

**HOLD**

TP: Rs 1,370 | ▲ 3%

**NESTLE INDIA**

| Consumer Staples

| 01 February 2026

**Volume-led growth**

- Growth remained volume-led with strong rural acceleration; urban performance continued to outpace peers
- Omnichannel execution strengthened, supporting double-digit growth, led by E-commerce expansion and a sustained Out-of-Home demand
- Growth acceleration is likely to sustain over the next few quarters.

Maintain HOLD; raise TP to Rs 1,370

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**Strong volume-led growth:** Nestle India delivered a robust Q3FY26 performance with domestic sales growth of 18.3% YoY to Rs 56.43bn. Growth was broad-based and volume-led, supported by sustained recovery post GST normalisation, strong rural momentum, and continued traction across core categories. Nestle's gross margin declined 70bps YoY, due to elevated milk prices. However, there was a 140bps improvement on a QoQ basis, as coffee prices have moderated sequentially. EBITDA margins fell 150bps YoY at 21.3%, reflecting operating efficiencies, despite select input cost pressures. The company stepped up consumer-focused investments, with media and advertising spending up 42% YoY, reinforcing brand strength and innovation-led growth. While milk prices stay firm and edible oil costs elevated, management remains confident on demand resilience, supported by technology-led distribution efficiencies, improving consumer trends, and a strong rural outlook heading into FY26.

**Broad-based category momentum; rural & e-commerce shine:** All four product groups delivered positive volume growth, with Confectionery emerging as the fastest-growing segment, led by KITKAT and premium innovations. Prepared Dishes & Cooking Aids saw double-digit growth, driven by MAGGI noodles and masala-led penetration gains. Powdered & Liquid Beverages benefited from NESCAFÉ expansion and RTD traction. Growth was further supported by strong rural acceleration, double-digit e-commerce growth, and robust performance across Out-of-Home and General Trade channels.

**Our View:** We believe that GST rate cut is a key driver for growth acceleration and is likely to sustain over the next few quarters. While input cost pressures persist, operating discipline and premiumisation should help protect margins, keeping the medium-term outlook constructive. We increase our revenue estimates for FY27/28 by 6.8%/9.8%, on account of strong performance. We expect the company to deliver sales/EBITDA/EPS CAGR of ~6.7%/6.9%/7.6% over FY26–28E. We maintain our HOLD rating, valuing the stock at 60x Dec27 EPS with a revised TP of Rs1,370.

**Key changes**

|  | Target | Rating |
|--|--------|--------|
|  | ▼      | ◀ ▶    |

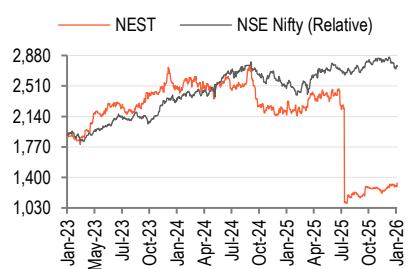
|                  |                   |
|------------------|-------------------|
| Ticker/Price     | NEST IN/Rs 1,332  |
| Market cap       | US\$ 14.0bn       |
| Free float       | 37%               |
| 3M ADV           | US\$ 13.9mn       |
| 52wk high/low    | Rs 2,515/Rs 1,085 |
| Promoter/FPI/DII | 63%/12%/25%       |

Source: NSE | Price as of 30 Jan 2026

**Key financials**

| Y/E 31 Mar              | FY25A   | FY26E   | FY27E   |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn)   | 202,016 | 227,084 | 252,981 |
| EBITDA (Rs mn)          | 47,737  | 50,091  | 59,792  |
| Adj. net profit (Rs mn) | 30,481  | 31,813  | 36,815  |
| Adj. EPS (Rs)           | 15.8    | 16.5    | 19.1    |
| Consensus EPS (Rs)      | 15.8    | 17.1    | 19.1    |
| Adj. ROAE (%)           | 80.0    | 73.0    | 72.5    |
| Adj. P/E (x)            | 84.3    | 80.8    | 69.8    |
| EV/EBITDA (x)           | 26.9    | 25.6    | 21.5    |
| Adj. EPS growth (%)     | (61.2)  | 4.4     | 15.7    |

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

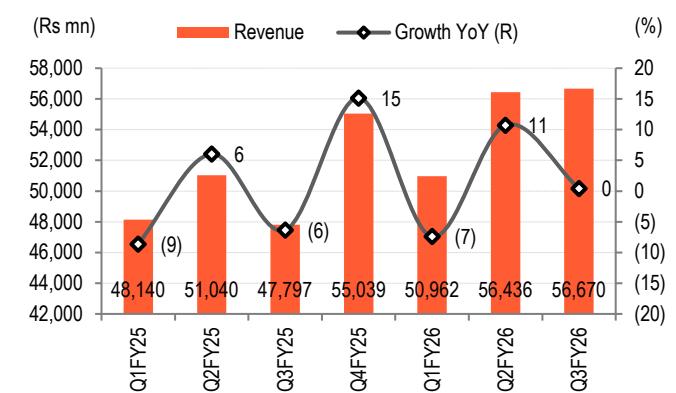
Source: NSE



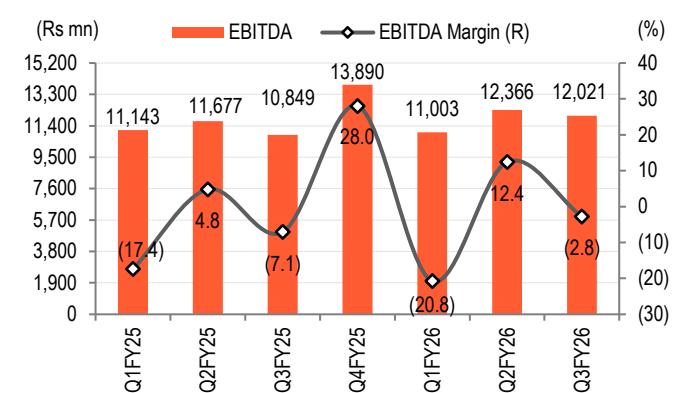
**Fig 1 – Quarterly Table**

| Consolidated (mn)     | Q3FY26        | Q2FY26        | QoQ (%)    | Q3FY25        | YoY (%)     | 9MFY26         | 9MFY25         | YoY (%)     |
|-----------------------|---------------|---------------|------------|---------------|-------------|----------------|----------------|-------------|
| <b>Total Revenues</b> | <b>56,670</b> | <b>56,436</b> | <b>0.4</b> | <b>47,797</b> | <b>18.6</b> | <b>164,068</b> | <b>146,977</b> | <b>11.6</b> |
| COGS                  | 25,088        | 25,781        | (3)        | 20,846        | 20.4        | 73,723         | 63,374         | 16          |
| as % of sales         | 44            | 46            | (141bps)   | 44            | 66bps       | 45             | 43             | 182bps      |
| <b>Gross Profit</b>   | <b>31,582</b> | <b>30,655</b> | <b>3</b>   | <b>26,951</b> | <b>17.2</b> | <b>90,345</b>  | <b>83,603</b>  | <b>8</b>    |
| Gross margin (%)      | 56            | 54            | 141bps     | 56            | (66bps)     | 55             | 57             | (182bps)    |
| Employee costs        | 5,910         | 5,367         | 10         | 4,947         | 19.5        | 16,434         | 15,017         | 9           |
| as % of sales         | 10.4          | 9.5           | 92 bps     | 10.3          | 8 bps       | 10.0           | 10.2           | (20 bps)    |
| Other expenses        | 13,652        | 12,922        | 6          | 11,155        | 22.4        | 38,521         | 34,916         | 10          |
| as % of sales         | 24            | 23            | 119bps     | 23            | 75bps       | 23             | 26             | (273bps)    |
| <b>EBITDA</b>         | <b>12,021</b> | <b>12,366</b> | <b>(3)</b> | <b>10,849</b> | <b>10.8</b> | <b>35,390</b>  | <b>33,670</b>  | <b>5</b>    |
| EBITDA margin (%)     | 21            | 22            | (70bps)    | 23            | (149bps)    | 22             | 23             | (21bps)     |
| D&A                   | 1,744         | 1,634         | 7          | 1,325         | 31.6        | 4,947          | 3,668          | 35          |
| Interest cost         | 283           | 464           | (39)       | 346           | (18.4)      | 1,216          | 985            | 23          |
| <b>PBT</b>            | <b>11,484</b> | <b>10,185</b> | <b>13</b>  | <b>9,145</b>  | <b>25.6</b> | <b>30,547</b>  | <b>31,240</b>  | <b>(2)</b>  |
| Tax                   | 1,500         | 2,753         | (46)       | 2,264         | (33.8)      | 6,666          | 7,899          | (16)        |
| <b>Reported PAT</b>   | <b>9,984</b>  | <b>7,432</b>  | <b>34</b>  | <b>6,880</b>  | <b>45.1</b> | <b>23,882</b>  | <b>23,341</b>  | <b>2</b>    |
| PAT margin (%)        | 18            | 13            | 445bps     | 14 bps        | 322bps      | 15             | 16             | (132bps)    |

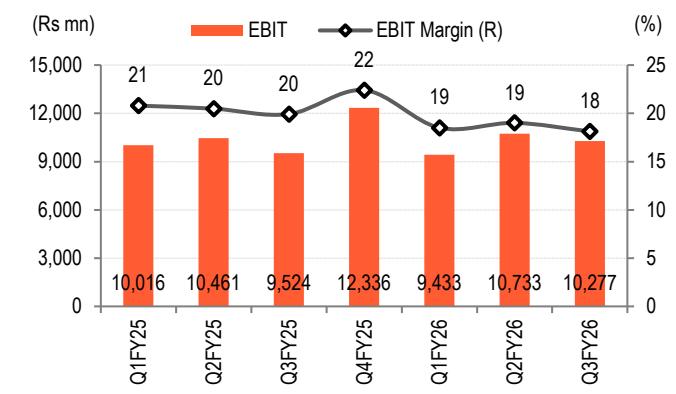
Source: Company, BOBCAPS Research

**Fig 2 – Revenue and its growth**

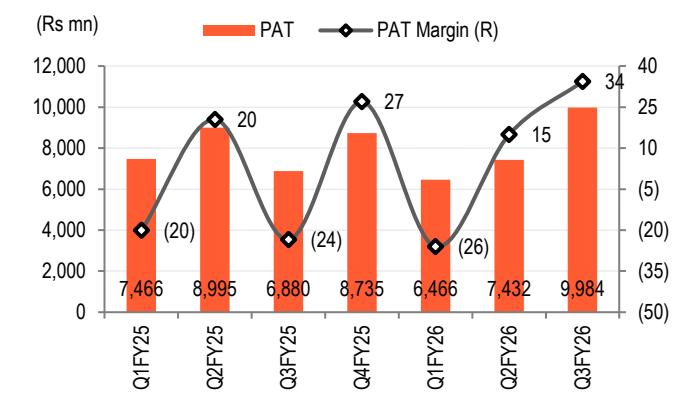
Source: Company, BOBCAPS Research

**Fig 3 – EBITDA & EBITDA Margins**

Source: Company, BOBCAPS Research

**Fig 4 – EBIT and EBIT Margins**

Source: Company, BOBCAPS Research

**Fig 5 – PAT and PAT Margins**

Source: Company, BOBCAPS Research

## Valuation Methodology

We raise our revenue estimates for FY27/28 by 6.8%/9.8%, on account of a strong performance. We expect Nestle India to deliver sales/EBITDA/EPS CAGR of ~6.7%/6.9%/7.6% over FY26–28E. We maintain our HOLD rating, valuing the stock at 60x Dec27 EPS with a revised TP of Rs1,370.

**Fig 6 – Revised estimates**

| (Rs mn)           | New     |         |         | Old     |         |         | Change (%) |         |         |
|-------------------|---------|---------|---------|---------|---------|---------|------------|---------|---------|
|                   | FY26E   | FY27E   | FY28E   | FY26E   | FY27E   | FY28E   | FY26E      | FY27E   | FY28E   |
| Sales             | 227,084 | 252,981 | 279,620 | 215,099 | 236,927 | 254,561 | 5.6        | 6.8     | 9.8     |
| EBITDA            | 50,091  | 59,792  | 66,652  | 50,633  | 58,007  | 63,248  | (1.1)      | 3.1     | 5.4     |
| EBITDA Margin (%) | 22.06   | 23.64   | 23.84   | 23.5    | 24.5    | 24.8    | (144bps)   | (86bps) | (96bps) |
| Adj. PAT          | 31,813  | 36,815  | 44,042  | 31,101  | 35,330  | 38,950  | 2.3        | 4.2     | 13.1    |

Source: BOBCAPS Research

## Key Risks

Key downside risks:

- Input cost inflation
- Weak recovery in rural
- Higher volume elasticity on the currently high price levels

## Financials

### Income Statement

| Y/E 31 Mar (Rs mn)         | FY24A          | FY25A          | FY26E          | FY27E          | FY28E          |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total revenue</b>       | <b>243,939</b> | <b>202,016</b> | <b>227,084</b> | <b>252,981</b> | <b>279,620</b> |
| EBITDA                     | 58,498         | 47,737         | 50,091         | 59,792         | 66,652         |
| Depreciation               | 5,678          | 5,399          | 7,290          | 7,290          | 7,290          |
| EBIT                       | 52,820         | 42,338         | 42,801         | 52,502         | 59,362         |
| Net interest inc./exp.)    | (1,455)        | (1,360)        | (1,554)        | (1,353)        | (1,353)        |
| Other inc./exp.)           | 1,480          | 589            | 552            | 574            | 597            |
| Exceptional items          | (44)           | (1,595)        | (1,146)        | 0              | 0              |
| EBT                        | 52,889         | 43,161         | 42,946         | 51,723         | 58,606         |
| Income taxes               | 13,560         | 11,085         | 9,986          | 14,908         | 14,564         |
| Extraordinary items        | 0              | 0              | 0              | 0              | 0              |
| Min. int./Inc. from assoc. | 0              | 0              | 0              | 0              | 0              |
| <b>Reported net profit</b> | <b>39,328</b>  | <b>32,076</b>  | <b>32,959</b>  | <b>36,815</b>  | <b>44,042</b>  |
| Adjustments                | (44)           | (1,595)        | (1,146)        | 0              | 0              |
| <b>Adjusted net profit</b> | <b>39,285</b>  | <b>30,481</b>  | <b>31,813</b>  | <b>36,815</b>  | <b>44,042</b>  |

### Balance Sheet

| Y/E 31 Mar (Rs mn)              | FY24A          | FY25A          | FY26E          | FY27E          | FY28E          |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Accounts payables               | 22,379         | 23,735         | 27,840         | 29,456         | 34,857         |
| Other current liabilities       | 1,769          | 2,159          | 2,159          | 2,159          | 2,159          |
| Provisions                      | 31,788         | 33,324         | 45,498         | 50,410         | 55,464         |
| Debt funds                      | 311            | 7,533          | 7,533          | 7,533          | 7,533          |
| Other liabilities               | 15,574         | 15,079         | 15,176         | 15,203         | 15,230         |
| Equity capital                  | 964            | 964            | 964            | 964            | 964            |
| Reserves & surplus              | 32,445         | 39,138         | 44,181         | 49,814         | 56,553         |
| Shareholders' fund              | 33,409         | 40,102         | 45,145         | 50,778         | 57,517         |
| <b>Total liab. and equities</b> | <b>105,231</b> | <b>121,933</b> | <b>143,352</b> | <b>155,540</b> | <b>172,760</b> |
| Cash and cash eq.               | 7,589          | 762            | 20,908         | 28,620         | 37,702         |
| Accounts receivables            | 3,005          | 3,632          | 2,489          | 2,772          | 3,064          |
| Inventories                     | 20,894         | 28,501         | 25,290         | 26,758         | 31,664         |
| Other current assets            | 2,750          | 4,149          | 2,639          | 2,939          | 3,249          |
| Investments                     | 4,639          | 0              | 0              | 0              | 0              |
| Net fixed assets                | 30,557         | 49,257         | 49,273         | 49,482         | 49,835         |
| CWIP                            | 17,417         | 11,726         | 11,726         | 11,726         | 11,726         |
| Intangible assets               | 0              | 0              | 0              | 0              | 0              |
| Deferred tax assets, net        | 0              | 0              | 0              | 0              | 0              |
| Other assets                    | 18,381         | 23,907         | 31,027         | 33,242         | 35,520         |
| <b>Total assets</b>             | <b>105,231</b> | <b>121,933</b> | <b>143,350</b> | <b>155,539</b> | <b>172,759</b> |

### Cash Flows

| Y/E 31 Mar (Rs mn)                 | FY24A           | FY25A           | FY26E           | FY27E           | FY28E           |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Cash flow from operations</b>   | <b>41,748</b>   | <b>29,364</b>   | <b>64,694</b>   | <b>50,659</b>   | <b>58,333</b>   |
| Capital expenditures               | (18,827)        | (20,086)        | (7,948)         | (8,854)         | (9,787)         |
| Change in investments              | 1,898           | (3,066)         | 0               | 0               | 0               |
| Other investing cash flows         | 4,554           | 5,043           | (7,129)         | (1,558)         | (809)           |
| <b>Cash flow from investing</b>    | <b>(12,374)</b> | <b>(18,109)</b> | <b>(15,077)</b> | <b>(10,412)</b> | <b>(10,595)</b> |
| Equities issued/Others             | 0               | 0               | 0               | 0               | 0               |
| Debt raised/repaid                 | 0               | 7,257           | 0               | 0               | 0               |
| Interest expenses                  | (1,267)         | (1,152)         | (1,554)         | (1,353)         | (1,353)         |
| Dividends paid                     | (30,082)        | (24,586)        | (27,916)        | (31,182)        | (37,303)        |
| Other financing cash flows         | 0               | 0               | 0               | 0               | 0               |
| <b>Cash flow from financing</b>    | <b>(31,349)</b> | <b>(18,481)</b> | <b>(29,470)</b> | <b>(32,535)</b> | <b>(38,656)</b> |
| Chg in cash & cash eq.             | (1,976)         | (7,227)         | 20,147          | 7,712           | 9,082           |
| <b>Closing cash &amp; cash eq.</b> | <b>7,589</b>    | <b>762</b>      | <b>20,908</b>   | <b>28,620</b>   | <b>37,702</b>   |

### Per Share

| Y/E 31 Mar (Rs)      | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS         | 40.8  | 16.6  | 17.1  | 19.1  | 22.8  |
| Adjusted EPS         | 40.7  | 15.8  | 16.5  | 19.1  | 22.8  |
| Dividend per share   | 34.5  | 14.1  | 14.5  | 16.2  | 19.3  |
| Book value per share | 34.7  | 41.6  | 46.8  | 47.5  | 52.4  |

### Valuations Ratios

| Y/E 31 Mar (x) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales       | 5.3   | 6.4   | 5.7   | 5.1   | 4.6   |
| EV/EBITDA      | 22.0  | 26.9  | 25.6  | 21.5  | 19.3  |
| Adjusted P/E   | 32.7  | 84.3  | 80.8  | 69.8  | 58.3  |
| P/BV           | 38.5  | 32.0  | 28.5  | 28.1  | 25.4  |

### DuPont Analysis

| Y/E 31 Mar (%)               | FY24A | FY25A | FY26E | FY27E | FY28E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT)  | 74.4  | 74.3  | 76.7  | 71.2  | 75.1  |
| Interest burden (PBT/EBIT)   | 100.1 | 101.9 | 100.3 | 98.5  | 98.7  |
| EBIT margin (EBIT/Revenue)   | 21.7  | 21.0  | 18.8  | 20.8  | 21.2  |
| Asset turnover (Rev./Avg TA) | 231.8 | 165.7 | 158.4 | 162.6 | 161.9 |
| Leverage (Avg TA/Avg Equity) | 3.1   | 3.0   | 3.2   | 3.1   | 3.0   |
| Adjusted ROAE                | 117.7 | 80.0  | 73.0  | 72.5  | 76.6  |

### Ratio Analysis

| Y/E 31 Mar                                   | FY24A | FY25A  | FY26E | FY27E | FY28E |
|--|-------|--------|-------|-------|-------|
| <b>YoY growth (%)</b>                        |       |        |       |       |       |
| Revenue                                      | 44.4  | (17.2) | 12.4  | 11.4  | 10.5  |
| EBITDA                                       | 57.6  | (18.4) | 4.9   | 19.4  | 11.5  |
| Adjusted EPS                                 | 64.3  | (61.2) | 4.4   | 15.7  | 19.6  |
| <b>Profitability &amp; Return ratios (%)</b> |       |        |       |       |       |
| EBITDA margin                                | 24.0  | 23.6   | 22.1  | 23.6  | 23.8  |
| EBIT margin                                  | 21.7  | 21.0   | 18.8  | 20.8  | 21.2  |
| Adjusted profit margin                       | 16.1  | 15.1   | 14.0  | 14.6  | 15.8  |
| Adjusted ROAE                                | 117.7 | 80.0   | 73.0  | 72.5  | 76.6  |
| ROCE   | 156.6 | 88.9   | 81.2  | 90.0  | 91.3  |
| <b>Working capital days (days)</b>           |       |        |       |       |       |
| Receivables                                  | 4     | 7      | 4     | 4     | 4     |
| Inventory                                    | 71    | 119    | 91    | 91    | 91    |
| Payables                                     | 76    | 99     | 100   | 100   | 100   |
| <b>Ratios (x)</b>                            |       |        |       |       |       |
| Gross asset turnover                         | 4.1   | 2.4    | 2.5   | 2.6   | 2.6   |
| Current ratio                                | 0.9   | 0.8    | 1.0   | 1.2   | 1.3   |
| Net interest coverage ratio                  | 36.3  | 31.1   | 27.5  | 38.8  | 43.9  |
| Adjusted debt/equity                         | 0.9   | 18.8   | 16.7  | 14.8  | 13.1  |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: **BOBCAPS**

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**BUY** – Expected return >+15%

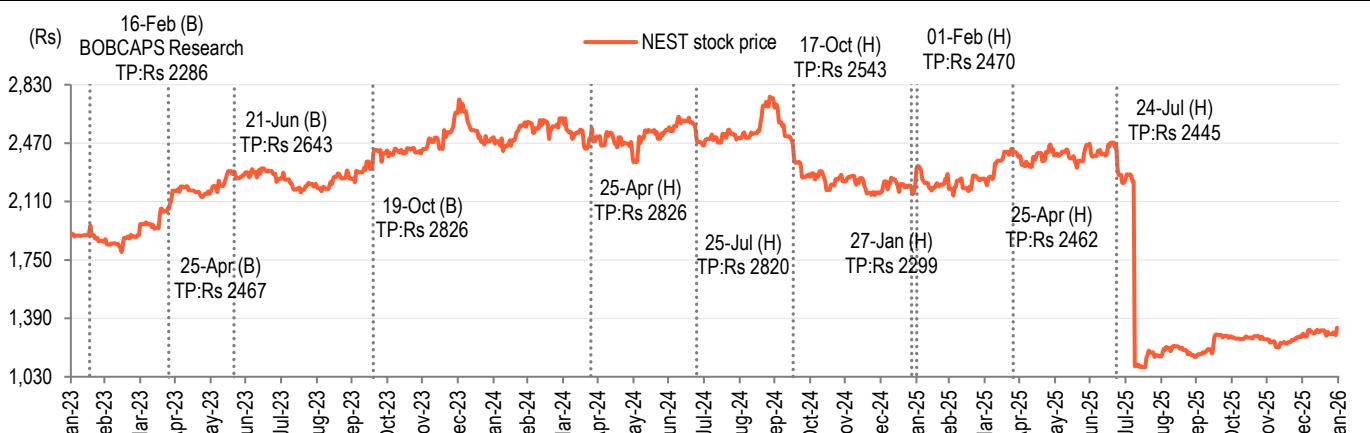
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): NESTLE INDIA (NEST IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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