



Hindustan Unilever Limited

Q1FY26 Highlights

- Consolidated revenue grew 5.2% YoY to ₹16,296crs with 4% underlying volume growth.
- With stepped-up investments across lines of the P&L, resulting in an EBITDA margin of 22.8%. While this is a 130bps year-on-year decline, it remains in line with management guidance. A&P at 10.1% has increased 40bps sequentially.
- As a result of these investments, profit after tax before exceptional items declined by 5% YoY. However, reported profit after tax increased by 6%, primarily due to re-estimation of certain tax provisions for prior years.
- Looking ahead, HUL remains committed to sequentially strengthening gross margin through a combination of actions, including narrowing the price cost gap, accelerating the end-to-end net productivity program, and driving a favourable mix.
- Standalone performance for the quarter reflects a USG of 4% with UVG of 3%. EBITDA margins stood at 22.6% (120bps decline). Profit after tax grew by 8%, while profit after tax before exceptional items declined by 3% YoY.

Important Data

Nifty	24,565
Sensex	80,600
CMP (₹)	2,553.7
Market Cap (₹ crs)	6,00,085.61
52W High/Low	3034/2,136
Shares o/s (crs)	234.96
BSE Code	500696
NSE Code	HINDUNILVR
Bloomberg Code	HUVR:IN

Shareholding Pattern (%) – Jun'25

Promoter	61.9
FII	10.3
DII	15.9
Public & Others	11.9

Concall Highlights

- 50% of the portfolio is classified as core, but slightly above 50% is split between future core and market makers. In the core portfolio, the objective is to keep brands healthy, contemporary, and competitive. With strong brand equities and unmatched reach, HUL continues to leverage these strengths to elevate consumer experience.
- **Home Care (35% of revenue; segmental margin 19.5%):** Home Care delivered another quarter of robust volume growth. High single-digit UVG in the segment translated to 4% USG as it continues to pass on the benefits of lower commodity prices to consumers and ensure competitive pricing. Fabric Wash delivered mid-single-digit UVG liquid portfolio continued to perform well, delivering sustained double-digit growth. Discipline focuses on product superiority and innovation-led premiumization strategy, and consistent execution of market development initiatives has enabled the category to continue strengthening its market leadership despite an intense competitive environment. Household Care delivered double-digit UVG This was driven by broad-based performance across dishwash and liquids.
- **Beauty & Wellbeing (22% of revenue; segmental margin 28%):** Beauty & Wellbeing delivered 7% USG driven by low single-digit UVG in the quarter. Hair Care grew in mid-single-digit, further strengthening its market share. Launched Nexus in India, elevating our portfolio and making an entry into India's prestige and professional beauty segment. The brand embodies the future of hair care, precise, effective, and powered by science. With the completion of Minimalist Apparition and acceleration in performance of Oziva, HUL has now further added and analyzed thousands of crores portfolios in high growth demand spaces.
- **Personal Care (15% of revenue; segmental margin ~19%):** Personal care grew 6% driven by pricing. Skin cleansing delivered mid-single digit growth and continued to accelerate performance in non-hygiene segments, resulting in double digit growth. Body Wash continued to deliver competitive double-digits growth. Oral care grew in mid-single digit led by Closeup. We relaunched Closeup with an upgraded formulation, powered by ZincFresh technology, designed to deliver up to 18 hours of long-lasting freshness.
- **Foods & Refreshment (24% of revenue; segmental margin ~16%):** Foods delivered a 5% USG, driven by mid-single digit UVG beverages portfolio consisting of tea and coffee, delivered double digit growth. Within that, tea grew in high single digit with positive UVG Coffee contribution under double digit growth, driven by strong performance in channels

Financials

Particulars	FY23			FY24			FY25		
	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3
Revenues	60,580	61,896	62,175	60,580	61,896	62,175	60,580	61,896	62,175
YoY Growth	16%	2%	2.2%	16%	2%	2.2%	16%	2%	2.2%
EBITDA	14,148	14,659	14,851	14,148	14,659	14,851	14,148	14,659	14,851
EBITDA Margin	23%	24%	23.6%	23%	24%	23.6%	23%	24%	23.6%
PAT	10,143	10,282	10,671	10,143	10,282	10,671	10,143	10,282	10,671
PAT Margin	17%	17%	16.9%	17%	17%	16.9%	17%	17%	16.9%
EPS	43.2	43.8	45.4	43.2	43.8	45.4	43.2	43.8	45.4
PE	59.1	58.3	56.3	59.1	58.3	56.3	59.1	58.3	56.3

Source: Company, Way2Wealth

Relative performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
HUL	-6	-3	16
Nifty 50	3	42	120
Sensex	3	40	113

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of the future and continues to strengthen market leadership in lifestyle nutrition, and has seen a sequential improvement in performance. Horlicks and Boost, which comprise the lifestyle nutrition business, Boost is a brand which is strong and has given good growth in Q1FY26.

- Margins in the home care segment stood at 19.5% (-50bps YoY), personal care stood at 18.7% (90bps YoY), Foods & Refreshments was 16.2% (-290bps YoY), Beauty & Wellbeing was 27.5% (-300bps YoY).
- The year-on-year moderation in other incomes primarily reflects reduced cash reserves post special dividend payout in November and minimalist acquisition in April, alongside softer interest rate trends.
- Exceptional items saw an increase on account of restructuring expenses incurred to optimize the supply chain network and drive net productivity. Tax expenses are lower this quarter as the company has reassessed the risk of potential disallowance of expenses and resulting tax exposure pursuant to an outcome under the income tax dispute resolution mechanism.
- Minimalists brand has successfully achieved the acquisition of 90.5% stake with a total payout of ₹2,706crs. In this quarter as well, the brand delivered robust double-digit growth. HUL remains confident in Minimalist's potential to contribute significantly to the premium duty portfolio.

Risk

- Slower recovery in demand
- Inflationary raw material prices

VIEW

HUL reported a 5% revenue growth in Q1, with volumes up 4% YoY, led by a strong performance in the personal care segment. Management continues to guide for mid-single digit volume growth, supported by ongoing portfolio transformation. With no significant input cost relief, low single-digit price hikes are expected in the near term.

Emerging brands like Oziva and Minimalist are witnessing rapid growth, outpacing the core Beauty & Wellness (B&W) segment, and are poised to become meaningful contributors to overall growth. HUL anticipates a gradual improvement in growth trends, driven by its accelerated portfolio revamp and improving macro environment.

The company has revised its EBITDA margin guidance downward to 22-23% (from 23-24%) for the next few quarters, as it ramps up investments to strengthen its portfolio amid a recovering demand environment. The B&W segment remains a pivotal growth lever, with increased focus on scaling new categories.

With a strong brand portfolio, leadership in key categories, and a wide distribution network, HUL is well-positioned for a steady recovery. At the current price of ₹2,554, the stock trades at 56.3x its FY25E EPS of ₹45.4. We recommend **accumulate the stock on dips for long-term gains**.

Consolidated Financials

(₹ crs)

Particulars	Q1FY26	Q1FY25	VAR	Q4FY25	VAR	FY25
Sale of Products	16,296.0	15,497.0	5.2%	15,416.0	5.7%	62,175.0
Sale of Services	27.0	26.0		30.0		113.0
Other Operating Income	191.0	184.0	3.8%	224.0	-14.7%	833.0
	16,514.0	15,707.0	5.1%	15,670.0	5.4%	63,121.0
Other Income	201.0	257.0	-21.8%	309.0	-35.0%	1,017.0
TOTAL INCOME	16,715.0	15,964.0	4.7%	15,979.0	4.6%	64,138.0
Cost Of Materials Consumed	5,467.0	4,874.0	12.2%	4,830.0	13.2%	19,458.0
Purchase of stock in trade	2,915.0	2,728.0	6.9%	2,802.0	4.0%	11,273.0
Stock Adjustment	(141.0)	(57.0)	147.4%	(9.0)	1466.7%	(153.0)
		<i>RMC as a %age of sales</i>				
	50.0%	48.1%		48.7%		48.5%
Employee Benefit Expenses	726.0	656.0	10.7%	856.0	-15.2%	3,077.0
		<i>EPC as a %age of sales</i>				
	4.4%	4.2%		5.5%		4.9%
Advertisement & Promotion	1,656.0	1,681.0	-1.5%	1,510.0	9.7%	6,199.0
<i>Advertisement Expenses as a %age of sales</i>	10.0%	10.7%	-0.7%	9.7%		9.8%
Other Expenses	2,173.0	2,081.0	4.4%	2,062.0	5.4%	8,416.0
		<i>Other Expenses as a %age of sales</i>				
	13.2%	13.3%		13.2%		13.4%
TOTAL EXPENDITURE	12,796.0	11,963.0	7.0%	12,051.0	6.2%	48,270.0
EBIDTA	3,718.0	3,744.0	-0.7%	3,619.0	2.7%	14,851.0
		<i>EBIDTA Margins %</i>				
	22.6%	23.9%	-1.3%	23.1%		23.6%
Finance Costs	127.0	93.0	36.6%	80.0	58.8%	395.0
PBDT	3,792.0	3,908.0	-3.0%	3,848.0	-1.5%	15,473.0
Depreciation	361.0	329.0	9.7%	347.0	4.0%	1,355.0
PBT before exceptional items	3,431.0	3,579.0	-4.1%	3,501.0	-2.0%	14,118.0
Exceptional items	(127.0)	(48.0)	164.6%	(139.0)	-8.6%	297.0
PBT	3,304.0	3,531.0	-6.4%	3,362.0	-1.7%	14,415.0
Tax	535.0	917.0	-41.7%	887.0	-39.7%	3,744.0
		<i>Tax Rate</i>				
	16.2%	26.0%		26.4%		26.0%
Reported Profit After Tax from Continuing Operation	2,769.0	2,614.0	5.9%	2,475.0	11.9%	10,671.0
PATM %	16.8%	16.7%		15.8%		16.9%
Profit/Loss from Discontinued Operation	(1.0)	(2.0)	-50.0%		#DIV/0!	0.0
Adjusted Profit After Extra-ordinary item	2,768.0	2,612.0	6.0%	2,475.0	11.8%	10,671.0
EPS	11.8	11.1	6.0%	10.5	11.8%	45.4
Equity	235.0	235.0		235.0		235.0
Face Value	1.0	1.0		1.0		1.0

Source: Company, Way2Wealth

Segmental Performance

(₹ crs)

Segments	Q1FY26	Q1FY25	VAR [%]	Q4FY25	VAR [%]	FY25
REVENUES						
Revenue from Operations	16,514.0	15,707.0	5.1%	15,670.0	5.4%	63,121.0
Home Care	5,777.0	5,673.0	1.83%	5,815.0	-0.7%	22,958.0
Mix %	35.0%	36.1%		37.1%		36.4%
Personal Care	2,540.0	2,386.0	6.5%	2,126.0	19.5%	9,166.0
Mix %	15.4%	15.2%		13.6%		14.5%
Foods & Refreshments	4,016.0	3,850.0	4.3%	3,896.0	3.1%	15,294.0
Mix %	24.3%	24.5%		24.9%		24.2%
Beauty & Wellbeing	3,631.0	3,281.0	10.7%	3,265.0	11.2%	13,523.0
Mix %	22.0%	20.9%		20.8%		21.4%
Others	550.0	517.0	6.4%	568.0	-3.2%	2,180.0
Mix %	9.5%	9.1%		9.8%		9.5%
Total Segment Revenue	16,514.0	15,707.0	5.1%	15,670.0	5.4%	63,121.0
Profit/Loss Before Interest and Tax						
	3,357.0	3,415.0	-1.7%	3,272.0	2.6%	13,496.0
Margin %	20.3%	21.7%		20.9%		21.4%
Home Care	1,129.0	1,136.0	-0.6%	1,093.0	3.3%	4,429.0
Margin %	19.5%	20.0%	-0.5%	18.8%		19.3%
Personal Care	475.0	425.0	11.8%	398.0	19.3%	1,631.0
Margin %	18.7%	17.8%	0.9%	18.7%		17.8%
Foods & Refreshments	652.0	736.0	-11.4%	627.0	4.0%	2,808.0
Margin %	16.2%	19.1%	-2.9%	16.1%		18.4%
Beauty & Wellbeing	999.0	1,001.0	-0.2%	1,046.0	-4.5%	4,188.0
Margin %	27.5%	30.5%	-3.0%	32.0%		31.0%
Others	102.0	117.0	-12.8%	108.0	-5.6%	440.0
Margin %	18.5%	22.6%		19.0%		20.2%
Less : Interest	127.0	93.0	36.6%	80.0	58.8%	395.0
Other Un-allocable Expenditure	(1.0)	(2.0)		(1.0)		(8.0)
Add : Other Un-allocable Income	201.0	257.0	-21.8%	309.0	-35.0%	1,017.0
Extra-Ordinary Income/Expense	(127.0)	(48.0)		(138.0)		305.0
Net Profit/Loss Before Tax	3,303.0	3,529.0	-6.4%	3,362.0	-1.8%	14,415.0

Source: Company, Way2Wealth

Coverage

Date	Coverage	Report Price (₹)	Buy Range (₹)	Target Price (₹)
24-July-23	Quick Insight	2,604.0	2620 – 2670	3060 – 3080
23-Oct-23	Q2FY24	2,495.0		
26-Apr-24	Q4FY24	2,231.0		
25-July-24	Q1FY25	2,717.0		
25-Oct-24	Q2FY25	2,503.0		
28-Jan-25	Q3FY25	2,392.0		
25-Apr-25	Q4FY25	2,325.0		

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Name of the Security	HINDUSTAN UNILEVER LTD
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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