

# Research Report

## Nestle India Ltd

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# About

Nestlé India, established in 1959, is a subsidiary of Nestlé S.A. (Switzerland). It operates in the food sector, offering products in categories like milk and nutrition, prepared dishes, beverages, and confectionery. The company reaches consumers via distributors, retail, e-commerce, D2C platforms, and pharmacies. With eight factories and co-packing partners, Nestlé India delivers quality products across India and exports to 25 countries.

## Business segments

Nestlé India's business segments, based on the 9M 2023 data, are structured into four primary categories. Each segment encompasses specific product lines contributing to the company's revenue and strategic focus:

### Revenue Mix FY23

- Milk Products and Nutrition : 39%
- Prepared Dishes and Cooking Aids: 31%
- Confectionery: 16%
- Beverages (Powdered and Liquid): 14%

## Synopsis of Financials

- **In FY25, growth was impacted by a consumption slowdown, commodity inflation, urban-rural disparities, and geopolitical uncertainties.**
- **Rural market growth continues to outpace urban areas.**
- **In 9MFY25, domestic volume growth remained flat YoY, while net sales increased by 3%, led by price hikes. However, EBITDA and PAT declined by 4% and 9%, respectively, reflecting margin pressures.**

Source: Company Annual Report

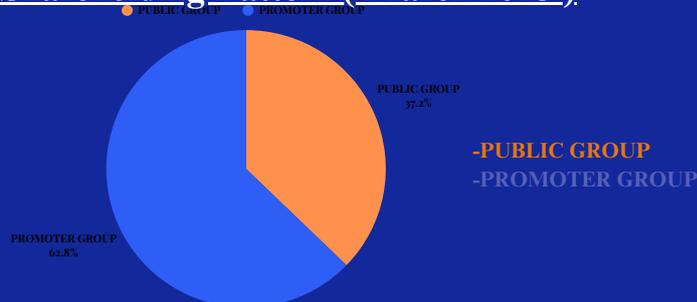
## Stock data (as 18<sup>th</sup> Jun 2025)

Nifty Price	: 2,24,832
52 week High (in Rs.)	: 2,777.00
52 week Low (in Rs.)	: 2,115.00
Market Cap. (in Crore)	: 2,25,130.70
NSE Code	: INE239A01024

## Stock data



## Shareholding Pattern ( March 2025 )



## Financial Summary

Particulars	Dec-23	Mar 2024 15m	Mar-25
Sales	19,126	24,394	20,202
Sales Growth %	13.19%	-	-17.19%
Expenses	14,655	18,581	15,428
Operating Profit	4,471	5,813	4,774
OPM %	23%	24%	24%
Net Profit	2,999	3,933	3,314
EPS in Rs	31.1	40.79	34.38

# Quarterly Results



Particular	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	5,037	4,600	5,268	4,814	5,104	4,780	5,504
Expenses	3,812	3,505	3,918	3,700	3,936	3,677	4,115
Operating Profit	1,225	1,095	1,350	1,114	1,168	1,103	1,389
OPM %	24%	24%	26%	23%	23%	23%	25%
Other Income	140	-77	37	39	298	4	8
Interest	31	23	26	32	32	35	38
Depreciation	111	109	110	113	122	150	155
Profit before tax	1,222	886	1,251	1,009	1,312	922	1,205
Tax %	26%	26%	25%	26%	25%	25%	26%
Net Profit	908	656	934	747	986	696	885

Source: Screener

## Key Ratios

Particulars	2023-24	2022
Operating Profit Margin (%) (Profit From Operations / Sale of Products)	22.0	20.0
Net Profit Margin (%) (Profit After Tax / Sale of Products)	16.2	14.2
Return on Net Worth (%) (Profit After Tax / Average Equity)	108.5	108.5
Current Ratio (Current Assets / Current liabilities)	0.9	1.1
Inventory Turnover Ratio (Sale of Products / Average Inventories)	9.7	9.5
Debtors Turnover Ratio (Sale of Products / Average Trade Receivables)	78.9	93.8

Source: Annual Report

# Yearly Results

Particulars	Dec-23	Mar-24	Mar-25
Equity Capital	96	96	96
Reserves	2,363	3,244	4,021
Borrowings	271	345	3,915
Other Liabilities	6,249	6,838	4,291
Total Liabilities	8,979	10,523	12,324
Fixed Assets	3,044	3,460	5,474
CWIP	358	1,742	1,173
Investments	778	464	706
Other Assets	4,799	4,857	4,972
Total Assets	8,979	10,523	12,324

# Synopsis Quarter Results

## Concall Notes - Feb-2025: Key Highlights

### Financial Performance:

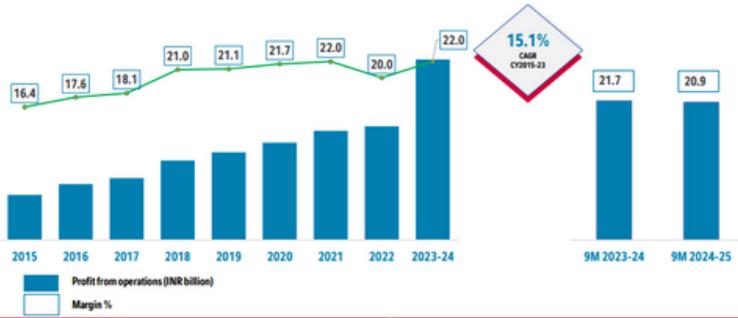
- Between 2015 and 2023-2024, the turnover increased by 134%, with an 11.2% CAGR.
- Profit from operations grew at a CAGR of 15.1%, while market capitalization rose by 273%.
- Nestlé India has consistently outperformed its peers, achieving 11.2% organic growth compared to the peer group average of 10.5%.
- In FY25, growth was impacted by a consumption slowdown, commodity inflation, urban-rural disparities, and geopolitical uncertainties.

### Rural market growth continues to outpace urban areas.

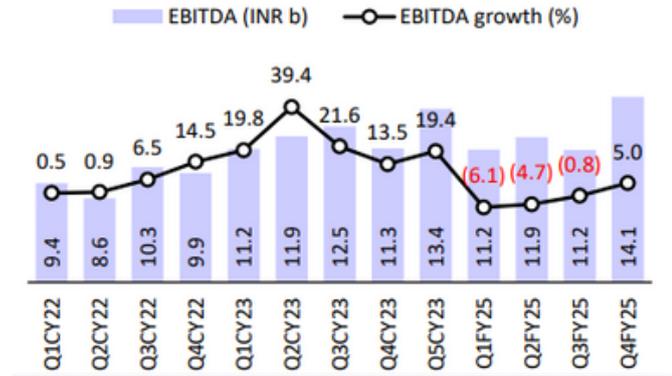
- In 9MFY25, domestic volume growth remained flat YoY, while net sales increased by 3%, led by price hikes. However, EBITDA and PAT declined by 4% and 9%, respectively, reflecting margin pressures.
- The sharp increase in coffee (+75%) and cocoa prices prompted the company to implement price hikes, which affected volume growth. It is difficult for the company to absorb the prices through cost efficiencies. It can take more pricing actions if the pricing pressure continues.
- Nestlé is strengthening its presence at Kumbh and expanding its footprint through collaborations with Chai Point. ☒ The company is rapidly scaling up its e-commerce presence, with the contribution of online sales rising from 1% in 2016 to 8.5% in 2024 (~33% YoY growth in 9MFY25)

# Highlights

## Accelerating profit from operations



## Exhibit 2: EBITDA grew 5% YoY to INR14.1b

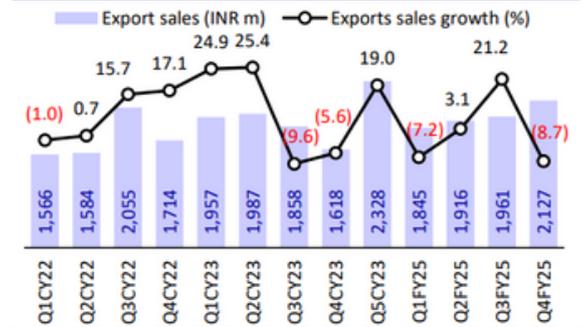


Source: Company reports, MOFSL

## Best in class return on equity



## Exhibit 4: Exports up 21% YoY to INR1,961m



Sources: Company reports, MOFSL

# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Nestle India	2365.40	73.63	228061.72	0.72	885.41	-4.45	5503.88	4.49	73.27
Britannia Inds.	5485.00	60.14	132116.28	1.34	559.13	4.20	4432.19	8.92	53.01
Swojas Foods	22.29	24.13	69.01	0.00	0.54	5300.00	27.87	13171.43	73.27

Source: Screener

# Final Outlook

**LTM: HOLD | LTP: 2,332.00**

Nestle India (Nestle) hosted an analyst meet wherein the company highlighted its growth strategy, business moats and competitive positioning across the categories. Here are the key takeaways: ☒ Nestlé sees strong growth potential in India, as its per capita packaged food consumption remains low. With 60 million people expected to join the middle- and high-income segments by 2030, rising affordability will boost demand.

- Nestlé's growth strategy focuses on efficiency, brand investment, and market share expansion to drive profitability. The company focuses on premiumization, which is outpacing the overall growth. Innovation contributed 6.5% of sales in 9MFY25, which Nestle aims to increase to 10% in the medium term. The company has a strong distribution network of 5.3 million outlets (1.7 million direct reach). It achieved 33% growth in ecommerce (8.5% of total sales).
- In 9MFY25, growth was impacted by a consumption slowdown, commodity inflation, urban-rural disparities (with rural outperforming urban), and geopolitical uncertainties. Domestic volume growth was flat YoY and sales grew 3% YoY, driven by pricing. Barring beverages, Kitkat, Milkmaid, and the toddler range, demand weakness was broad-based, particularly in noodles, due to pricing actions and competitive pressure from local brands. Volatility in coffee and cocoa prices remains a challenge, and further price hikes may be considered if inflation persists. GP margin contracted 60bp YoY to 56.9%, while EBITDA margin declined 160bp YoY to 23.3% in 9MFY25.
- Over the long term, Nestlé intends to focus on volume-led growth. We model a 9% revenue CAGR over FY25-27E, driven by rural expansion, out-of-home consumption, capacity expansion, and premiumization. However, there are near-term risks such as moderating urban consumption and high food inflation. The stock trades at 63x FY26E/56x FY27E EPS, and given its expensive valuation, we maintain a Neutral rating with a TP of INR2,400 (based on 60x P/E Dec'26E).

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