

**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

**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.

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## 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%

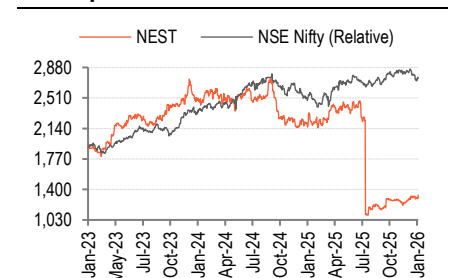
Source: NSE | Price as of 30 Jan 2026

## 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



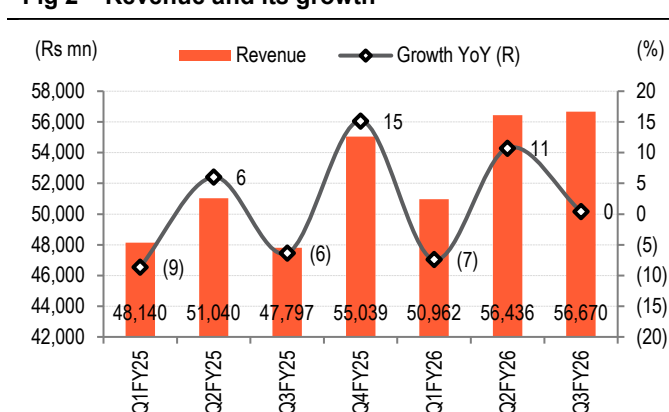
Source: NSE



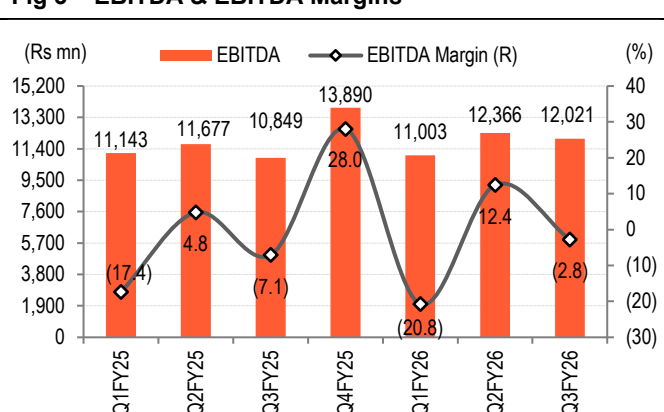
**Fig 1 – Quarterly Table**

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)

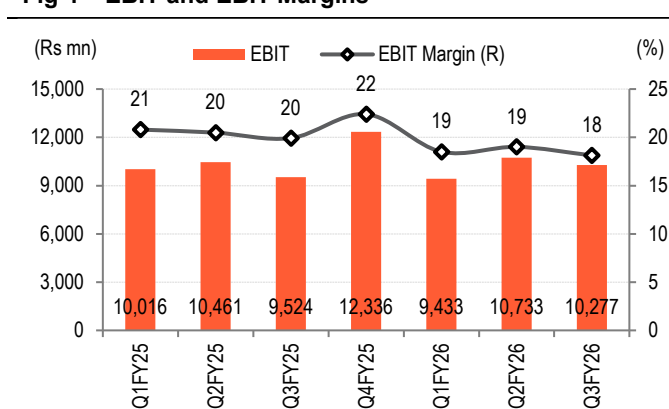
Source: Company, BOBCAPS Research

**Fig 2 – Revenue and its growth**

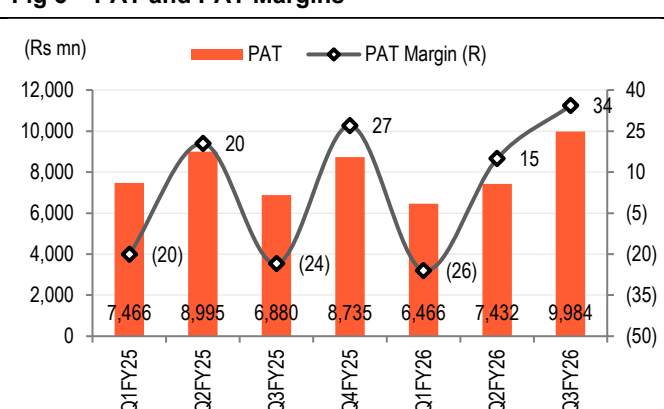
Source: Company, BOBCAPS Research

**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 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>
<b>Chg in cash &amp; cash eq.</b>	<b>(1,976)</b>	<b>(7,227)</b>	<b>20,147</b>	<b>7,712</b>	<b>9,082</b>
<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
<b>Adjusted ROAE</b>	<b>117.7</b>	<b>80.0</b>	<b>73.0</b>	<b>72.5</b>	<b>76.6</b>

### 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

### Profitability & Return ratios (%)

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

### Working capital days (days)

Receivables	4	7	4	4	4
Inventory	71	119	91	91	91
Payables	76	99	100	100	100

### Ratios (x)

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
<b>Adjusted debt/equity</b>	<b>0.9</b>	<b>18.8</b>	<b>16.7</b>	<b>14.8</b>	<b>13.1</b>

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

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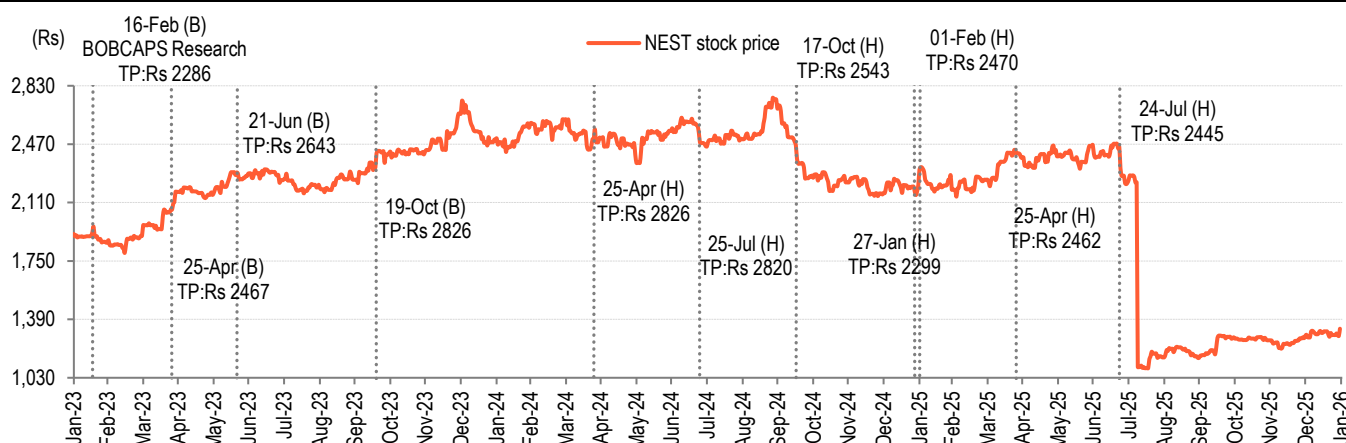
**HOLD** – Expected return from -6% to +15%

**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.

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

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