kotak Securities

Dated: 24th October 2025

Hindustan Unilever (HUVR) - ADD

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.2602	**Rs.2560**

Rationale:

- HUVR’s Q2 growth was impacted (200 bps) by GST rate cut-led channel destocking.
- Adjusted Consolidated underlying volume growth (UVG) decelerated to 2% from 4% in 1Q.
- We expect earnings to grow by 11.7% in FY27E & grow by 10.6% in FY28E.
- The acceleration in growth is likely to be gradual and below our earlier expectations.
- We trim FY2026- 28E EPS by 2% and revise FV to Rs2,560 (from Rs2,525).
- Stock is currently trading at valuation of 48.1x P/E FY28E EPS.
- We value HUVR using Discounted Cash Flow (DCF) methodology.

Positives:

- HUVR has guided 2HFY26 to be better than H1 and maintained its EBITDA margin guidance.
- We expect the GST rate cut to aid consumption.
- We expect HUVR’s execution to improve under its new CEO
- HUVR’s standalone revenue grew 0.5% yoy to Rs15585 cr (in line).
- Demerger of the ice cream business should result in ~50 bps upward revision of EBITDA margin guidance

Negatives:

- Q2 growth was impacted by 200 bps due to GST rate cut-led channel de-stocking in ~40% of the portfolio.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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