

Hindustan Unilever Ltd (HUL)

NSE: HINDUNILVR | Sector: FMCG — Household & Personal Care | Market Cap: ₹5.2L Cr

Coverage Initiated: June 2026 | Analyst: Kamal Arora, CFA Level II

HOLD
Target Price

Upside: +5%

CMP	52W High/Low	P/E (TTM)	EV/EBITDA	Revenue (FY25)	EBITDA Margin	ROE	Div. Yield
₹2,268	₹2,778 / ₹2,100	52.4x	38.6x	₹62,516 Cr	23.4%	19.8%	1.8%

Investment Thesis

HUL is India's largest FMCG company with a portfolio of 50+ brands across Home Care, Beauty & Personal Care, and Foods & Refreshment. While the company's structural long-term story remains intact — driven by premiumisation, rural recovery, and distribution depth — near-term volume growth has been muted at 2-3% YoY due to urban demand weakness and competitive intensity in key categories. Valuation at 52x P/E offers limited margin of safety. We initiate with a HOLD rating and a 12-month target of ₹2,380, implying 5% upside.

Volume & Revenue Trend

Metric	FY23	FY24	FY25	H1FY26E
Revenue (₹Cr)	58,154	60,468	62,516	32,100
Vol. Growth	5%	3%	2%	3-4%E
Price Growth	9%	1%	2%	1-2%E
Gross Margin	49.8%	51.2%	52.1%	52.5%E
EBITDA Margin	22.6%	23.0%	23.4%	23.6%E

Source: Company Filings, Bloomberg, Analyst Estimates

DCF Valuation Summary

Our DCF model assumes revenue CAGR of 7.5% over FY25-28E, driven by 4% volume growth and 3.5% price/mix improvement. EBITDA margins assumed to expand to 24.2% by FY27E as input cost pressures ease (palm oil, crude-linked packaging). WACC of 10.8% and terminal growth of 5.5% yield DCF value of ₹2,320/share. Adding a brand premium of ₹60/share for HUL's unmatched distribution and portfolio depth, we arrive at TP of ₹2,380.

DCF Assumption	Value
Revenue CAGR (FY25-28E)	7.5%
Volume Growth Assumption	4.0%
EBITDA Margin (FY27E)	24.2%
WACC	10.8%
Terminal Growth Rate	5.5%
DCF Value / Share	₹2,320
Brand Premium	₹60
Target Price	₹2,380

FMCG Comparable Company Analysis

Company	P/E	EV/EBITDA	Vol Gr.	Rating
HUL	52.4x	38.6x	2%	HOLD
ITC	26.8x	18.4x	5%	BUY
Nestle India	68.2x	48.6x	4%	HOLD
Dabur India	48.6x	34.2x	5%	BUY
Britannia	44.2x	28.8x	3%	HOLD
Sector Median	48.6x	34.2x	4%	—

Source: Bloomberg, NSE Filings, Analyst Estimates

Financial Summary (₹ Cr)

Metric	FY24A	FY25A	FY26E	FY27E
Revenue	60,468	62,516	67,200	72,400
Gross Profit	30,960	32,571	35,100	38,200
EBITDA	13,908	14,629	15,900	17,500
EBITDA %	23.0%	23.4%	23.7%	24.2%
PAT	10,282	10,736	11,600	12,800
EPS (₹)	43.7	45.6	49.3	54.4

E = Analyst Estimates | A = Actuals

Input Cost Watch

Input	Exposure	Trend	Margin Impact
Palm Oil	High	Stable	Neutral
Crude Deriv.	Medium	Easing	Positive
Packaging	Medium	Stable	Neutral
Tea & Coffee	Low	Rising	Minor -ve

Key Risks

- **Rural Demand:** Prolonged rural weakness could dampen volume recovery trajectory
- **Competition:** Patanjali, D2C brands, and regional players gaining share in key categories
- **Premium Shift:** Consumer downtrading in discretionary categories under inflationary pressure
- **Palm Oil Spike:** Unexpected palm oil price surge could compress gross margins by 80-100bps

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