Hindustan Unilever

Strategic shift from WIMI to WINI

We maintain REDUCE with a Jun-27 TP of INR 2,100, on 40x P/E. Under new leadership and amid the evolution of the India market, HUL is shifting focus from winning in many Indias (WIMI) to winning in new India (WINI). HUL is targeting competitive volume-led revenue growth with thrust on consumption expansion, premiumization, market-making, and scaling new demand spaces, supported by stronger brand craft, a future-fit GTM, and AI as a moat. With 500bps fuel expected from premium mix, operating leverage, future savings and AI-sharpened media, HUL is stepping up packaging, media, price-packs and channels to convert this into execution. Revenue growth for FY27 will be better than in FY26, while margin resets to 22–24%. HUL sees a long runway in premiumization and rising per-capita spends, supported by structural shifts—Gen Z, working women, digital acceleration, and fast-growing small towns.

- **Winning with new consumer crucial for growth recovery:** Management is reshaping the portfolio through four lenses: consumption thrust with democratizers (35% of consumer mix), premiumization with benefit seekers, market-making in under-penetrated categories, and building new demand spaces, with 60% of growth delta from last two. Its strategy remains on fewer bigger bets, which is where we see the near-term growth miss. In the short term, with insurgent devising multiple trends, growth is distributed. If the company strategy holds well, consolidation in trends will aid HUL in long-term growth. At the same time, if it misses a scalable opportunity, it may have to undergo M&As like *Minimalist*. Management noted five structural shifts with a) rising share of Gen-Z (337mn, 2/3 live in rural), b) higher working women participation (43%+ participation), c) 70% data penetration driving media shift, d) infra development, and e) new-age villages (changes in rural with better access to tap water, LPG cooking and infra developments).
- **Near-term macro supportive, thrust on fuel for growth:** Management see near-term macro remains supportive, with firm GDP trends, strong tax and GST collections and CPI within RBI's comfort band, with no signs of demand destruction. HUL expects ~500bps of fuel for growth, driven by premium-mix improvement (gross margin 1.5x the rest of the portfolio), operating leverage (fixed costs rising at 0.8x revenue growth), Future Savings Labs and AI-led media effectiveness. This fuel will be deployed across packaging upgrades, sharper media and sampling, price-pack architecture, and channel investments. Management maintains that FY27 topline growth will be better vs FY26, while widening the margin band to 22-24%. To better service demand and drive cost efficiencies, HUL plans to raise capex from 2% to 3% of revenue (in-line), reinforcing a growth-aligned investment cycle.
- **Structural improvement in earnings key; maintain REDUCE:** At 39x forward P/E, now below -2 S.D., HUL reflects a narrowing moat and muted earnings trajectory. With near-term pressure in the price, further correction looks limited. In the absence of meaningful tailwinds, we maintain REDUCE.

Annual financial summary

YE Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	618,960	613,280	644,680	695,588	746,659	800,708
EBITDA	146,630	147,060	151,670	161,353	176,053	190,680
APAT	102,750	103,110	103,240	110,850	121,052	131,130
Adj. EPS (INR)	43.7	43.9	43.9	47.2	51.5	55.8
P/E (x)	45	45	45	42	38	35
EV / EBITDA (x)	31	31	30	28	26	24
RoE (%)	20.2	20.4	20.9	22.5	24.4	26.3

Source: Company, HSIE Research

REDUCE

CMP *(as on 4 Sep 2026)*	INR 1,973
Target Price	INR 2,100
NIFTY	23,898

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 2,100	INR 2,100
EPS %	FY27E	FY28E
	+0%	+0%

KEY STOCK DATA	
Bloomberg code	HUVR IN
No. of Shares (mn)	2,350
MCap (INR bn) / ($ mn)	4,637/49,068
6m avg traded value (INR mn)	4,375
52 Week high / low	INR 2,737/1,950

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(5.1)	(12.7)	(24.8)
Relative (%)	(8.0)	(9.4)	(19.6)

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	61.9	61.9
FIs & Local MFs	16.4	16.9
FPIs	10.1	9.5
Public & Others	11.6	11.7
Pledged Shares		

Source : NSE

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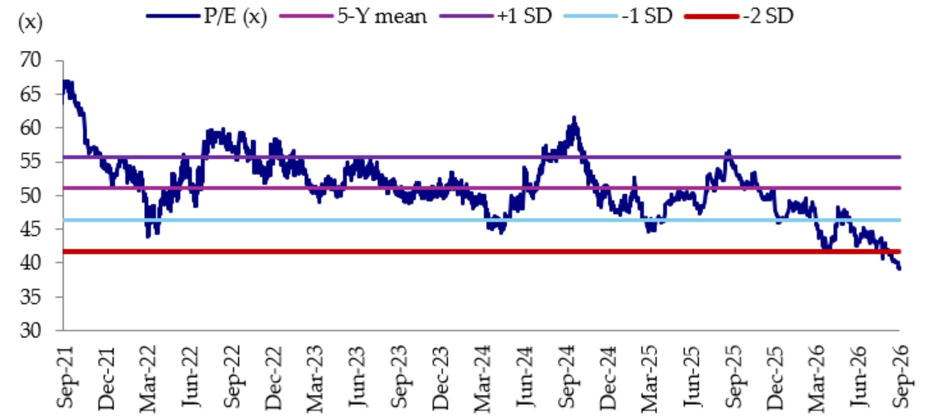
Exhibit 1: HUL's one year forward P/E



Source: Bloomberg, Company, HSIE Research

Exhibit 2: 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	695,588	746,659	800,708	703,581	762,216	825,678	(1%)	(2%)	(3%)
growth (%)	7.9%	7.3%	7.2%	9.1%	8.3%	8.3%			
EBITDA	161,353	176,053	190,680	161,791	177,484	194,915	(0%)	(1%)	(2%)
growth (%)	6.4%	9.1%	8.3%	6.7%	9.7%	9.8%			
EBITDA margin (%)	23.2%	23.6%	23.8%	23.0%	23.3%	23.6%			
Adj. PAT	110,850	121,052	131,130	112,554	124,266	137,574	(2%)	(3%)	(5%)
growth (%)	7.4%	9.2%	8.3%	9.0%	10.4%	10.7%			
Adj. EPS (INR/Share)	47.2	51.5	55.8	48.2	53.1	58.4	(2%)	(3%)	(5%)

Source: Bloomberg, HSIE Research

Exhibit 3: Key assumptions

	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Income statement							
Total income growth	15.5%	2.2%	(0.9%)	5.1%	7.9%	7.3%	7.2%
Gross margin	47.6%	51.9%	51.5%	50.9%	50.3%	51.1%	51.6%
Royalty	3.4%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%
Advertisement	8.1%	10.5%	9.8%	9.7%	9.9%	9.9%	9.9%
EBITDA margin	23.4%	23.7%	24.0%	23.5%	23.2%	23.6%	23.8%
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%	7.4%	9.2%	8.3%
EPS (Rs/share)	43.4	43.7	43.9	43.9	47.2	51.5	55.8
Balance Sheet							
ROE (%)	20.5	20.2	20.4	20.9	22.5	24.4	26.3
ROIC (%)	23.3	24.1	25.4	25.3	25.5	27.1	29.0
ROCE (%)	26.1	26.4	26.6	28.1	29.8	32.3	34.9
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	9.0	8.0	8.0
Beauty and Personal care	12.5	1.9	1.1	8.2	8.2	8.2	7.9
- Beauty & Wellbeing			3.7	10.8	9.0	9.0	9.0
- Personal Care			(2.6)	4.3	7.0	7.0	6.0
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	18.8	19.0	19.0
Beauty and Personal care	25.6	25.9	25.6	24.3	24.0	24.6	24.9
- Beauty & Wellbeing		31.8	31.0	27.8	27.5	28.0	28.3
- Personal Care		17.6	17.8	18.9	18.5	19.0	19.3
Food and refreshment	17.9	18.6	20.5	20.1	20.5	20.5	20.8

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**	**695,588**	**746,659**	**800,708**
Growth (%)		*15.5*	*2.2*	*(0.9)*	*5.1*	*7.9*	*7.3*	*7.2*
Material Expenses	257,350	317,160	297,600	297,700	316,650	345,446	365,183	387,643
Employee Expense	25,450	28,540	30,090	29,520	30,620	32,151	33,759	36,122
Other Expenses	113,090	118,610	144,640	139,000	145,740	156,638	171,663	186,264
EBITDA	**128,570**	**141,490**	**146,630**	**147,060**	**151,670**	**161,353**	**176,053**	**190,680**
EBITDA Growth (%)		*10.0*	*3.6*	*0.3*	*3.1*	*6.4*	*9.1*	*8.3*
EBITDA Margin (%)	**24.5**	**23.4**	**23.7**	**24.0**	**23.5**	**23.2**	**23.6**	**23.8**
Depreciation	10,910	11,370	12,160	12,530	13,330	14,330	15,530	16,730
EBIT	**117,660**	**130,120**	**134,470**	**134,530**	**138,340**	**147,023**	**160,523**	**173,950**
Other Income (Including EO Items)	2,580	5,120	8,110	10,170	7,510	8,304	9,134	9,915
Interest	1,060	1,140	3,340	3,810	4,100	4,510	4,961	5,457
PBT before extraordinary items	**119,180**	**134,100**	**139,240**	**140,890**	**141,750**	**150,816**	**164,696**	**178,408**
Extraordinary items	(390)	(660)	20	3,380	47,160	-	-	-
Total Tax	**29,870**	**32,010**	**36,440**	**37,480**	**38,270**	**39,966**	**43,644**	**47,278**
Share of Minority Interest	130	230	50	300	240	-	-	-
RPAT after MI	88,790	101,200	102,770	106,490	150,400	110,850	121,052	131,130
Adjusted PAT	**89,180**	**101,860**	**102,750**	**103,110**	**103,240**	**110,850**	**121,052**	**131,130**
APAT Growth (%)		*14.2*	*0.9*	*0.4*	*0.1*	*7.4*	*9.2*	*8.3*
EPS	**38.0**	**43.4**	**43.7**	**43.9**	**43.9**	**47.2**	**51.5**	**55.8**
EPS Growth (%)		*14.2*	*0.9*	*0.3*	*0.1*	*7.4*	*9.2*	*8.3*

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	492,830	496,382	497,086
Total Shareholders' Funds	**490,870**	**505,220**	**514,230**	**496,090**	**490,080**	**495,180**	**498,732**	**499,436**
Total Debt	-	980	130	10	-	-	-	-
TOTAL CAPITAL EMPLOYED	**490,870**	**506,200**	**514,360**	**496,100**	**490,080**	**495,180**	**498,732**	**499,436**
APPLICATION OF FUNDS								
Tangible Assets	61,690	69,490	80,310	86,250	81,820	76,194	82,721	93,131
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	35,945	38,378	42,934
Total Non-current Assets	**556,830**	**568,340**	**578,880**	**587,880**	**619,340**	**624,695**	**634,405**	**650,232**
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	47,112	50,557	54,212
Debtors	22,360	30,790	29,970	38,190	33,790	39,574	42,468	45,538
Cash & Equivalents	38,460	46,780	75,590	75,540	32,480	18,369	17,427	11,762
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**	**169,950**	**176,411**	**178,590**
Creditors	90,680	95,740	104,860	113,150	133,250	116,837	121,336	130,109
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**	**299,464**	**312,085**	**329,385**
Net Current Assets	**(65,960)**	**(62,140)**	**(64,520)**	**(91,780)**	**(129,260)**	**(129,515)**	**(135,674)**	**(150,795)**
TOTAL APPLICATION OF FUNDS	490,870	506,200	514,360	496,100	490,080	495,180	498,732	499,436

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	150,816	164,696	178,408
Depreciation	11,060	11,520	12,160	13,630	14,360	14,330	15,530	16,730
Working Capital Change	(10,000)	(9,600)	13,130	(7,880)	6,860	(13,541)	2,783	4,900
Tax Paid	(27,840)	(31,380)	(3,810)	(22,680)	(48,400)	(39,966)	(43,644)	(47,278)
Interest/Dividend received	(930)	(2,990)	(2,320)	(3,830)	(1,220)	(3,794)	(4,173)	(4,458)
Other items	(550)	(1,090)	(3,730)	(4,530)	270	-	-	-
OPERATING CASH FLOW (a)	**90,480**	**99,910**	**154,690**	**118,860**	**109,990**	**107,846**	**135,192**	**148,302**
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*	*87,846*	*112,385*	*120,302*
Others	(6,490)	(4,230)	(38,670)	77,350	(23,520)	8,304	9,134	9,915
INVESTING CASH FLOW (b)	**(17,280)**	**(14,940)**	**(53,240)**	**64,730**	**(36,840)**	**(11,697)**	**(13,673)**	**(18,085)**
Debt Issuance/(Repaid)	(4,070)	780	(850)	-	-	-	-	-
Interest Expenses	(820)	(5,550)	(5,330)	(6,280)	(6,400)	(4,510)	(4,961)	(5,457)
FCFE	***76,440***	***95,530***	***144,600***	***112,520***	***103,070***	***92,356***	***117,346***	***125,759***
Dividend	(75,260)	(84,740)	(94,160)	(124,730)	(101,240)	(105,750)	(117,500)	(130,425)
Others	-	(20)	-	-	(460)	-	-	-
FINANCING CASH FLOW (c)	**(80,150)**	**(89,530)**	**(100,340)**	**(131,010)**	**(108,100)**	**(110,260)**	**(122,461)**	**(135,882)**
NET CASH FLOW (a+b+c)	**(6,950)**	**(4,560)**	**1,110**	**52,580**	**(34,950)**	**(14,111)**	**(942)**	**(5,665)**
Add: Beginning balance	**18,420**	**11,570**	**7,010**	**8,120**	**60,700**	**25,750**	**11,639**	**10,697**
EO Items, Others	-	130	130	10	80	80	80	80
Closing Cash & Equivalents	**11,470**	**7,140**	**8,250**	**60,710**	**25,830**	**11,719**	**10,777**	**5,112**

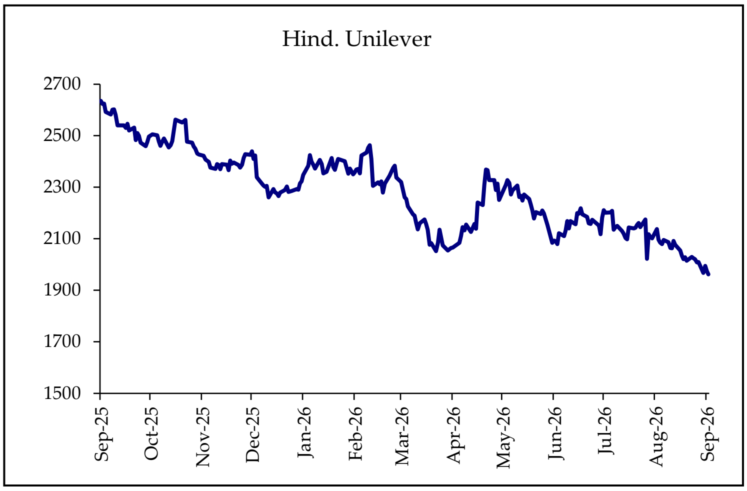
Source: Company, HSIE Research

Key Ratios

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)								
GPM	50.9	47.6	51.9	51.5	50.9	50.3	51.1	51.6
EBITDA Margin (%)	24.5	23.4	23.7	24.0	23.5	23.2	23.6	23.8
EBIT Margin	22.4	21.5	21.7	21.9	21.5	21.1	21.5	21.7
PBT Margin	22.7	22.1	22.5	23.0	22.0	21.7	22.1	22.3
APAT Margin	17.0	16.8	16.6	16.8	16.0	15.9	16.2	16.4
RoE	18.2	20.5	20.2	20.4	20.9	22.5	24.4	26.3
RoIC (or Core RoCE)	21.1	23.3	24.1	25.4	25.3	25.5	27.1	29.0
RoCE	24.0	26.1	26.4	26.6	28.1	29.8	32.3	34.9
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	1.1
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	11
Payables (days)	63	58	62	67	75	61	59	59
Other Current Liab & Provns (days)	86	78	98	113	99	96	93	91
Cash Conversion Cycle (days)	**(97)**	**(83)**	**(110)**	**(122)**	**(116)**	**(100)**	**(96)**	**(94)**
Net D/E (x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Interest Coverage (x)	111.0	114.1	40.3	35.3	33.7	32.6	32.4	31.9
PER SHARE DATA (INR)								
EPS	38.0	43.4	43.7	43.9	43.9	47.2	51.5	55.8
CEPS	42.6	48.2	48.9	49.2	49.6	53.3	58.1	62.9
Dividend	34.0	39.0	42.0	53.0	41.0	45.0	50.0	55.5
Book Value	208.9	215.0	218.9	211.1	208.6	210.7	212.2	212.5
VALUATION								
P/E (x)	52.0	45.5	45.1	45.0	44.9	41.8	38.3	35.4
P/BV (x)	9.4	9.2	9.0	9.3	9.5	9.4	9.3	9.3
EV/EBITDA (x)	35.5	32.2	30.8	30.8	30.1	28.3	26.0	24.0
EV/Revenues (x)	8.7	7.5	7.3	7.4	7.1	6.6	6.1	5.7
OCF/EV (%)	2.0	2.2	3.4	2.6	2.4	2.4	3.0	3.2
FCF/EV (%)	1.7	2.0	3.1	2.3	2.1	1.9	2.5	2.6
FCFE/Mkt Cap (%)	1.6	2.1	3.1	2.4	2.2	2.0	2.5	2.7
Dividend Yield (%)	1.7	2.0	2.1	2.7	2.1	2.3	2.5	2.8

Source: Company, HSIE Research

Price Movement



Rating Criteria

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

Disclosure:
We, **Nitin Kumar Gupta, CA, & Ishant Lalwani, B.Com (Hons),** 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. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. 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.
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