

HUL never stopped being a great company. Its shares still went nowhere

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Maxim: *Price is what you pay; value is what you get.* — Warren Buffett, quoting Benjamin Graham

A wonderful business and a wonderful investment are not the same thing. The difference is the price you pay on the day you buy.

A great company bought at the wrong price can still be a poor investment for years.

Few Indian businesses have been as admired as Hindustan Unilever. It is profitable, cash-rich and sells soap, tea and shampoo to hundreds of millions of households. Over the long run its profit grew at roughly 11% a year, according to a [Value Research](#) analysis published in July 2026. Nothing about that changed recently.

What changed was the price people were willing to pay for it. Around 2010, investors paid about 24 times HUL's earnings for its shares. By 2020-21, at the peak, they were paying about 70 times. For a decade, the share price grew faster than the profits, because the multiple nearly tripled.

Then it came back down, to about 34 times by mid-2026. Over the five years to mid-2026, Value Research found, the stock went nowhere, and at times slipped, while profits kept climbing. By late September 2026, the trailing P/E was around 30, [INDmoney](#) noted. The business did its job. The buyers at 70 times had simply paid in advance for years of growth.

Two numbers, not one

Warren Buffett put the idea into a single line in his 2008 letter to Berkshire Hathaway shareholders, written as markets were collapsing. Long ago, he wrote, Ben Graham taught him that "Price is what you pay; value is what you get." He added that whether he was talking about socks or stocks, he liked buying quality merchandise when it was marked down ([Monevator](#)).

The line separates two things most investors blur together. Value is what the business is worth to an owner: the cash it will generate over the years. Price is whatever the market quotes today. Most of the time they move loosely together. Sometimes the gap gets very wide, in both directions.

The trap is that quality makes the gap easy to ignore. Nobody questions whether HUL is a good business, so it feels safe at almost any price. But a good business only protects you from the business going wrong. It does not protect you from having paid too much for it.

What the starting price does to returns

HUL is one company, and one company can be explained away. The same pattern shows up across the market. Stable Investor studied the Nifty's price-to-earnings ratio and what investors earned afterwards, using daily data from 1999 to early 2017. Investors who bought when the index traded above 24 times earnings averaged only about 3.4% a year over the next five years. Those who bought below 12 times averaged about 29% a year ([Stable Investor](#)).

Those figures need care. Days below 12 times were rare, the data ends in 2017, and the index's companies and earnings mix have changed a lot since, so today's readings are not directly comparable. Over ten years, the gap between cheap and expensive starting points narrowed sharply, because profits had time to catch up with the price. Valuation is a poor timing tool for the next few months. Over five years or more, it matters a great deal.

That is exactly what HUL's owners lived through. The business delivered its 11% a year. The extra return that came from a rising multiple in the 2010s had to be given back when the multiple fell. Value is what the company earns for you. Price decides how much of that you actually keep.

Five questions before you pay

1. **What am I paying for each rupee of profit?** Look up the P/E and compare it with the company's own ten-year range, not just with its peers today. A great business at the top of its own range is a warning, not a comfort.
2. **What does this price assume?** A very high multiple quietly assumes years of fast growth. Ask whether the company has ever grown that fast for that long. HUL's profits never compounded at 20% or more for long stretches, Value Research noted, even when its share price did.
3. **What if the multiple returns to normal?** If the P/E fell back to its long-run average while profits kept growing, would you still make money over five years? If not, you are betting on the multiple, not the business.
4. **Am I buying because the price has risen?** A rising price makes a stock feel safer and more obviously good. That feeling is about price, not value.
5. **For index investors, how am I adding money?** A monthly SIP smooths the starting price automatically. Large lump sums are where valuation matters most; when the market looks expensive, spreading them over several months is a reasonable compromise.

The decision rule is short. Decide what a business is worth before you look at what it costs, and write the number down. If the price is well above it, admire the company and wait. Good businesses rarely stay expensive forever, and patience costs less than overpaying.

The marked-down sock

Buffett's line came in the middle of a crash, when prices everywhere had fallen below value. That is when it is easiest to see. It is harder to remember in good times, when prices run ahead of value and quality feels like a guarantee.

Those who bought HUL at the 2020-21 peak did not wait five years for nothing because they picked a bad company. They picked an excellent one at a price that had already counted years of its future success. Value is what the business delivers. Price is what you give up to get it. Pay attention to both.

Sources

- [Value Research: HUL, stock valuation vs business quality \(27 July 2026\)](#)
- [Value Research: HUL's expensive ascent \(1 September 2026\)](#)
- [INDmoney: HUL hits a 52-week low \(September 2026\)](#)
- [Monevator: Warren Buffett's annual letter to shareholders, 2008](#)
- [Stable Investor: P/E ratio analysis of Nifty returns \(March 2017\)](#)

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