




Nestle India Ltd.

Sector: Food Products

6th August, 2025

BUY

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 2,550
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 2,267
Large Cap	NEST:IN	80,710	NESTLEIND	500790	12 Months	Return	+12%

Data as of: 05-Aug-2025, 18:00hrs

Company Data			
Market Cap (Rs. Cr)	2,18,574		
52 Week High — Low (Rs.)	2,777 - 2,115		
Enterprise Value (Rs. Cr)	220,136		
Outstanding Shares (Cr)	96.4		
Free Float (%)	37.1		
Dividend Yield (%)	1.1		
6m average volume (lakhs)	8.8		
Beta	0.7		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	62.8	62.8	62.8
FII's	10.3	10.0	10.3
MFs/Institutions	10.8	11.3	11.2
Public	14.3	14.1	13.9
Others	1.9	1.8	1.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.6%	-2.2%	-8.4%
Absolute Sensex	0.4%	4.0%	-1.5%
Relative Return	-5.0%	-6.2%	-6.8%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	20,202	21,935	24,252
Growth (%)	-17.2	8.6	10.6
EBITDA	4,774	5,197	5,820
EBITDA Margin (%)	23.6	23.7	24.0
PAT Adjusted	3,024	3,340	3,789
Growth (%)	-23.0	10.5	13.4
Adjusted EPS	31.4	34.6	39.3
Growth (%)	-23.0	10.5	13.4
P/E	72.6	65.7	57.9
P/B	53.3	44.3	37.2
EV/EBITDA	46.1	42.4	37.8
ROE (%)	80.5	67.4	64.2
D/E	0.2	0.2	0.1

Volume-led growth boosts revenue

Nestle India Ltd, a subsidiary of Nestle S.A., is a food processing company, which primarily manufactures milk products along with other food products such as beverages and cereals.

- In Q1FY26, Nestle's revenue from operations grew 5.9% YoY to Rs. 5,096cr, led by growth in domestic sales as well as exports.
- Domestic sales rose 5.5% YoY to Rs. 4,860cr owing to volume-led growth in prepared dishes and cooking aids, powdered and liquid beverages, and confectionery. Further, the success of e-commerce and the launch of new products drove e-commerce to account for 12.5% of Nestle's domestic sales.
- Exports grew 16.0% YoY to Rs. 214cr on account of strong performances in foods, coffee, instant tea and breakfast cereals. Additionally, the company launched Masa-la-Ae-Magic in the United Kingdom.
- EBITDA declined 1.3% YoY to Rs. 1,100cr, while margin shrank 156bps due to increased cost of sales (+12.1% YoY), employee benefit expenses (+2.0% YoY) and other expenses (+3.4% YoY).
- Reported profit after tax decreased 11.7% YoY to Rs. 659cr, led by increased finance costs (+48.0% YoY) and decreased other income (-89.7% YoY).

Outlook & Valuation

The powdered and liquid beverages category achieved strong double-digit growth during the quarter. NESCAFÉ gained additional market share, further solidifying its leadership in the coffee category. The company expects coffee, cocoa and edible oil prices to remain stable, while that of milk to decrease due to a favourable monsoon and flush season. RUrban markets have shown promising growth, indicating a positive shift in market trends. Although profit during the quarter was impacted by higher consumption prices and operational costs, these are expected to stabilize in the near future. Therefore, **we upgrade our rating to BUY from HOLD on the stock with a revised target price of Rs. 2,550, based on 65x FY27E P/E.**

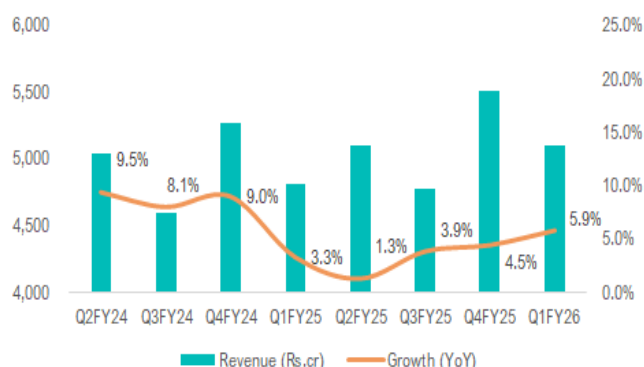
Quarterly Finance Standalone

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	5,096	4,814	5.9	5,504	-7.4
EBITDA	1,100	1,114	-1.3	1,389	-20.8
Margin (%)	21.6	23.1	-156bps	25.2	-360bps
EBIT	943	1,002	-5.8	1,234	-23.5
PBT	900	1,009	-10.8	1,205	-25.2
Rep. PAT	659	747	-11.7	885	-25.5
Adj PAT	659	747	-11.7	885	-25.5
Adj. EPS (Rs)	6.8	7.7	-11.7	9.2	-25.5

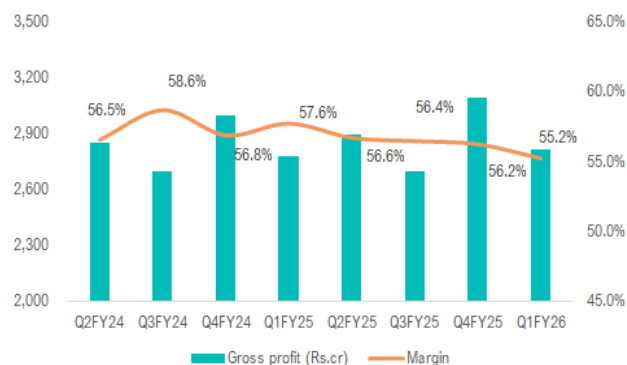
Key concall highlights

- The MAGGI portfolio witnessed strong growth, driven by improving consumption trends, with contributions from quick commerce as well as rural-urban (RUrban) markets. Specifically, Double Masala Classic Noodles along with the Spicy range, including Spicy Garlic, Spicy Cheesy, Spicy Pepper and Spicy Manchurian, performed well and generated positive momentum.
- The confectionery business experienced growth owing to increased sales in rural areas, a shift towards premium products and home penetration, all of which was supported by quick commerce. The company launched KITKAT Duo, KITKAT Lemon n Lime and KITKAT Dark Sharebag during the quarter.
- NESCAFÉ Classic, NESCAFÉ Sunrise and NESCAFÉ GOLD saw double-digit growth due to successful summer cold coffee activations. This helped NESCAFÉ's premium portfolio grow the coffee market and boost its brand equity, contributing to both revenue and profit.
- Nestlé breakfast cereals saw high double-digit growth, driven by the successful launch of MUNCH CHOCO Fills cereals, which accelerated business growth.
- The pet food business had a strong performance, mainly due to the cat portfolio. Purina Felix and Purina Friskies saw significant growth. The company improved its market reach and infrastructure in major cities, and also introduced a "staff pet feeding policy" and "pawternity leave" for employees to care for their pets.

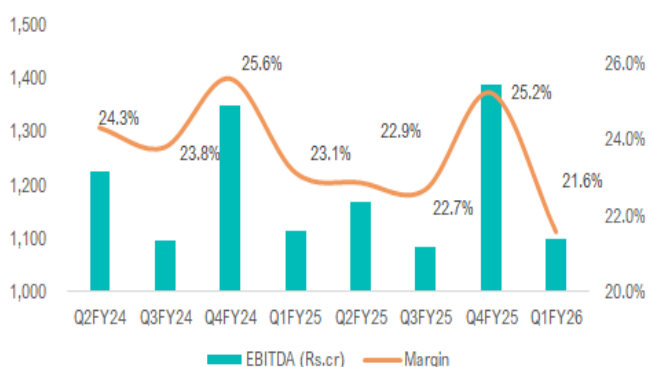
Revenue



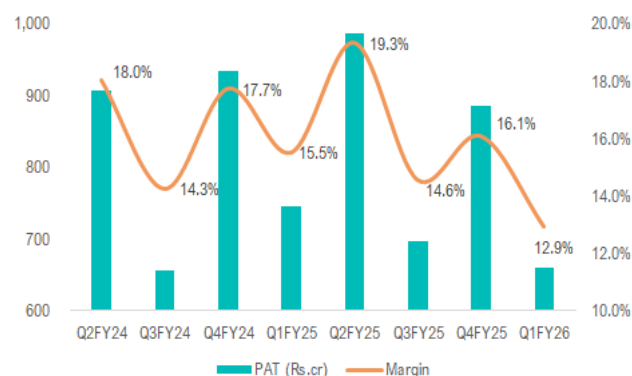
Gross Profit



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	22,337	24,694	21,935	24,252	-1.8	-1.8
EBITDA	5,317	6,064	5,197	5,820	-2.3	-4.2
Margins (%)	23.8	24.6	23.7	24.0	-10bps	-60bps
Adj. PAT	3,562	4,050	3,340	3,789	-6.2	-6.5
EPS	36.9	42.0	34.6	39.3	-6.1	-6.4



Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	16,897	24,394	20,202	21,935	24,252
% change	14.9	27.5	-17.2	8.6	10.6
EBITDA	3,713	5,820	4,774	5,197	5,820
% change	3.4	30.2	-18.0	8.9	12.0
Depreciation	403	538	540	679	705
EBIT	3,310	5,282	4,234	4,518	5,115
Interest	155	145	136	141	144
Other Income	101	152	350	77	80
PBT	3,256	5,289	4,447	4,454	5,051
% change	12.9	31.0	-15.9	0.1	13.4
Tax	865	1,356	1,133	1,113	1,263
Tax Rate (%)	26.6	25.6	25.5	25.0	25.0
Reported PAT	2,391	3,933	3,315	3,340	3,789
PAT att. to common shareholders	2,391	3,933	3,315	3,340	3,789
Adj.*	-	-4	-291	-	-
Adj. PAT	2,391	3,928	3,024	3,340	3,789
% change	0.4	30.8	-23.0	10.5	13.4
No. of shares (cr)	96.4	96.4	96.4	96.4	96.4
Adj EPS (Rs.)	24.8	40.7	31.4	34.6	39.3
% change	0.4	30.8	-23.0	10.5	13.4
DPS (Rs.)	22.0	32.2	27.0	26.0	29.5

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	2,794	4,471	3,854	4,019	4,494
Non-cash adj.	130	-336	-215	178	48
Other adjustments	-	-	-	-	-
Changes in W.C	-186	40	-703	10	2
C.F. Operation	2,737	4,175	2,936	4,207	4,544
Capital exp.	-541	-1,878	-2,004	-1,557	-1,698
Change in inv.	8	284	424	-50	85
Other invest.CF	141	357	-230	-	-
C.F - Investment	-392	-1,237	-1,811	-1,607	-1,613
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-	55	65
Dividends paid	-2,025	-3,008	-2,459	-2,505	-2,841
Other finance.CF	-98	-127	610	-136	-139
C.F - Finance	-2,123	-3,135	-1,848	-2,586	-2,916
Chg. in cash	223	-198	-723	14	15
Closing Cash	946	779	96	110	125

Balance Sheet

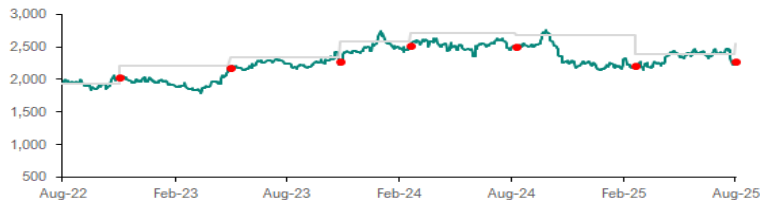
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	946	779	96	110	125
Accts. Receivable	192	300	363	384	405
Inventories	1,929	2,089	2,850	3,103	3,392
Other Cur. Assets	424	326	425	433	441
Investments	560	424	706	756	671
Gross Fixed Assets	5,383	8,626	10,630	12,187	13,885
Net Fixed Assets	2,685	1,719	4,301	5,098	5,902
CWIP	358	1,742	1,173	1,255	1,443
Intangible Assets	-	-	-	-	-
Def. Tax -Net	-	-	-	-	-
Other Assets	1,885	3,144	2,411	2,527	2,765
Total Assets	8,979	10,523	12,324	13,664	15,142
Current Liabilities	3,076	3,950	3,954	4,240	4,538
Provisions	3,205	2,917	3,090	3,245	3,407
Debt Funds	30	31	753	808	873
Other Liabilities	208	283	409	419	425
Equity Capital	96	96	96	96	96
Res. & Surplus	2,363	3,244	4,021	4,856	5,803
Shareholder Funds	2,459	3,341	4,117	4,952	5,899
Minority Interest	-	-	-	-	-
Total Liabilities	8,979	10,523	12,324	13,664	15,142
BVPS	26	35	43	51	61

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.0	23.9	23.6	23.7	24.0
EBIT margin (%)	19.6	21.7	21.0	20.6	21.1
Net profit mgn.(%)	14.1	16.1	16.4	15.2	15.6
ROE (%)	97.2	117.7	80.5	67.4	64.2
ROCE (%)	133.0	156.6	86.9	78.4	75.5
W.C & Liquidity					
Receivables (days)	4.1	4.5	6.6	6.4	6.1
Inventory (days)	90.8	71.2	118.9	117.2	115.5
Payables (days)	91.1	76.3	99.0	100.4	101.1
Current ratio (x)	1.1	0.9	0.8	0.8	0.9
Quick ratio (x)	0.4	0.3	0.1	0.1	0.1
Turnover & Leverage					
Gross asset T.O (x)	3.3	3.2	2.1	1.9	1.9
Total asset T.O (x)	2.0	2.4	1.8	1.7	1.7
Int. covge. ratio (x)	21.4	36.3	31.1	32.1	35.5
Adj. debt/equity (x)	0.0	0.0	0.2	0.2	0.1
Valuation					
EV/Sales (x)	11.1	10.3	10.9	10.0	9.1
EV/EBITDA (x)	50.4	43.3	46.1	42.4	37.8
P/E (x)	78.7	64.4	72.6	65.7	57.9
P/BV (x)	76.5	75.7	53.3	44.3	37.2



Recommendation Summary - last 3 years



Dates	Rating	Target
28-Apr-22	HOLD	1,938
02-Nov-22	HOLD	2,214
02-May-23	HOLD	2,338
27-Oct-23	HOLD	2,574
19-Feb-24	HOLD	2,704
09-Aug-24	HOLD	2,680
20-Feb-25	HOLD	2,390
6-Aug-25	BUY	2,550




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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