Company Update

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Retail Equity Research

Nestle India Limited

BUY

Sector: Food Products

08th January, 2026

Key Changes	Target ▲	Rating ●	Earnings ▲		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	NEST:IN	84,961	NESTLEIND	500790	12 Months

Target	**Rs. 1,470**
CMP	**Rs. 1,314**
Return	**+12%**

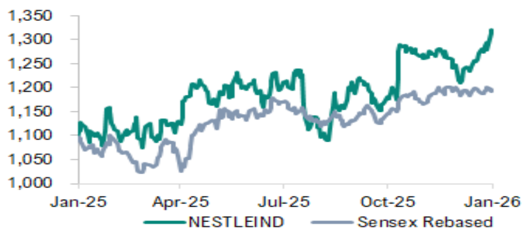
Data as of: 07-Jan-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	253,438
52 Week High — Low (Rs.)	1,333 - 1,058
Enterprise Value (Rs. cr)	217,012
Outstanding Shares (cr)	192.8
Free Float (%)	37.1
Dividend Yield (%)	0.9
6m average volume (cr)	0.1
Beta	0.9
Face value (Rs.)	1.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	62.8	62.8	62.8
FII's	10.0	10.3	9.8
MFs/Institutions	11.3	11.2	11.8
Public	14.1	13.9	13.9
Others	1.8	1.9	1.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	11.7%	8.5%	18.7%
Absolute Sensex	3.7%	1.8%	8.6%
Relative Return	8.0%	6.7%	10.1%

***over or under performance to benchmark index**



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	20,202	22,176	24,519
Growth (%)	*-17.2*	*9.8*	*10.6*
EBITDA	4,774	5,132	5,885
EBITDA Margin (%)	*23.6*	*23.1*	*24.0*
PAT Adjusted	3,024	3,308	3,824
Growth (%)	*-23.0*	*9.4*	*15.6*
Adjusted EPS	15.7	17.2	19.8
Growth (%)	*-23.0*	*9.4*	*15.6*
P/E	71.8	65.6	56.8
P/B	52.7	46.7	42.9
EV/EBITDA	45.6	42.3	36.9
ROE (%)	*80.5*	*71.2*	*75.5*
D/E	0.2	0.0	0.0

New Product Launches Spur Growth

Nestle India Ltd., a subsidiary of Nestle S.A., is a food processing company, primarily into manufacturing of milk products and other food products such as beverages and cereals.

- In Q2FY26, Nestle's revenue from operations grew 10.6% YoY to Rs. 5,644cr, led by growth in domestic as well as export sales.
- Domestic sales rose 10.8% YoY to Rs. 5,411cr, driven by volume-led expansion, festive activations and a strong performance in confectionery, beverages and pre-pared dishes.
- Exports grew 14.4% YoY to Rs. 219cr, posting high double-digit YoY growth due to robust demand for Maggi noodles and its variants in the international markets and enhanced distribution strategies.
- EBITDA rose 5.9% YoY to Rs. 1,237cr, while margin contracted 100bps to 21.9% due to an increase in the cost of sales (+16.4% YoY), employee benefit expenses (+7.0% YoY) and other expenses (+5.9% YoY).
- Reported profit after tax decreased 23.6% YoY to Rs. 753cr, led by an increase in finance costs (+44.0% YoY) and a decrease in other income (-76.1% YoY).

Outlook & Valuation

The company's financial performance was strong, driven by resilient brand equity, broad-based innovation momentum, expanding manufacturing flexibility and disciplined marketplace execution across channels. Management's strategic focus on faster innovation cycles, deepening rural distribution, premiumisation, digital-first launches and Out-of-Home expansion is expected to support sustained volume-led growth. The company's continued capacity augmentation, operational efficiency initiatives, affordability actions and sustainability-led brand strengthening should enhance long-term competitiveness. Improved demand conditions and a robust product pipeline position the company well to capitalise on structural consumption growth. Therefore**, we maintain our "BUY" rating on the stock, with a revised target price of Rs. 1,470, based on 74x FY27E P/E.**

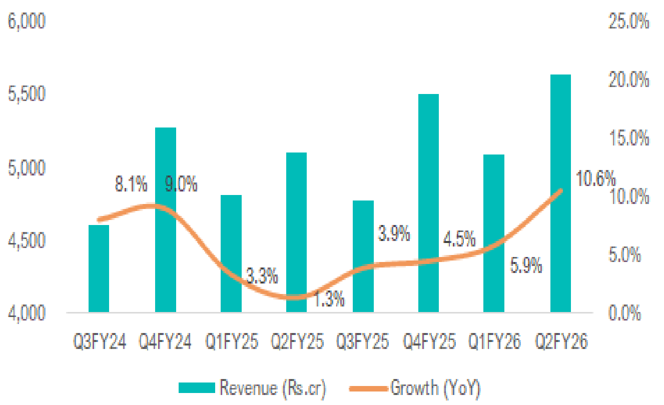
Quarterly Financials Standalone

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	5,644	5,104	*10.6*	5,096	*10.7*	10,740	9,918	*8.3*
EBITDA	1,237	1,168	*5.9*	1,100	*12.4*	2,337	2,282	*2.4*
Margin (%)	*21.9*	*22.9*	*-100bps*	*21.6*	*30bps*	*21.8*	*23.0*	*-120bps*
EBIT	1,073	1,046	*2.6*	943	*13.8*	2,017	2,048	*-1.5*
PBT	1,029	1,312	*-21.6*	900	*14.2*	1,929	2,321	*-16.9*
Rep. PAT	753	986	*-23.6*	659	*14.3*	1,412	1,733	*-18.5*
Adj PAT	753	986	*-23.6*	659	*14.3*	1,412	1,733	*-18.5*
Adj. EPS (Rs)	3.9	5.1	*-23.6*	3.4	*14.3*	7.3	9.0	*-18.5*

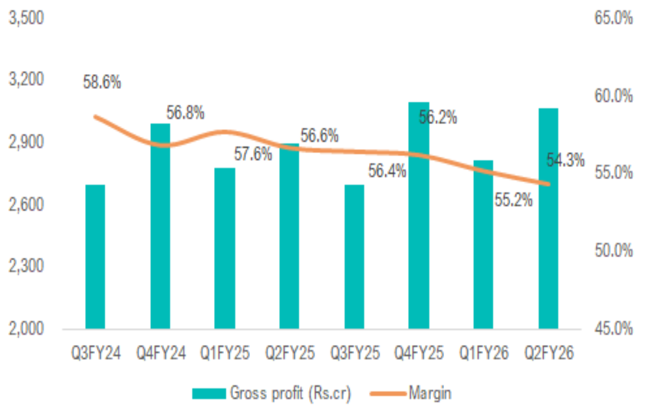
Key concall highlights

- Nestle's installation of a new Maggi noodles production line at its Sanand factory in Gujarat highlights its continued manufacturing expansion and strong support for the "Make in India" initiative.
- Munch and Milkybar brands grew in the high double digits, indicating successful portfolio management and effective marketing in the youth and children segments.
- The Pet Food business launched its new Purina Friskies variants, Meaty Grills and Indoor Delights, indicating a focus on premiumisation and new product development in the pet-care segment.
- Nestle Professional (Out-of-Home business) expanded its innovation footprint, partnering with leading global and regional chains and introducing the 'Made with Kitkat' range for new consumption occasions.
- Management emphasised close collaboration with trade partners to ensure that GST-related benefits are passed on to consumers, supporting affordability, demand stability and long-term brand trust, while maintaining disciplined marketplace execution.
- Milk prices may soften after the festive season, coffee could stabilise or fall, and cocoa supply-demand is balancing, while edible oil prices are expected to remain firm or rise.

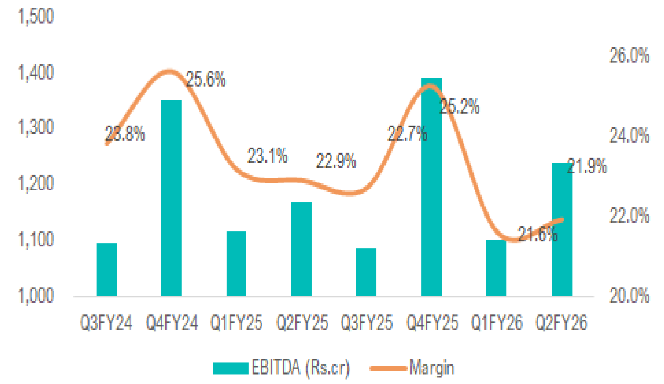
Revenue



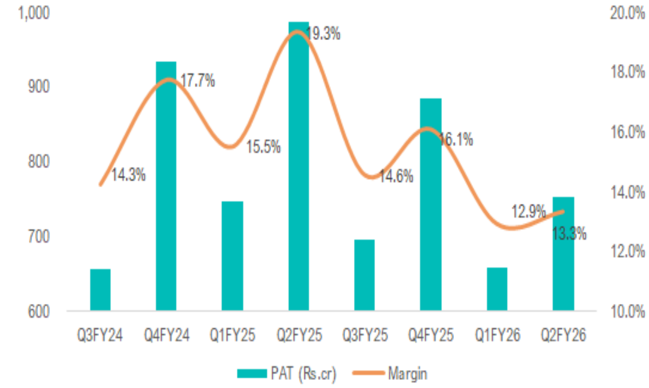
Gross Profit



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	21,935	24,252	22,176	24,519	*1.1*	*1.1*
EBITDA	5,197	5,820	5,132	5,885	*-1.2*	*1.1*
Margins (%)	*23.7*	*24.0*	*23.1*	*24.0*	*-60bps*	*0bps*
Adj. PAT	3,340	3,789	3,308	3,824	*-1.0*	*0.9*
EPS	17.3	19.7	17.2	19.8	*-0.6*	*0.8*

Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**16,897**	**24,394**	**20,202**	**22,176**	**24,519**
% change	*14.9*	*27.5*	*-17.2*	*9.8*	*10.6*
EBITDA	**3,713**	**5,820**	**4,774**	**5,132**	**5,885**
% change	*3.4*	*30.2*	*-18.0*	*7.5*	*14.7*
Depreciation	403	538	540	657	679
EBIT	**3,310**	**5,282**	**4,234**	**4,475**	**5,206**
Interest	155	145	136	141	145
Other Income	101	152	350	47	38
PBT	**3,256**	**5,289**	**4,447**	**4,381**	**5,098**
% change	*12.9*	*31.0*	*-15.9*	*-1.5*	*16.4*
Tax	865	1,356	1,133	1,073	1,275
Tax Rate (%)	*26.6*	*25.6*	*25.5*	*24.5*	*25.0*
Reported PAT	**2,391**	**3,933**	**3,315**	**3,308**	**3,824**
PAT att. to common shareholders	2,391	3,933	3,315	3,308	3,824
Adj.*	-	-4	-291	-	-
Adj. PAT	**2,391**	**3,928**	**3,024**	**3,308**	**3,824**
% change	*0.4*	*30.8*	*-23.0*	*9.4*	*15.6*
*No. of shares (cr)	192.8	192.8	192.8	192.8	192.8
Adj EPS (Rs.)	**12.4**	**20.4**	**15.7**	**17.2**	**19.8**
% change	*0.4*	*30.8*	*-23.0*	*9.4*	*15.6*
DPS (Rs.)	10.5	16.1	13.5	14.9	17.6

**1:1 bonus issuance in August 2025*

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	946	779	96	97	118
Accts. Receivable	192	300	363	377	405
Inventories	1,929	2,089	2,850	2,882	3,034
Other Cur. Assets	424	326	425	433	441
Investments	560	424	706	691	666
Gross Fixed Assets	5,383	8,626	10,630	11,717	12,599
Net Fixed Assets	2,685	1,719	4,301	4,942	4,905
CWIP	358	1,742	1,173	961	1,202
Intangible Assets	-	-	-	-	-
Def. Tax -Net	-	-	-	-	-
Other Assets	1,885	3,144	2,411	2,240	2,602
Total Assets	**8,979**	**10,523**	**12,324**	**12,623**	**13,372**
Current Liabilities	3,076	3,950	3,954	4,244	4,409
Provisions	3,205	2,917	3,090	3,245	3,407
Debt Funds	30	31	753	72	67
Other Liabilities	208	283	409	419	425
Equity Capital	96	96	96	193	193
Res. & Surplus	2,363	3,244	4,021	4,451	4,871
Shareholder Funds	2,459	3,341	4,117	4,644	5,064
Minority Interest	-	-	-	-	-
Total Liabilities	**8,979**	**10,523**	**12,324**	**12,623**	**13,372**
BVPS	13	17	21	24	26

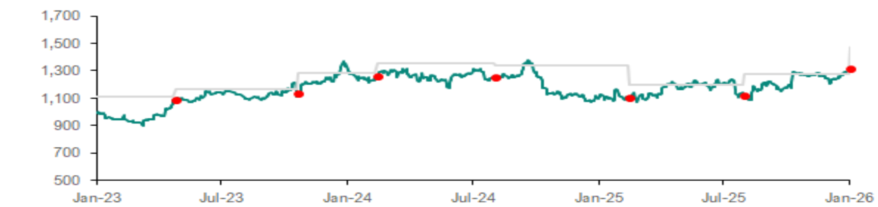
Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	**2,794**	**4,471**	**3,854**	**3,965**	**4,503**
Non-cash adj.	130	-336	-215	430	-212
Other adjustments	-	-	-	-	-
Changes in W.C	-186	40	-703	277	136
C.F. Operation	**2,737**	**4,175**	**2,936**	**4,671**	**4,427**
Capital exp.	-541	-1,878	-2,004	-1,087	-883
Change in inv.	8	284	424	15	25
Other invest.CF	141	357	-230	-	-
C.F - Investment	**-392**	**-1,237**	**-1,811**	**-1,072**	**-858**
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-	-681	-5
Dividends paid	-2,025	-3,008	-2,459	-2,878	-3,403
Other finance.CF	-98	-127	610	-39	-140
C.F - Finance	**-2,123**	**-3,135**	**-1,848**	**-3,599**	**-3,548**
Chg. in cash	223	-198	-723	1	21
Closing Cash	**946**	**779**	**96**	**97**	**118**

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.0	23.9	23.6	23.1	24.0
EBIT margin (%)	19.6	21.7	21.0	20.2	21.2
Net profit mgn.(%)	14.1	16.1	16.4	14.9	15.6
ROE (%)	97.2	117.7	80.5	71.2	75.5
ROCE (%)	133.0	156.6	86.9	94.9	101.5
W.C & Liquidity					
Receivables (days)	4.1	4.5	6.6	6.2	6.0
Inventory (days)	90.8	71.2	118.9	107.7	102.2
Payables (days)	91.1	76.3	99.0	100.7	101.5
Current ratio (x)	1.1	0.9	0.8	0.9	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	2.0	2.0
Total asset T.O (x)	2.0	2.4	1.8	1.8	1.9
Int. covge. ratio (x)	21.4	36.3	31.1	31.7	35.9
Adj. debt/equity (x)	0.0	0.0	0.2	0.0	0.0
Valuation					
EV/Sales (x)	11.1	10.3	10.8	9.8	8.8
EV/EBITDA (x)	50.4	43.3	45.6	42.3	36.9
P/E (x)	78.7	64.4	71.8	65.6	56.8
P/BV (x)	76.5	75.7	52.7	46.7	42.9

Recommendation Summary (Last 3 years)



Dates	Rating	Target
02-Nov-22	HOLD	1,107
02-May-23	HOLD	1,169
27-Oct-23	HOLD	1,287
19-Feb-24	HOLD	1,352
09-Aug-24	HOLD	1,340
20-Feb-25	HOLD	1,195
06-Aug-25	BUY	1,275
08-Jan-26	BUY	1,470

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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