continue to expect 9% revenue and 8% earnings growth over FY26-29E. Valuation remained stressed, factoring in weakening moat and muted earnings outlook.

- **Q2FY27 – 15% revenue growth with balanced part from volume and price:** HUL delivered 3% revenue beat in Q2, with 14.5% revenue growth and 7% underlying volume growth. Home Care delivered 22%, underlying sales growth (2Y CAGR at 10.5%, 4Y CAGR at 8%), aided by double-digit underlying volumes. Beauty & Wellbeing grew 16% YoY (10% 2Y CAGR; 5% 4Y CAGR) with double-digit volume gains. Personal Care rose 9% (4% 2Y CAGR; 2% 4Y CAGR), supported by strong double-digit growth in skin cleansing. Foods grew 9% (6% 2Y CAGR; 1% 4Y CAGR), backed by double-digit traction in lifestyle nutrition and packaged foods. In a revamped Winning in New India strategy, the company is looking at leveraging its capabilities in addressing the emerging growth pool. It has sharpened its general trade distribution, with addition of 30k retail outlet and has double-digit increase in assortments. With a technological edge, it addresses Q-com and E-com servicing. Management is confident of growing ahead of market.
- **Margin stressed in Q2, amid inflationary headwinds:** Gross margin contracted 400bps YoY and 200bps QoQ to 47.6% (to FY23 levels), with management noting persistent near-term commodity inflation. The company has taken calibrated price hikes, with ~8% hike in Q2 adequately covering the absolute cost increase. With a focus on volume-led revenue and profit growth, management maintains its stance on calibrated price actions to offset inflationary pressures. It reiterated that the business is structurally shifting toward higher-margin segments, enabling steady margin improvement over the next 3-5 years. EBITDA margin stood at 22.4% (-135bps YoY). A&P spends were reduced by 215bps YoY to 8.2%, with absolute spends down 9% YoY.
- **Structural improvement in earnings key; maintain REDUCE:** HUL's one year forward P/E stands at 36x, near its lowest decadal level, underscoring a narrowing moat and a muted earnings trajectory. While growth appears better on a low base, we await evidence of sustained improvement before turning constructive.

Quarterly/annual financial summary

YE Mar (INR mn)	Q2 FY27	Q2 FY26	YoY (%)	Q1 FY26	QoQ (%)	FY26	FY27E	FY28E	FY29E
Revenue	182,260	159,190	14.5	173,410	5.1	644,680	720,377	770,204	823,610
EBITDA	40,890	37,850	8.0	39,470	3.6	151,670	162,011	176,121	192,025
EBITDA Margin (%)	22	24	-135bps	23	-33bps	24	22	23	23
APAT	27,950	25,720	8.7	27,240	2.6	103,240	111,395	120,908	131,728
Adj. EPS (INR/Share)	52.9	49.0	7.9	50.9	3.8	43.9	47.4	51.5	56.1
P/E (x)						41	38	35	32

Source: Company, HSIE Research

REDUCE

CMP *(as on 28 Oct 2026)*	INR 1,816
Target Price	INR 1,925
NIFTY	22,699

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 1,925	INR 1,925
EPS %	FY27E +2%	FY28E +1%

KEY STOCK DATA

Bloomberg code	HUVR IN
No. of Shares (mn)	2,350
MCap (INR bn) / ($ mn)	4,266/44,800
6m avg traded value (INR mn)	3,717
52 Week high / low	INR 2,487/1,758

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(16.5)	(22.0)	(26.6)
Relative (%)	(11.8)	(16.8)	(13.0)

SHAREHOLDING PATTERN (%)

	Jun-26	Sep-26
Promoters	61.9	61.9
FIs & Local MFs	16.9	17.1
FPIs	9.5	9.3
Public & Others	11.7	11.7
Pledged Shares	0.00	0.00

Source : NSE

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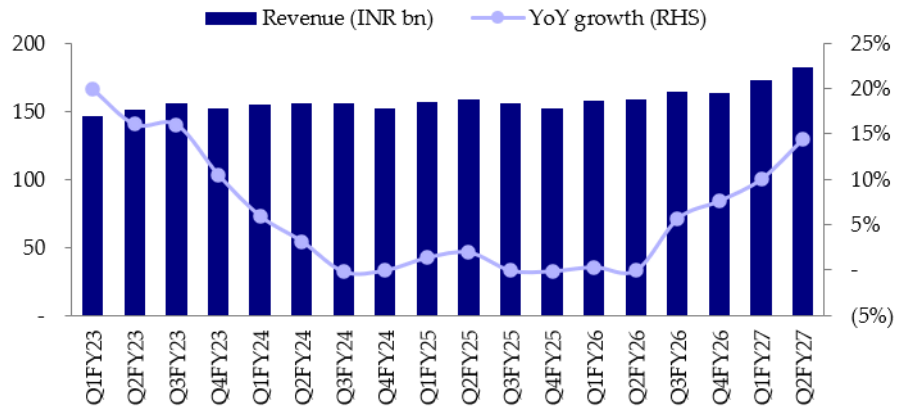
Quarterly result review

Exhibit 1: Quarterly and Half-Yearly P&L summary

(INR mn)	2QFY27	2QFY26	YoY (%)	1QFY27	QoQ (%)	HSIE est	Act vs Est	H1FY27	H1FY26	YoY (%)
Total income	182,260	159,190	14.5	173,410	5.1	176,687	3.2	342,000	304,370	12.4
Cost of goods	95,550	77,140	23.9	87,530	9.2	88,344	8.2	179,920	152,310	18.1
Employee expenses	8,520	7,250	17.5	7,690	10.8	7,600	12.1	14,610	12,720	14.9
A&P spends	14,810	16,320	-9.3	16,570	-10.6	17,500	-15.4	28,180	29,960	-5.9
Other expenses	22,490	20,630	9.0	22,150	1.5	22,899	-1.8	42,020	38,390	9.5
EBITDA	**40,890**	**37,850**	**8.0**	**39,470**	**3.6**	**40,344**	**1.4**	**77,270**	**70,990**	**8.8**
EBITDAM (%)	**22.4**	**23.8**	**-134bps**	**22.8**	**-33bps**	**22.8**	**-40bps**	**22.6**	**23.3**	**-73bps**
Depreciation	3,630	3,220	12.7	3,530	2.8	3,400	6.8	6,380	5,770	10.6
EBIT	37,260	34,630	7.6	35,940	3.7	36,944	0.9	70,890	65,220	8.7
EBITM (%)	**20.4**	**21.8**	**-131bps**	**20.7**	**-28bps**	**20.9**	**-50bps**	**20.7**	**21.4**	**-70bps**
Interest cost	740	1,240	(40.3)	750	(1.3)	900	-17.8	1,290	2,110	(38.9)
Other income	1,600	1,470	8.8	1,880	(14.9)	1,900	-15.8	4,920	4,750	3.6
PBT	**38,120**	**34,860**	**9.4**	**37,070**	**2.8**	**37,944**	**0.5**	**74,520**	**67,860**	**9.8**
Tax	10,170	9,110	11.6	9,760	4.2	10,055	1.1	19,270	17,740	8.6
Tax rate(%)	26.7	26.1	55bps	26.3	35bps	26.5	20bps	25.9	26.1	-28bps
Minorities	0	30	(100.0)	70	(100.0)			0	0	#DIV/0!
Adj. PAT	**27,950**	**25,720**	**8.7**	**27,240**	**2.6**	**27,889**	**0.2**	**55,250**	**50,120**	**10.2**
Non-recurring items	0	(2,190)	(100.0)	510	(100.0)	0		(500)	4,100	(112.2)
Reported PAT	**27,950**	**27,910**	**0.1**	**26,730**	**4.6**	**27,889**	**0.2**	**54,750**	**54,220**	**1.0**
NPM(%)	**15.3**	**17.5**	**-220bps**	**15.4**	**-10bps**	**15.8**	**-40bps**	**16.0**	**17.8**	**-181bps**
EPS (INR)	52.9	49.0	7.9	50.9	3.8	52.2	1.4	52.9	49.0	7.9

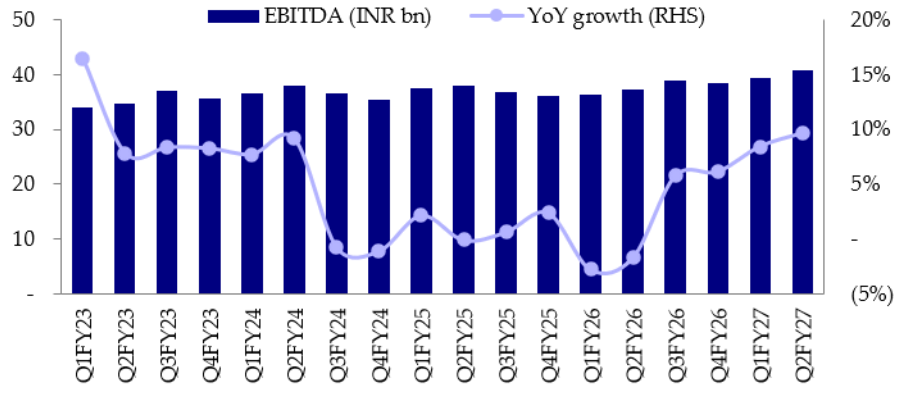
Source: Company, HSIE Research

Exhibit 2: Quarterly revenue and growth trend



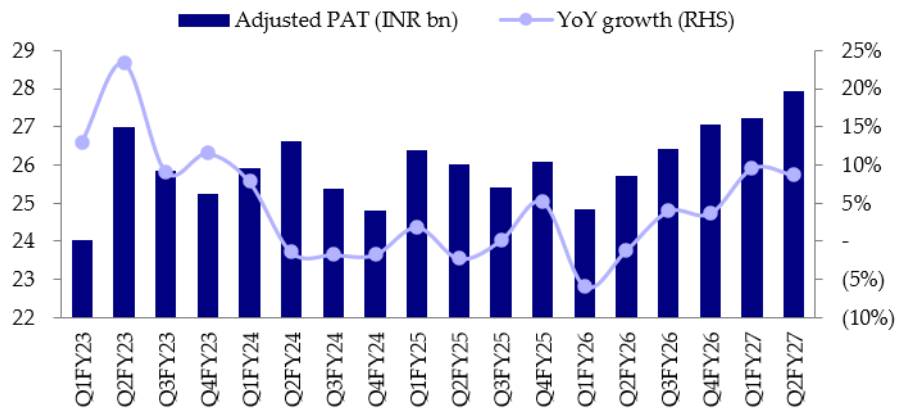
Source: Company, HSIE Research

Exhibit 3: Quarterly EBITDA and growth trend



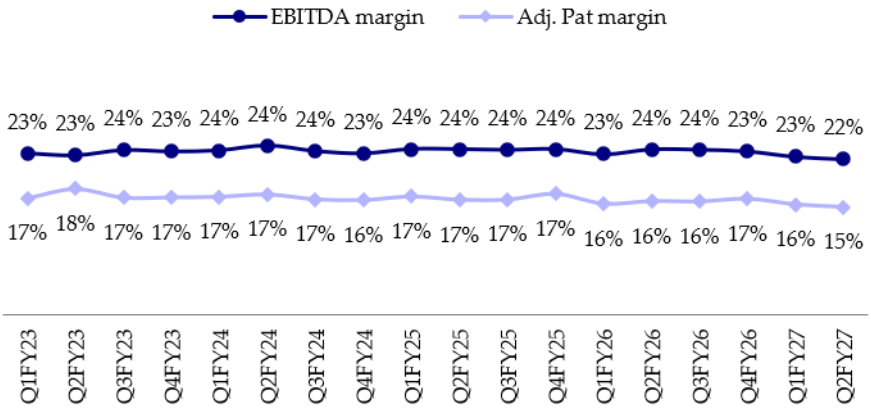
Source: Company, HSIE Research

Exhibit 4: Quarterly adj. PAT and growth trend



Source: Company, HSIE Research

Exhibit 5: Quarterly EBITDA and PAT margin



Source: Company, HSIE Research

Exhibit 6: Management guidance



Source: Company, HSIE Research

Exhibit 7: HUL's home care segment's quarterly performance over the last five years

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Fabric wash growth	Household care growth
Q2FY27	21%	38%	16%	30%	Double -digit, broad -based growth	DD volume growth
Q1FY27	13%	38%	17%	32%	Double -digit, broad -based growth	DD volume growth
Q4FY26	9%	39%	19%	35%	Double -digit, broad -based growth	DD volume growth
Q3FY26	3%	36%	19%	32%	Mid-single digit volume growth	DD volume growth
Q2FY26	0%	36%	19%	31%	Mid-single digit volume growth	DD volume growth
Q1FY26	4%	37%	20%	34%	Mid-single digit volume growth	DD volume growth
Q4FY25	3%	38%	19%	33%	Mid-single digit volume growth	High single digit volume growth
Q3FY25	4%	37%	19%	32%	Mid-single digit volume growth	High single digit volume growth
Q2FY25	8%	37%	19%	32%	Mid-single digit volume growth	High single digit volume growth
Q1FY25	4%	38%	20%	35%	Mid-single digit volume growth	Mid-single digit volume growth
Q4FY24	1%	38%	19%	35%	Mid-single digit volume growth	Mid-single-digit volume growth led by *Vim*
Q3FY24	-1%	35%	18%	29%	Mid-single digit volume growth	Low single-digit volume growth owing to dish wash
Q2FY24	3%	34%	19%	29%	Premium portfolio outperformance drove a mid-single-digit volume growth	High single-digit volume growth led by dish wash
Q1FY24	10%	35%	19%	30%	Double-digit (DD) value growth with mid-single-digit volume growth	DD volume-led growth
Q4FY23	19%	37%	19%	33%	Strong DD value growth	Strong DD value and volume
Q3FY23	32%	35%	20%	32%	High DD value growth	High DD value growth and high-teens volume growth
Q2FY23	34%	34%	17%	28%	High DD value growth	High DD value growth
Q1FY23	30%	34%	18%	28%	High DD value growth and high single-digit volume growth	High DD value growth
Q4FY22	19%	34%	20%	31%	High DD value growth and mid-single-digit volume growth	High DD value growth
Q3FY22	23%	31%	21%	27%	Strong DD value growth	
Q2FY22	15%	29%	19%	25%	High DD value growth	

Source: Company, HSIE Research

Exhibit 8: HUL's Beauty and Personal care segment's quarterly performance over the last five years

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Skin cleansing	Hair care	Skin care	Oral care
Q2FY27	13%	38%	24%	45%	Double-digit growth	Double-digit growth	Double-digit growth	Low single digit growth
Q1FY27	9%	39%	25%	46%	Mid-single digit growth	Double-digit growth	High single digit growth	Mid-single digit growth
Q4FY26	10%	36%	25%	43%	High-single digit growth	Volume-led strong double-digit growth	Strong show in premium offset weakness in mass skin.	Low single digit growth
Q3FY26	9%	38%	23%	42%	Mid-single digit growth	Volume-led double-digit growth	Winter portfolio delivered double-digit growth	Double-digit growth
Q2FY26	6%	39%	25%	45%	Flat growth (due to GST transition)	Decline led by GST rate rationalization	Low single-digit growth	Marginal decline led out of GST transition
Q1FY26	9%	39%	24%	44%	Mid-single-digit growth led by strong performance in the non-hygiene segment	Mid-single digit growth	Low single-digit growth	Mid-single digit price-led growth
Q4FY25	5%	35%	27%	44%	Low single-digit price-led growth	Double-digit growth led by volume	Low single-digit decline, affected by downgrading	Low single-digit growth led by pricing
Q3FY25	0%	37%	24%	42%	Strategic actions in place	Mid-single digit volume growth	Muted performance, impacted by delayed winter and mass skin portfolio	Mid-single digit growth
Q2FY25	-1%	37%	26%	44%	Revenue declined on account of pricing actions	Momentum maintained, with a high single-digit volume-led growth	Mid-single digit growth fuelled by strong performance in Premium skin care products	High-single digit competitive growth
Q1FY25	0%	38%	25%	44%	Low single-digit volume growth; value declined on price cuts	Double-digit volume growth	Muted volume performance in the quarter, with the mass portfolio declining	Mid-single digit broad-based growth driven by pricing
Q4FY24	-3%	34%	25%	40%	Volume and value declined	Volume-driven growth	Low single-digit growth	Volume and value declined
Q3FY24	0%	37%	25%	44%	Volume declined	Double-digit volume growth	Delayed winters impacted skin care	Volume declined
Q2FY24	5%	38%	27%	45%	Low single-digit volume growth; negative pricing	High single-digit volume growth	Double-digit growth	Low single-digit volume growth; negative pricing
Q1FY24	5%	37%	26%	44%	Low single-digit volume growth; negative pricing	Mid-single digit volume growth	Double-digit growth with high single-digit volume growth	Low single-digit volume growth; negative pricing
Q4FY23	11%	35%	26%	42%	DD value growth	Volume-led mid-single digit growth	Double-digit value growth	Double-digit value growth
Q3FY23	11%	37%	25%	43%	Strong DD value growth	High single-digit growth	Double-digit growth in the non-winter portfolio	High single-digit growth
Q2FY23	11%	37%	25%	44%	Strong DD value growth	Strong broad-based performance	Premium portfolio delivered double-digit growth	Strong broad-based performance

Source: Company, HSIE Research

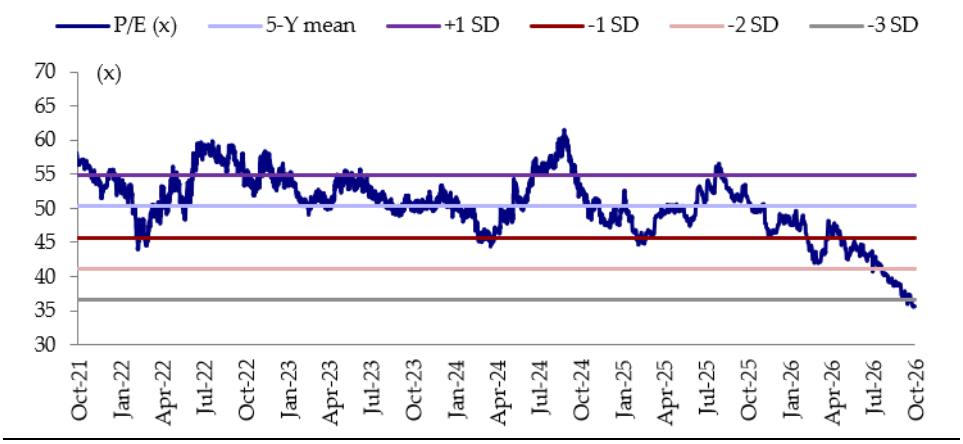
Exhibit 9: HUL's foods and refreshments segment quarterly performance

	Segment revenue growth	Segment revenue contribution	Segment EBIT margin	Segment EBIT contribution	Beverages (Tea and coffee)	Nutrition Drinks	Foods	Ice Cream
Q2FY27	9%	21%	22%	22%	• Coffee delivered HSD volume led growth • Premium tea continued their momentum	Grew in DD; Newly launched Horlicks Protein saw good traction	DD growth	-
Q1FY27	7%	20%	20%	19%	• Premium Tea reported LSD UVG. • Coffee delivered DD, volume led growth	Grew in DD	HSD growth.	-
Q4FY26	4%	22%	20%	21%	• Tea delivered low–single digit UVG. • Coffee sustained double-digit growth momentum.	Grew in DD	MSD growth.	-
Q3FY26	6%	22%	21%	22%	• Tea saw mid-single=digit volume growth/high single digit value growth. • Coffee sustained DD growth momentum.	High single-digit growth driven by UVG, on low base. Boost saw DD growth	High single-digit growth	**Demerged**
Q2FY26	0%	22%	20%	21%	• Tea saw high single-digit growth driven by pricing and volume. • Coffee delivered strong DD growth	Decline led by pricing actions	Muted performance due to GST transition	Decline led by an extended monsoon and GST transition
Q1FY26	6%	21%	19%	18%	• Tea recorded high single-digit growth • Coffee delivered strong DD growth	Sequential improvement	Mid-single digit growth	High-single digit volume-led growth
Q4FY25	-13%	22%	19%	20%	• Tea delivered low-single digit growth. • Coffee delivered DD growth	Declined with continued category headwinds	Mid-single digit volume-led growth	Double-digit volume led growth
Q3FY25	-7%	22%	22%	23%	• Low-single digit growth in Tea • Coffee delivered DD growth	Category declined due to subdued consumption	Mid-single digit growth	Revenue stood flat YoY
Q2FY25	-8%	23%	21%	21%	• Tea saw strengthening of market leadership • Coffee saw growth in DD	Market share increased	Low-single digit volume growth	Volume flat vs last year
Q1FY25	-19%	21%	19%	18%	• Tea saw a downgrade • Coffee grew in DD	Subdued performance on account of harsh summers	Low-single digit volume growth	Double-digit volume growth
Q4FY24	3%	26%	19%	23%	• Tea witnessed downgrading • Coffee grew in DD	High single-digit growth	Mid-single digit growth	Volume-led double-digit growth
Q3FY24	1%	24%	19%	21%	• Tea saw a muted performance • Coffee grew in DD	Price-led growth, low-single-digit volume decline	Strong growth led by Food Solutions	Mid-single digit growth
Q2FY24	3%	25%	19%	21%	• Tea saw modest growth. • Coffee grew in DD	Price-led mid-single-digit growth	High-single digit growth	Mid-single digit growth
Q1FY24	5%	25%	18%	20%	• Tea volume grew in a low single digit • Coffee volume saw mid-single-digit decline	Price-led sales growth; low-single-digit volume decline	Mid-single digit growth	
Q4FY23	3%	25%	18%	21%	• Tea growth stressed • Coffee grew in DD	Mid-single digit growth	Mid-single digit growth	
Q3FY23	7%	24%	18%	19%	• Tea volumes grew in a mid-single digits; price cuts softened value • Coffee grew in DD	Mid-single digit value growth	Volume-led high-teen growth	
Q2FY23	4%	25%	20%	23%	• Tea volumes grew in a mid-single digits • Coffee grew DD		Category growth remains subdued due to inflation	

Source: Company, HSIE Research

Valuations

Exhibit 10: Hindustan Unilever's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 11: Change in estimates

(INR mn)	New estimates			Old estimates			Changes to estimate		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	720,377	770,204	823,610	697,509	747,594	800,548	3%	3%	3%
growth (%)	11.7%	6.9%	6.9%	8.2%	7.2%	7.1%			
EBITDA	162,011	176,121	192,025	158,953	174,024	190,319	2%	1%	1%
growth (%)	6.8%	8.7%	9.0%	4.8%	9.5%	9.4%			
EBITDA margin (%)	22.5%	22.9%	23.3%	22.8%	23.3%	23.8%			
Adj. PAT	111,395	120,908	131,728	109,388	119,892	131,230	2%	1%	0%
growth (%)	7.9%	8.5%	8.9%	6.0%	9.6%	9.5%			
Adj. EPS (INR/Share)	47.4	51.5	56.1	46.6	51.0	55.9	2%	1%	0%

Source: HSIE Research

Exhibit 12: HSIE estimates vs consensus estimates

(INR mn)	HSIE estimates			Consensus estimates			HSIE vs Consensus estimates		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	720,377	770,204	823,610	705,678	762,304	827,691	2%	1%	(0%)
growth (%)	11.7%	6.9%	6.9%	9.5%	8.0%	8.6%			
EBITDA	162,011	176,121	192,025	161,521	176,998	195,554	0%	(0%)	(2%)
growth (%)	6.8%	8.7%	9.0%	6.5%	9.6%	10.5%			
EBITDA margin (%)	22.5%	22.9%	23.3%	22.9%	23.2%	23.6%			
Adj. PAT	111,395	120,908	131,728	113,082	123,933	139,263	(1%)	(2%)	(5%)
growth (%)	7.9%	8.5%	8.9%	9.5%	9.6%	12.4%			
Adj. EPS (INR/Share)	47.4	51.5	56.1	48.3	53.0	58.9	(2%)	(3%)	(5%)

Source: Bloomberg, HSIE Research

Exhibit 13: Key assumptions

	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Income statement							
Total income growth	15.5%	2.2%	(0.9%)	5.1%	11.7%	6.9%	6.9%
Gross margin	47.6%	51.9%	51.5%	50.9%	48.3%	51.0%	51.5%
Royalty	3.4%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%
Advertisement	8.1%	10.5%	9.8%	9.7%	8.9%	9.7%	9.7%
EBITDA margin	23.4%	23.7%	24.0%	23.5%	22.5%	22.9%	23.3%
Tax rate	23.9%	26.2%	26.6%	27.0%	26.5%	26.5%	26.5%
Adj PAT growth	14.2%	0.9%	0.4%	0.1%	7.9%	8.5%	8.9%
EPS (Rs/share)	43.4	43.7	43.9	43.9	47.4	51.5	56.1
Balance Sheet							
ROE (%)	20.5	20.2	20.4	20.9	22.5	24.1	25.8
ROIC (%)	23.3	24.1	25.4	25.3	25.6	27.1	29.2
ROCE (%)	26.1	26.4	26.6	28.1	29.8	31.9	34.3
Inventory days	26	24	26	27	25	25	25
Receivable days	19	18	23	19	21	21	21
Payable days	58	62	67	75	61	59	59
Segment revenue growth (%)							
Home care	28.1	3.1	4.9	3.1	15.5	7.0	7.0
Beauty and Personal care	12.5	1.9	1.1	8.2	11.3	7.5	7.5
- Beauty & Wellbeing			3.7	10.8	14.0	9.0	9.0
- Personal Care			(2.6)	4.3	7.0	5.0	5.0
Food and refreshment	5.5	2.8	0.0	4.1	7.0	6.0	6.0
Segment EBIT margin (%)							
Home care	18.4	18.9	19.3	19.1	16.7	17.3	18.0
Beauty and Personal care	25.6	25.9	25.6	24.3	24.2	24.5	24.8
- Beauty & Wellbeing		31.8	31.0	27.8	28.0	28.2	28.5
- Personal Care		17.6	17.8	18.9	17.8	18.0	18.3
Food and refreshment	17.9	18.6	20.5	20.1	21.0	21.0	21.0

Source: Company, HSIE Research

Income Statement (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	**524,460**	**605,800**	**618,960**	**613,280**	**644,680**	**720,377**	**770,204**	**823,610**
Growth (%)		*15.5*	*2.2*	*(0.9)*	*5.1*	*11.7*	*6.9*	*6.9*
Material Expenses	257,350	317,160	297,600	297,700	316,650	372,266	377,064	399,175
Employee Expense	25,450	28,540	30,090	29,520	30,620	33,988	35,688	38,186
Other Expenses	113,090	118,610	144,640	139,000	145,740	152,112	181,330	194,224
EBITDA	**128,570**	**141,490**	**146,630**	**147,060**	**151,670**	**162,011**	**176,121**	**192,025**
EBITDA Growth (%)		*10.0*	*3.6*	*0.3*	*3.1*	*6.8*	*8.7*	*9.0*
EBITDA Margin (%)	**24.5**	**23.4**	**23.7**	**24.0**	**23.5**	**22.5**	**22.9**	**23.3**
Depreciation	10,910	11,370	12,160	12,530	13,330	14,530	15,730	16,930
EBIT	**117,660**	**130,120**	**134,470**	**134,530**	**138,340**	**147,481**	**160,391**	**175,095**
Other Income (Including EO Items)	2,580	5,120	8,110	10,170	7,510	7,563	7,943	8,344
Interest	1,060	1,140	3,340	3,810	4,100	3,485	3,834	4,217
PBT before extraordinary items	**119,180**	**134,100**	**139,240**	**140,890**	**141,750**	**151,558**	**164,501**	**179,222**
Extraordinary items	(390)	(660)	20	3,380	47,160	-	-	-
Total Tax	**29,870**	**32,010**	**36,440**	**37,480**	**38,270**	**40,163**	**43,593**	**47,494**
Share of Minority Interest	130	230	50	300	240	-	-	-
RPAT after MI	88,790	101,200	102,770	106,490	150,400	111,395	120,908	131,728
Adjusted PAT	**89,180**	**101,860**	**102,750**	**103,110**	**103,240**	**111,395**	**120,908**	**131,728**
APAT Growth (%)		*14.2*	*0.9*	*0.4*	*0.1*	*7.9*	*8.5*	*8.9*
EPS	**38.0**	**43.4**	**43.7**	**43.9**	**43.9**	**47.4**	**51.5**	**56.1**
EPS Growth (%)		*14.2*	*0.9*	*0.3*	*0.1*	*7.9*	*8.5*	*8.9*

Source: Company, HSIE Research

Balance Sheet (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS								
Share Capital - Equity	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350
Other Equity	488,520	502,870	511,880	493,740	487,730	495,725	503,834	513,362
Total Shareholders' Funds	**490,870**	**505,220**	**514,230**	**496,090**	**490,080**	**498,075**	**506,184**	**515,712**
Total Debt	-	980	130	10	-	-	-	-
TOTAL CAPITAL EMPLOYED	**490,870**	**506,200**	**514,360**	**496,100**	**490,080**	**498,075**	**506,184**	**515,712**
APPLICATION OF FUNDS								
Tangible Assets	61,690	69,490	80,310	86,250	81,820	75,994	82,321	92,531
Intangible Assets	453,040	457,290	457,130	457,100	492,460	493,756	494,506	495,366
CWIP	13,130	11,320	10,250	10,090	8,800	18,800	18,800	18,800
Other Non-Current Assets	28,970	30,240	31,190	34,440	36,260	36,945	39,338	43,935
Total Non-current Assets	**556,830**	**568,340**	**578,880**	**587,880**	**619,340**	**625,495**	**634,966**	**650,632**
Current Investments	35,210	28,130	45,600	37,530	43,590	43,590	43,590	43,590
Inventories	40,960	42,510	40,220	44,150	47,890	48,824	52,201	55,824
Debtors	22,360	30,790	29,970	38,190	33,790	41,012	43,849	46,892
Cash & Equivalents	38,460	46,780	75,590	75,540	32,480	21,560	25,240	28,540
Other Current Assets	11,240	14,220	14,630	15,340	20,290	21,305	22,370	23,488
Total Current Assets	**148,230**	**162,430**	**206,010**	**210,750**	**178,040**	**176,291**	**187,249**	**198,334**
Creditors	90,680	95,740	104,860	113,150	133,250	121,084	125,282	133,978
Other Current Liabilities & Provns	123,510	128,830	165,670	189,380	174,050	182,627	190,749	199,277
Total Current Liabilities	**214,190**	**224,570**	**270,530**	**302,530**	**307,300**	**303,711**	**316,030**	**333,254**
Net Current Assets	**(65,960)**	**(62,140)**	**(64,520)**	**(91,780)**	**(129,260)**	**(127,420)**	**(128,782)**	**(134,920)**
TOTAL APPLICATION OF FUNDS	**490,870**	**506,200**	**514,360**	**496,100**	**490,080**	**498,075**	**506,184**	**515,712**

Source: Company, HSIE Research

Cash Flow (Consolidated)

YE March (INR mn)	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	118,740	133,450	139,260	144,150	138,120	151,558	164,501	179,222
Depreciation	11,060	11,520	12,160	13,630	14,360	14,530	15,730	16,930
Working Capital Change	(10,000)	(9,600)	13,130	(7,880)	6,860	(13,445)	2,648	4,842
Tax Paid	(27,840)	(31,380)	(3,810)	(22,680)	(48,400)	(40,163)	(43,593)	(47,494)
Interest/Dividend received	(930)	(2,990)	(2,320)	(3,830)	(1,220)	(4,078)	(4,110)	(4,127)
Other items	(550)	(1,090)	(3,730)	(4,530)	270	-	-	-
OPERATING CASH FLOW (a)	**90,480**	**99,910**	**154,690**	**118,860**	**109,990**	**108,403**	**135,177**	**149,374**
Capex	(10,790)	(10,710)	(14,570)	(12,620)	(13,320)	(20,000)	(22,807)	(28,000)
Free Cash Flow (FCF)	*79,690*	*89,200*	*140,120*	*106,240*	*96,670*	*88,403*	*112,369*	*121,374*
Others	(6,490)	(4,230)	(38,670)	77,350	(23,520)	7,563	7,943	8,344
INVESTING CASH FLOW (b)	**(17,280)**	**(14,940)**	**(53,240)**	**64,730**	**(36,840)**	**(12,438)**	**(14,864)**	**(19,656)**
Debt Issuance/(Repaid)	(4,070)	780	(850)	-	-	-	-	-
Interest Expenses	(820)	(5,550)	(5,330)	(6,280)	(6,400)	(3,485)	(3,834)	(4,217)
FCFE	***76,440***	***95,530***	***144,600***	***112,520***	***103,070***	***91,888***	***116,203***	***125,590***
Dividend	(75,260)	(84,740)	(94,160)	(124,730)	(101,240)	(103,400)	(112,800)	(122,200)
Others	-	(20)	-	-	(460)	-	-	-
FINANCING CASH FLOW (c)	**(80,150)**	**(89,530)**	**(100,340)**	**(131,010)**	**(108,100)**	**(106,885)**	**(116,634)**	**(126,417)**
NET CASH FLOW (a+b+c)	**(6,950)**	**(4,560)**	**1,110**	**52,580**	**(34,950)**	**(10,920)**	**3,679**	**3,300**
Add: Beginning balance	**18,420**	**11,570**	**7,010**	**8,120**	**60,700**	**25,750**	**14,830**	**18,510**
EO Items, Others	-	130	130	10	80	80	80	80
Closing Cash & Equivalents	**11,470**	**7,140**	**8,250**	**60,710**	**25,830**	**14,910**	**18,590**	**21,890**

Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	50.9	47.6	51.9	51.5	50.9	48.3	51.0	51.5
EBITDA Margin (%)	24.5	23.4	23.7	24.0	23.5	22.5	22.9	23.3
EBIT Margin	22.4	21.5	21.7	21.9	21.5	20.5	20.8	21.3
PBT Margin	22.7	22.1	22.5	23.0	22.0	21.0	21.4	21.8
APAT Margin	17.0	16.8	16.6	16.8	16.0	15.5	15.7	16.0
ROE	18.2	20.5	20.2	20.4	20.9	22.5	24.1	25.8
RoIC (or Core RoCE)	21.1	23.3	24.1	25.4	25.3	25.6	27.1	29.2
RoCE	24.0	26.1	26.4	26.6	28.1	29.8	31.9	34.3
EFFICIENCY								
Tax Rate (%)	25.1	23.9	26.2	26.6	27.0	26.5	26.5	26.5
Fixed Asset Turnover (x)	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.2
Inventory (days)	29	26	24	26	27	25	25	25
Debtors (days)	16	19	18	23	19	21	21	21
Other Current Assets (days)	8	9	9	9	11	11	11	10
Payables (days)	63	58	62	67	75	61	59	59
Other Current Liab & Provns (days)	86	78	98	113	99	93	90	88
Cash Conversion Cycle (days)	**(97)**	**(83)**	**(110)**	**(122)**	**(116)**	**(98)**	**(94)**	**(92)**
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.1)
Interest Coverage (x)	111.0	114.1	40.3	35.3	33.7	42.3	41.8	41.5
PER SHARE DATA (INR)								
EPS	38.0	43.4	43.7	43.9	43.9	47.4	51.5	56.1
CEPS	42.6	48.2	48.9	49.2	49.6	53.6	58.1	63.3
Dividend	34.0	39.0	42.0	53.0	41.0	44.0	48.0	52.0
Book Value	208.9	215.0	218.9	211.1	208.6	212.0	215.4	219.5
VALUATION								
P/E (x)	47.8	41.9	41.5	41.4	41.3	38.3	35.3	32.4
P/BV (x)	8.7	8.4	8.3	8.6	8.7	8.6	8.4	8.3
EV/EBITDA (x)	32.6	29.6	28.3	28.2	27.6	25.9	23.8	21.8
EV/Revenues (x)	8.0	6.9	6.7	6.8	6.5	5.8	5.5	5.1
OCF/EV (%)	2.2	2.4	3.7	2.9	2.6	2.6	3.2	3.6
FCF/EV (%)	1.9	2.1	3.4	2.6	2.3	2.1	2.7	2.9
FCFE/Mkt Cap (%)	1.8	2.2	3.4	2.6	2.4	2.2	2.7	2.9
Dividend Yield (%)	1.9	2.1	2.3	2.9	2.3	2.4	2.6	2.9

Source: Company, HSIE Research

Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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