MIRAE ASSET Sharekhan

Hindustan Unilever Ltd

Strong Q1; growth at multi-quarter high

Reco/View: **BUY**	CMP: **Rs. 2,023**	Price Target: **Rs. 2,503**

STOCK UPDATE

Result Update - Q1FY2027

SECTOR

Consumer Goods

COMPANY DETAILS

Market cap:	Rs. 5,17,615 cr
52-week high/low:	Rs. 2,705/2,016
NSE volume: (No of shares)	19.8 lakh
BSE code:	500696
NSE code:	HINDUNILVR
Free float: (No of shares)	89.5 cr

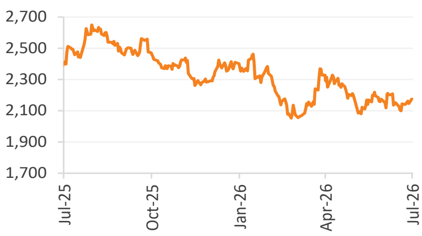
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	61.9
FII	9.5
DII	17.0
Others	11.6

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	0.4	-6.3	-8.3	-9.1
Relative to Sensex	0.6	-5.8	-1.7	-4.2

Source: Mirae Asset Sharekhan Research, Bloomberg

RESEARCH ANALYST

Kruttika Prabhudesai

Quick Snapshot

- Consolidated revenue grew 10% y-o-y to Rs. 17,341 crore, led by 10% underlying sales growth (USG) and 5% underlying volume growth (UVG), marking Hindustan Unilever Ltd's highest growth in 13 quarters.
- Home Care and Beauty & Wellbeing led the quarter, delivering 14% and 12% USG, respectively, while Foods grew 7% and Personal Care grew 4%.
- Management retained its view that FY27 should be better than FY26, supported by portfolio transformation, channel expansion, and stable FMCG demand.
- Stock trades at 41.5x/37.2x its FY27E/FY28E EPS, respectively. We retain a Buy with a revised PT of Rs. 2503.

Result overview

- EBITDA grew 8.4% y-o-y to Rs. 3,947 crore, while EBITDA margin stood at 22.8%, down 30 bps y-o-y, but remained within the company's guided range.
- PAT fell 2.2%% y-o-y to Rs. 2,680 crore due to a one-off tax credit in the base quarter.
- Home Care and Beauty & Wellbeing led the quarter, delivering 14% and 12% USG, respectively, while Foods grew 7% and Personal Care grew 4%.
- Foods and homecare segments reported EBIT margin expansion of 101 bps and 26 bps y-o-y to 20.2% and 19.1%, respectively, while personal care EBIT margin stood flat y-o-y at 18.7% and beauty & wellbeing EBIT margin fell by 293 bps y-o-y to 29.1%.
- Management highlighted stable FMCG demand, continued market share gains on a turnover-weighted basis, and strong execution across portfolio, pricing, savings, and channel initiatives.

Our Call

We remain positive on HUL's medium-term outlook, supported by improving demand, premiumisation, strong brand equity, leadership across categories, scale benefits, and growth in channels of the future. Personal care segment remains a key monitorable given continued palm oil inflation and low-single-digit volume decline. The stock trades at 41.5x/37.2x its FY27E/FY28E EPS, respectively. We retain a Buy rating with a revised PT of Rs. 2,503.

Key Risks

Slower demand recovery, sustained commodity/currency inflation, rising competitive intensity, and execution challenges in scaling premium formats, quick commerce, Minimalist, OZiva and new demand spaces could impact growth, margins and market share.

Valuation (Consolidated) **Rs cr**

Particulars	FY24	FY25	FY26	FY27E	FY28E
Revenue	61,896	61,328	64,468	69,935	76,557
OPM (%)	23.7	24.0	23.4	23.3	23.6
Adjusted PAT	10,282	10,428	10,830	11,443	12,788
Adjusted EPS (Rs.)	43.8	44.4	46.1	48.7	54.4
P/E (x)	46.2	45.6	43.9	41.5	37.2
P/B (x)	9.3	9.6	9.8	9.7	9.7
EV/EBIDTA (x)	31.7	31.7	31.2	28.8	25.9
RoNW (%)	20.3	20.7	22.1	23.4	26.2
RoCE (%)	27.2	27.8	28.4	31.0	34.7

Source: Company; Mirae Asset Sharekhan estimates

Concall and segmental highlights

- EBITDA margin came in at 23% for Q1FY27, within the guided range, and management expects margins to remain around the current range despite elevated commodities and currencies.
- Management indicated that commodities and currencies remain elevated, with crude-linked derivatives and palm oil continuing to be inflationary. Calibrated price increases are being taken across the home care and personal care businesses.
- Management expects quick commerce to continue strong double-digit growth and sees the channel growing around 40-50%, supported by tailored assortments, improved availability, platform partnerships, and price-pack architecture.
- HUL continued to gain turnover-weighted market share in Q1FY27, supported by portfolio strength, supply chain resilience, and strong brand execution.
- The company is embedding AI across the value chain, including a digital-first distribution center in Vijayawada, the Unilever Fragrance House in India, and the Liquids Lab of the Future in Mumbai, which can accelerate formulation development timelines by up to 6x.
- Minimalist continued its double-digit growth trajectory and is expanding offline, while OZiva had a soft quarter as it transitions towards emerging consumer demand spaces. Management remains confident on OZiva's long-term potential.
- **Home Care:** Revenue stood at Rs. 6,554 crore, with segment margin at 17%. The segment delivered 14% USG, its highest growth in three years, driven by high-single-digit UVG. Growth was broad-based, with Fabric Wash delivering double-digit growth led by volumes, supported by sustained momentum in bars and powders and continued acceleration in liquids. Household Care also delivered double-digit USG and UVG, led by the scale-up of Vim Liquids and focused penetration initiatives.
- **Beauty & Wellbeing:** Revenue stood at Rs. 4,083 crore, with segment margin at 28%. The segment delivered 12% USG, driven by high-single-digit UVG. Hair Care delivered double-digit, volume-led growth, supported by premium hair care and future formats. Skin Care and Colour Cosmetics grew in high single digits, led by double-digit growth in premium skin care, while Minimalist continued its double-digit growth trajectory with sequential acceleration. OZiva had a soft quarter as the business transitions, though management remains confident about its long-term potential in Health & Wellbeing.
- **Personal Care:** Revenue stood at Rs. 2,624 crore, with segment margin at 20%. The segment delivered 4% USG, led by pricing, while UVG declined in low single digits due to persistent palm oil inflation. Skin Cleansing grew in mid-single digits, driven by pricing and strong performance in premium bars. Premium Bars delivered competitive double-digit, volume-led growth, supported by Dove and Pears, while Bodywash maintained double-digit growth momentum and strengthened market leadership. Oral Care reported mid-single-digit growth, supported by premium innovations in whitening, gum care, and sensitive care.
- **Foods:** Revenue stood at Rs. 3,480 crore, with segment margin at 20%. The segment delivered 7% USG, driven by mid-single-digit UVG. Premium Tea reported low-single-digit UVG, while Coffee delivered double-digit, volume-led growth with continued scale-up of RTD and Bru Gold. Lifestyle Nutrition sustained double-digit growth momentum, with Boost crossing the Rs. 1,000 crore annual turnover milestone on a trailing 12-month basis. Packaged foods delivered high-single-digit growth, led by Unilever Food Solutions, Mayonnaise and International Sauces.
- Management expects the demand environment to remain stable and has retained its guidance that FY27 should be better than FY26, supported by portfolio transformation and channel expansion. While commodity volatility is likely to persist in the short term, the company expects consolidated EBITDA margin to remain around the current guided range through calibrated pricing, structural savings, supply chain efficiencies and disciplined media investments. HUL remains focused on driving competitive, volume-led revenue growth, supported by premiumisation, market development, digital/AI capabilities and omnichannel execution.

Results (Consolidated) Rs cr

Particulars	Q1FY27	Q1FY26	y-o-y (%)	Q4FY26	q-o-q (%)
Total revenue	**17,341.0**	**15,757.0**	**10.1**	**16,351.0**	**6.1**
Raw material cost	8,753.0	7,829.0	11.8	8,131.0	7.6
Employee expenses	769.0	689.0	11.6	847.0	-9.2
Advertising and promotions	1,657.0	1,598.0	3.7	1,509.0	9.8
Other expenses	2,215.0	2,001.0	10.7	2,023.0	9.5
Total expenditure	13,394.0	12,117.0	10.5	12,510.0	7.1
Operating Profit	**3,947.0**	**3,640.0**	**8.4**	**3,841.0**	**2.8**
Other income	188.0	201.0	-6.5	264.0	-28.8
Interest	75.0	122.0	-38.5	76.0	-1.3
Depreciation	353.0	326.0	8.3	348.0	1.4
PBT	**3,707.0**	**3,393.0**	**9.3**	**3,681.0**	**0.7**
Tax	952.0	557.5	70.8	872.6	9.1
Adjusted PAT	**2,755.0**	**2,835.5**	**-2.8**	**2,808.4**	**-1.9**
Extra-ordinary items	75.0	93.5	-19.8	-197.6	-138.0
Share of profit/loss	0.0	1.0	-100.0	4.0	-100.0
Reported PAT	**2,680.0**	**2,741.0**	**-2.2**	**3,002.0**	**-10.7**
Adjusted EPS (Rs.)	11.7	12.1	-2.8	12.0	-1.9
			bps		**bps**
GPM (%)	49.5	50.3	-79	50.3	-75
OPM (%)	22.8	23.1	-34	23.5	-73
NPM (%)	15.9	18.0	-211	17.2	-129
Tax rate (%)	25.7	16.4	925	23.7	198

Source: Company; Mirae Asset Sharekhan Research

Segmental performance Rs cr

Particulars	Q1FY27	Q1FY26	y-o-y (%)	Q4FY26	q-o-q (%)
Revenue (Rs. crore)					
Home Care	6,554	5,777	13.4	6,344	3.3
Beauty & Wellbeing	4,083	3,631	12.4	3,697	10.4
Personal Care	2,624	2,540	3.3	2,229	17.7
Foods	3,480	3,259	6.8	3,566	-2.4
Others	600	550	9.1	515	16.5
Total	**17,341**	**15,757**	**10.1**	**16,351**	**6.1**
PBIT margins (%)			**bps**		**bps**
Home Care	17.3	19.5	-219	19.1	-171
Beauty & Wellbeing	27.6	27.5	6	29.1	-153
Personal Care	19.7	18.7	100	18.7	99
Foods	19.9	18.7	120	20.2	-33

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp. of India	6.59
2	ICICI Prudential Asset Management Co. Ltd.	1.79
3	Vanguard Group Inc.	1.68
4	SBI Funds Management Ltd.	1.61
5	Blackrock	1.41
6	Nippon Life India AMC Ltd.	0.81
7	UTI Asset Management Co Ltd.	0.64
8	Kotak Mahindra Asset Managament Co Ltd.	0.54
9	HDFC Asset Management Co. Ltd.	0.43
10	Norges Bank	0.38

Source: Bloomberg

Key management personnel

Name	Designation
Nitin Paranjpe	Chairman
Priya Nair	Chief Executive Officer and Managing Director
Niranjan Gupta	Chief Financial Officer
Radhika Shah	Company Secretary and Compliance Officer

Source: Company Website

SOMIL RAMESH MEHTA

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