

**HOLD**

TP: Rs 1,538 | ▲ 11%

**NESTLE INDIA**

Consumer Staples

22 April 2026

**All-round beat on est**

- Strong execution driving consistent volume-led growth and market share gains across categories
- Omnichannel momentum was sustained with strong double-digit growth across e-commerce, modern trade, and Out-of-Home channels
- Growth momentum expected to continue, driven by strong execution and continued investments. Maintain HOLD with TP of Rs 1,538

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**Domestic sales grew 23.1% on broad-based growth across categories:** Nestlé's total sales grew by 23.4% (7% ahead of our est), led by double-digit volume growth. Domestic growth was attributed to broad-based double-digit volume growth across categories, although strong in Prepared Dishes and Cooking Aids. Exports remained strong, expanding footprint to 28 countries with 127 mn equivalent consumer units. Nestlé introduced several product innovations, including KITKAT Pops. It also expanded its confectionery portfolio with MILKYBAR Butterscotch tablets, MUNCH MAX Crunchies, and premium KITKAT variants such as Salted Caramel and Hazelnut. The company also strengthened its beverages portfolio with NESCAFÉ Duo Gusto (hot & cold) and low-/zero-sugar offerings, alongside recipe-led innovations including MAGGI Coconut Milk powder expansion into coastal cuisines and new café and bakery applications for MILKMAID.

**Strong margin expansion led by cost savings initiatives and disciplined focus on profitability:** Gross margin declined by 48 bps yoy due to elevated RM prices. Moreover, EBITDA margin expanded by 504 bps yoy at 26.3% due to cost-saving initiatives and increased operating efficiencies. Employee costs remained under control, declining 0.5% YoY to Rs 5.2bn, while employee cost as a percentage of sales improved significantly to 7.7% in Q4FY26 (vs. 9.48% in Q4FY25), reflecting better operating leverage. This resulted in EBITDA/Adjusted PAT growth of 27.5%/27.2% (16%/15% ahead of our est). Over the past five years, core power brands have demonstrated sustained strength, with MAGGI retaining category leadership, while KITKAT and NESCAFÉ continuing to gain market share. Nestlé strengthened its rural route-to-market through a focused, multi-pronged approach (infrastructure, portfolio, technology and execution), expanding reach to ~216,000 villages and driving industry-leading reach expansion with improved coverage quality.

**Outlook and Valuation: Gaining momentum; maintain 'HOLD':** Nestlé's focus on innovation, new launches, market share and premiumisation is envisaged to boost volume-led growth. Following the strong performance, we upgrade our estimate by 4-5%. We also roll forward and increase our TP to Rs 1,538, valuing Nestle at 65x Mar'28E EPS (24). Maintain HOLD.

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	NEST IN/Rs 1,380
Market cap	US\$ 14.2bn
Free float	37%
3M ADV	US\$ 18.1mn
52wk high/low	Rs 2,515/Rs 1,085
Promoter/FPI/DII	63%/10%/12%

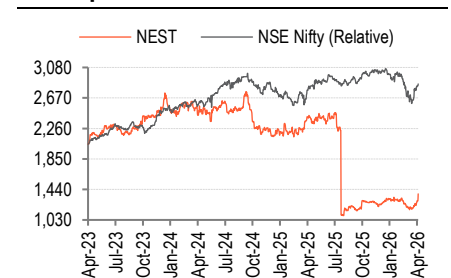
Source: NSE | Price as of 21 Apr 2026

**Key financials**

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	231,546	255,192	284,246
EBITDA (Rs mn)	53,061	60,324	68,990
Adj. net profit (Rs mn)	34,238	37,427	45,620
Adj. EPS (Rs)	17.8	19.4	23.7
Consensus EPS (Rs)	17.8	16.2	18.9
Adj. ROAE (%)	67.9	65.3	71.0
Adj. P/E (x)	77.7	71.1	58.3
EV/EBITDA (x)	25.1	22.1	19.3
Adj. EPS growth (%)	12.3	9.3	21.9

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



## Key Takeaways

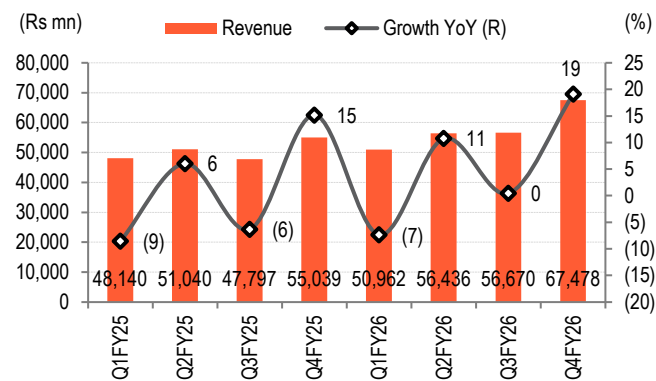
- **Prepared Dishes & Cooking Aids:** Strong volume-led growth driven by urban demand and rural expansion, leading to market share and penetration gains; supported by focused innovations such as *Double Masala* and the expanded *Spicy Range*, along with increased media investments behind core brands sustaining growth momentum.
- **Confectionery:** High double-digit growth in value and volume driven by strong transaction momentum across core brands, supported by distribution gains, visicooler-led freshness initiatives and consumer-relevant brand activations driving penetration. Innovation pipeline remained strong with launches of KITKAT Pops, MILKYBAR Butterscotch tablets, MUNCH MAX Crunchies and premium KITKAT variants (Salted Caramel, Hazelnut).
- **Powdered & Liquid Beverages:** High double-digit growth driven by coffee penetration and premiumisation, supported by strong brand equity. Sustained momentum in coffee portfolio with RTD expansion (Vietnamese Latte, Iced Cappuccino) reinforcing future growth.
- **Milk Products & Nutrition:** Resilient performance with steady growth, supported by portfolio accessibility through new and larger pack sizes. Everyday Dairy Whitener strengthened reach in South and East India, while science-led innovations (NAN ExcellaPro, CERELAC No Refined Sugar) and targeted communication drove growth in infant and toddler nutrition.
- **Nespresso** continued its growth momentum with the launch of its second boutique in Gurugram, which has seen strong traction among coffee connoisseurs.
- **Channels- Exports / OOH / Rural / Digital:** Strong double-digit growth across channels driven by omni-channel strategy scaling e-commerce and quick commerce, strengthening modern trade and pharmacy, and sustaining general trade growth. Nestlé Professional (OOH) remained a key high-growth driver. Rural expansion accelerated with reach extended to ~216,000 villages. Exports remained strong with presence in 28 countries (~127 mn equivalent units). Execution supported by improved availability, reduced lead times, tech-enabled replenishment, sharper assortment and stronger partner collaboration.
- Coffee and cocoa prices remain soft on improved supply, while sugar prices remained stable. Edible oil prices have firmed on higher crude-linked demand, and milk prices are expected to stay elevated amid seasonal tightness; wheat impacted by unseasonal rains leading to delayed harvest and lower output.

**Fig 1 – Quarterly Table**

Consolidated (mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
<b>Total Revenues</b>	<b>67,478</b>	<b>56,670</b>	<b>19.1</b>	<b>55,039</b>	<b>22.6</b>	<b>231,546</b>	<b>202,016</b>	<b>14.6</b>
COGS	29,899	25,088	19	24,124	23.9	103,413	87,498	18
as % of sales	44.3	44.3	4bps	43.8	48bps	44.7	43.3	135bps
<b>Gross Profit</b>	<b>37,579</b>	<b>31,582</b>	<b>19</b>	<b>30,914</b>	<b>21.6</b>	<b>128,133</b>	<b>114,518</b>	<b>12</b>
Gross margin (%)	55.7	55.7	(4bps)	56	(48bps)	55.3	56.7	(135bps)
Employee costs	5,194	5,910	(12)	5,220	(0.5)	21,658	20,237	7
as % of sales	7.7	10.4	(273bps)	9.5	(179bps)	9.4	10.0	(66bps)
Other expenses	14,669	13,652	7	11,805	24.3	53,414	46,543	15
as % of sales	21.7	24.1	(235bps)	21	29bps	23.1	23.0	3bps
<b>EBITDA</b>	<b>17,716</b>	<b>12,021</b>	<b>47</b>	<b>13,890</b>	<b>27.5</b>	<b>53,061</b>	<b>47,737</b>	<b>11</b>
EBITDA margin (%)	26.3	21.2	504bps	25	102bps	22.9	23.6	(71bps)
D&A	2,045	1,744	17	1,553	31.7	6,992	5,399	30
Interest cost	368	283	30	375	(2.0)	1,583	1,360	16
<b>PBT</b>	<b>15,094</b>	<b>11,484</b>	<b>31</b>	<b>11,921</b>	<b>26.6</b>	<b>45,641</b>	<b>43,161</b>	<b>6</b>
Tax	3,985	1,500	166	3,186	25.1	10,651	11,085	(4)
<b>Reported PAT</b>	<b>11,109</b>	<b>9,984</b>	<b>11</b>	<b>8,735</b>	<b>27.2</b>	<b>34,238</b>	<b>30,481</b>	<b>12</b>
PAT margin	16.5	17.6	(115bps)	16	59bps	14.8	15.1	(30bps)

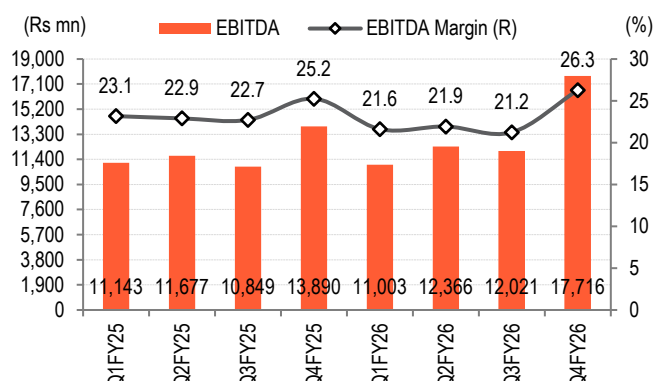
Source: Company, BOBCAPS Research

**Fig 2 – Revenue Trend**



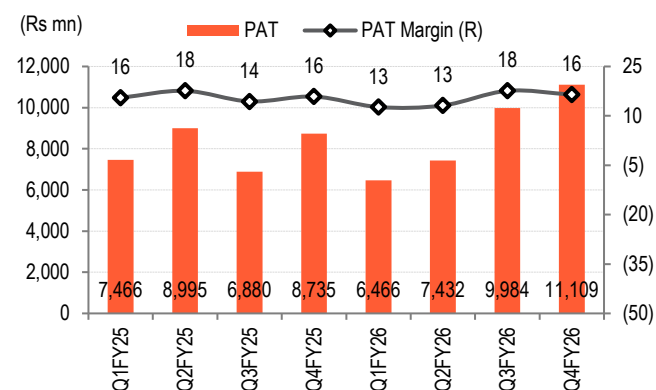
Source: Company, BOBCAPS Research

**Fig 3 – EBITDA and its margins**



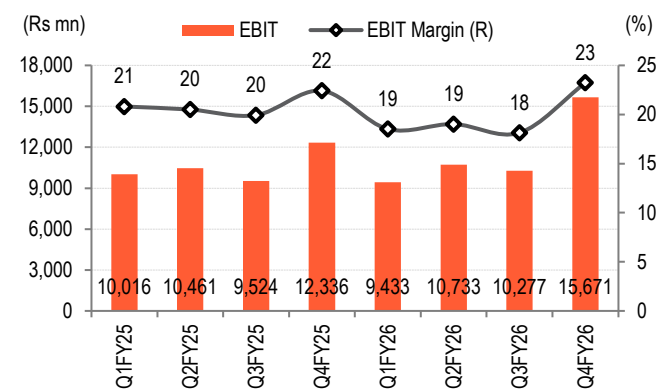
Source: Company, BOBCAPS Research

**Fig 4 – PAT Trend**



Source: Company, BOBCAPS Research

**Fig 5 – EBIT Trend**



Source: Company, BOBCAPS Research

## Valuation Methodology

Following the strong performance, we upgrade our estimate by 4-5%. We also roll forward and increase our TP to Rs 1,538; valuing Nestle at 65x Mar'28E EPS ('24). Maintain HOLD.

**Fig 6 – Actual vs Estimates**

(Rs mn)	Q4FY26A	Q4FY26E	Deviation (%)
Revenue	67,478	63,016	7.1
EBITDA	17,716	15,274	16.0
EBITDA Margin (%)	26	24	202bps
PAT	11,109	9,650	15.1

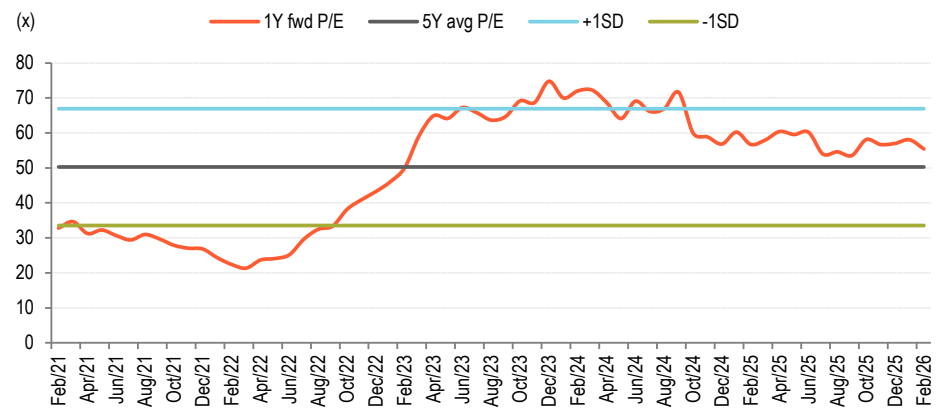
Source: Company, BOBCAPS Research

**Fig 7 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	255,192	284,246	317,080	24,4325	2,70,551	Na	4.45	5.06	Na
EBITDA	60,324	68,990	76,662	57,748	64,491	Na	4.46	6.98	Na
EBITDA Margin (%)	23	24	24	24	24	Na	(72bps)	(20bps)	Na
Adj. PAT	37,427	45,620	51,818	35,356	42,425	Na	5.86	7.53	Na

Source: BOBCAPS Research

**Fig 8 – Trading at 16.7x on 1YF P/E vs historical average of 50x since IPO**



Source: Company, 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)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>202,016</b>	<b>231,546</b>	<b>255,192</b>	<b>284,246</b>	<b>317,080</b>
EBITDA	47,737	53,061	60,324	68,990	76,662
Depreciation	5,399	6,992	7,297	7,297	7,297
EBIT	42,338	46,068	53,026	61,693	69,364
Net interest inc./(exp.)	(1,360)	(1,583)	(1,353)	(1,353)	(1,353)
Other inc./(exp.)	589	404	420	436	454
Exceptional items	(1,595)	(753)	0	0	0
EBT	43,161	45,641	52,093	60,776	68,466
Income taxes	11,085	10,651	14,667	15,156	16,648
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>32,076</b>	<b>34,991</b>	<b>37,427</b>	<b>45,620</b>	<b>51,818</b>
Adjustments	(1,595)	(753)	0	0	0
<b>Adjusted net profit</b>	<b>30,481</b>	<b>34,238</b>	<b>37,427</b>	<b>45,620</b>	<b>51,818</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	23,735	29,667	30,133	35,433	39,600
Other current liabilities	2,159	1,636	1,636	1,636	1,636
Provisions	33,324	31,314	51,485	56,996	63,224
Debt funds	7,533	244	244	244	244
Other liabilities	15,079	17,394	17,469	17,499	17,532
Equity capital	964	1,928	1,928	1,928	1,928
Reserves & surplus	39,138	49,641	55,368	62,349	70,277
Shareholders' fund	40,102	51,570	57,296	64,277	72,206
<b>Total liab. and equities</b>	<b>121,933</b>	<b>131,825</b>	<b>158,288</b>	<b>176,160</b>	<b>193,723</b>
Cash and cash eq.	762	13,206	29,388	38,756	48,129
Accounts receivables	3,632	3,295	2,797	3,115	3,475
Inventories	28,501	25,692	27,325	32,132	35,910
Other current assets	4,149	3,399	2,965	3,303	3,684
Investments	0	0	0	0	0
Net fixed assets	49,257	57,475	57,736	58,211	58,941
CWIP	11,726	5,070	5,070	5,070	5,070
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	23,907	23,688	32,964	35,448	38,256
<b>Total assets</b>	<b>121,933</b>	<b>131,824</b>	<b>158,287</b>	<b>176,159</b>	<b>193,722</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>29,364</b>	<b>50,476</b>	<b>66,893</b>	<b>60,482</b>	<b>67,188</b>
Capital expenditures	(20,086)	(8,297)	(8,932)	(9,949)	(11,098)
Change in investments	(3,066)	1,701	0	0	0
Other investing cash flows	5,043	359	(8,725)	(1,173)	(1,475)
<b>Cash flow from investing</b>	<b>(18,109)</b>	<b>(6,237)</b>	<b>(17,657)</b>	<b>(11,122)</b>	<b>(12,573)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	7,257	(7,257)	0	0	0
Interest expenses	(1,152)	(1,366)	(1,353)	(1,353)	(1,353)
Dividends paid	(24,586)	(23,172)	(31,700)	(38,640)	(43,889)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(18,481)</b>	<b>(31,795)</b>	<b>(33,053)</b>	<b>(39,993)</b>	<b>(45,242)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(7,227)</b>	<b>12,444</b>	<b>16,183</b>	<b>9,367</b>	<b>9,373</b>
<b>Closing cash &amp; cash eq.</b>	<b>762</b>	<b>13,206</b>	<b>29,388</b>	<b>38,756</b>	<b>48,129</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	16.6	18.1	19.4	23.7	26.9
Adjusted EPS	15.8	17.8	19.4	23.7	26.9
Dividend per share	12.8	12.0	16.4	20.0	22.8
Book value per share	41.6	53.5	47.5	52.4	52.4

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	6.6	5.7	5.2	4.7	4.2
EV/EBITDA	27.9	25.1	22.1	19.3	17.4
Adjusted P/E	87.3	77.7	71.1	58.3	51.4
P/BV	33.2	25.8	29.1	26.3	26.3

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.3	76.7	71.8	75.1	75.7
Interest burden (PBT/EBIT)	101.9	99.1	98.2	98.5	98.7
EBIT margin (EBIT/Revenue)	21.0	19.9	20.8	21.7	21.9
Asset turnover (Rev./Avg TA)	165.7	175.6	161.2	161.4	163.7
Leverage (Avg TA/Avg Equity)	3.0	2.6	2.8	2.7	2.7
Adjusted ROAE	80.0	67.9	65.3	71.0	71.8

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(17.2)	14.6	10.2	11.4	11.6
EBITDA	(18.4)	11.2	13.7	14.4	11.1
Adjusted EPS	(61.2)	12.3	9.3	21.9	13.6
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	23.6	22.9	23.6	24.3	24.2
EBIT margin	21.0	19.9	20.8	21.7	21.9
Adjusted profit margin	15.1	14.8	14.7	16.0	16.3
Adjusted ROAE	80.0	67.9	65.3	71.0	71.8
ROCE	88.9	88.9	92.2	95.6	95.7
<b>Working capital days (days)</b>					
Receivables	7	5	4	4	4
Inventory	119	91	91	91	91
Payables	99	105	100	100	100
<b>Ratios (x)</b>					
Gross asset turnover	2.4	2.3	2.4	2.5	2.6
Current ratio	0.8	1.0	1.3	1.5	1.6
Net interest coverage ratio	31.1	29.1	39.2	45.6	51.3
Adjusted debt/equity	18.8	0.5	0.4	0.4	0.3

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

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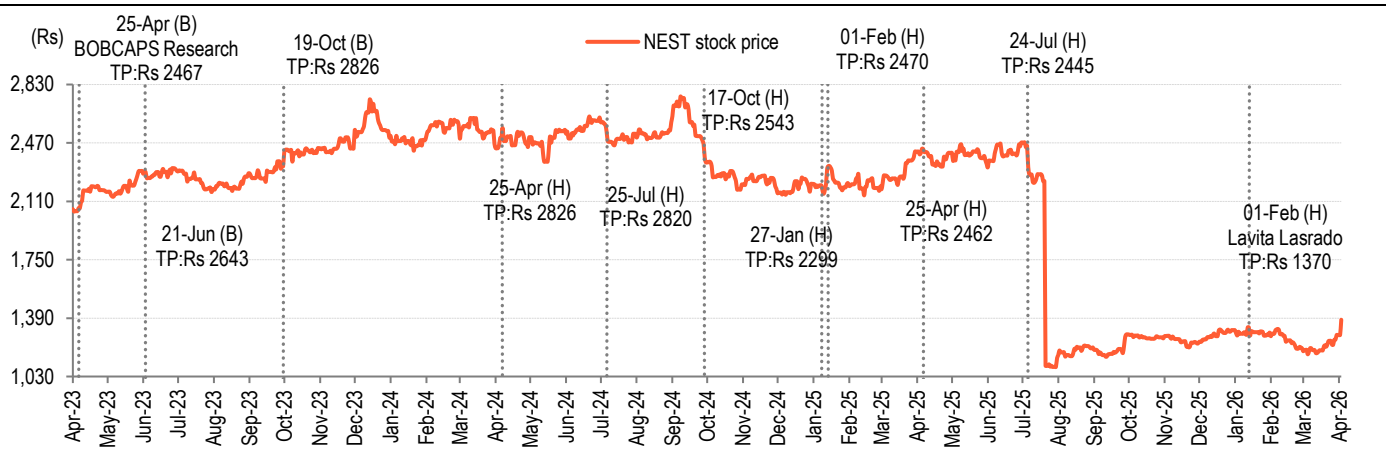
**HOLD** – Expected return from -6% to +15%

**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.

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



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