

January 30, 2026

## Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,394		1,359	
Sales (Rs. m)	2,51,118	2,76,360	2,46,569	2,71,293
% Chng.	1.8	1.9		
EBITDA (Rs. m)	60,144	67,506	58,649	65,810
% Chng.	2.5	2.6		
EPS (Rs.)	19.4	22.2	18.9	21.6
% Chng.	2.7	2.7		

### Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	202	227	251	276
EBITDA (Rs. bn)	48	50	60	68
Margin (%)	23.6	22.1	24.0	24.4
PAT (Rs. bn)	30	32	37	43
EPS (Rs.)	31.6	16.7	19.4	22.2
Gr. (%)	(22.3)	(47.0)	16.0	14.4
DPS (Rs.)	25.5	12.0	15.0	17.0
Yield (%)	1.9	0.9	1.1	1.3
RoE (%)	81.7	71.1	69.7	68.5
RoCE (%)	102.7	83.8	86.9	86.4
EV/Sales (x)	6.4	11.3	10.2	9.2
EV/EBITDA (x)	27.1	51.1	42.6	37.8
PE (x)	42.1	79.6	68.6	60.0
P/BV (x)	31.2	51.7	44.5	38.2

### Key Data

NEST.BO | NEST IN

52-W High / Low	Rs.1,340 / Rs.1,055
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.2,569bn / \$ 27,932m
Shares Outstanding	1,928m
3M Avg. Daily Value	Rs.1234.65m

### Shareholding Pattern (%)

Promoter's	62.76
Foreign	10.02
Domestic Institution	11.44
Public & Others	15.78
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	4.6	19.4	20.2
Relative	7.6	18.3	12.1

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## GST cuts fuel growth, rich valuations a drag

### Quick Pointers:

- Volumes up ~16%, margins decline due to impact of input cost inflation.
- All segments except Milk products posted double digit growth

*We raise our FY27/FY28 estimates by 2.7%, driven by 1) strong growth momentum across segments supported by favorable macro policies 2) enhanced product availability with increased focus on premiumization 4) Robust rural distribution expansion given under indexed sales in rural India and 5) lower incremental depreciation and interest costs, as capex intensity appears to have peaked.*

*Nestlé delivered a strong quarter, reporting 18.6% YoY revenue growth and 9.0% YoY EBITDA growth, with margins contracting 183 bps due to elevated input costs (coffee, cocoa, milk and palm oil). We expect growth momentum to sustain over the next few quarters, supported by peaked out prices of coffee and cocoa, low inflation, benefits of GST rate cuts and ample capacity post recent expansion.*

*We believe Nestlé's strategic focus on deeper penetration, premiumization, and innovation/new launches positions it to outperform peers in highly competitive categories such as Instant Noodles, wafer-based chocolates and Beverages. We estimate an EPS CAGR of 15.2% over FY26–28. The stock currently trades at 60x FY28 EPS. We revise our DCF-based target price to Rs1,394 (Rs1,359 earlier). We remain positive operationally but assign Hold rating mainly due to rich valuations.*

**Sales increased 18.6%, Adj PAT up 20.6% YoY:** Revenues grew by 18.6% YoY to Rs56.7bn (PL: Rs53.3bn) with domestic/ export sales up by 1.2%/ 3.1%. Gross margins contracted by -66bps YoY to 55.7% (PL: 55.5%). EBITDA grew by 9% YoY to Rs12bn (PL:Rs 12.15bn); Margins contracted by 186bps YoY to 21.2% (PL:22.7%). Adjusted PAT grew by 20.6% YoY to Rs8.6bn (PL:Rs 7.5bn)

## Segment-wise Performance

- **Powdered and Liquid Beverages-** Strong double-digit growth led by strong demand in Nescafe classic/sunrise/gold
- **Prepared Dishes and Cooking Aids-** Maggi Noodles delivered double-digit volume growth, driven by deeper household penetration and improving traction in the value-added portfolio, including the recently launched Spicy range and Double Masala variant.
- **Confectionary- Kitkat drives growth:** Confectionary saw strong double-digit growth with KITKAT was fastest growing with double digit volume growth, especially in Rural markets led by rising penetration and reach. MUNCH sustained double-digit growth while milky bar saw strong growth. NEST launched festival packs such as KITKAT Celebreak, KITKAT Goldenbreak

- **Petcare business** delivered strong double-digit growth. The PRO PLAN dog range was expanded with the introduction of an entry pack.
- **Milk Products and Nutrition** - The business had mixed performance with mid-single digit sales growth. However, MILKMAID posted strong growth with Everyday showing recovery in key geographies. Toddler milks products delivered decent performance with market share gains.

**Exhibit 1: 3QFY26: Revenue up 18.6% YoY; EBITDA margins contract 183bps YoY.**

Y/e March (Rs mn)	3QFY26	3QFY25	YoY gr. (%)	2QFY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
<b>Net Sales</b>	<b>56,670</b>	<b>47,797</b>	<b>18.6</b>	<b>56,436</b>	<b>0.4</b>	<b>1,07,398</b>	<b>99,180</b>	<b>8.3</b>
Gross Profit	31,582	26,951	17.2	30,656	3.0	58,763	56,652	3.7
% of NS	55.7	56.4	-0.7	54.3	1.4	54.7	57.1	-2.4
Other Expenses	19,561	15,924	22.8	18,289	7.0	35,394	33,831	4.6
<b>EBITDA</b>	<b>12,021</b>	<b>11,027</b>	<b>9.0</b>	<b>12,366</b>	<b>(2.8)</b>	<b>23,369</b>	<b>22,821</b>	<b>2.4</b>
Margins (%)	21.2	23.1	-1.9	21.9	-0.7	21.8	23.0	-1.3
Depreciation	1,744	1,325	31.6	1,634	6.8	3,203	2,343	36.7
Interest	283	346	(18.4)	464	(39.1)	933	639	46.0
Other Income	117	44	163.7	16	614.0	57	460	(87.6)
<b>PBT</b>	<b>10,111</b>	<b>9,400</b>	<b>7.6</b>	<b>10,285</b>	<b>(1.7)</b>	<b>19,290</b>	<b>20,298</b>	<b>(5.0)</b>
Tax	1,500	2,261	(33.7)	2,753	(45.5)	11,022	11,085	(0.6)
Effective tax rate (%)	14.8	24.1	-9.2	26.8	-11.9	57.1	54.6	2.5
<b>Adjusted PAT</b>	<b>8,611</b>	<b>7,139</b>	<b>20.6</b>	<b>7,532</b>	<b>14.3</b>	<b>8,268</b>	<b>9,213</b>	<b>(10.3)</b>

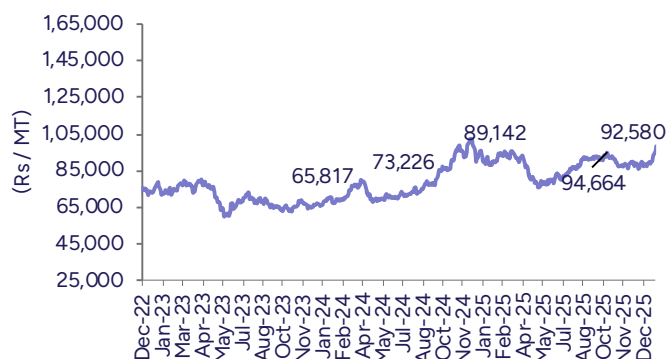
Source: Company, PL,

**Exhibit 2: Coffee prices have corrected by 20% from peak**



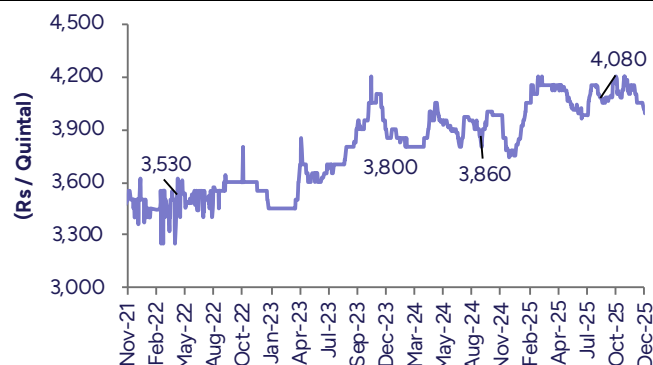
Source: Company, PL

**Exhibit 3: Palmoil are up 13% from recent lows**



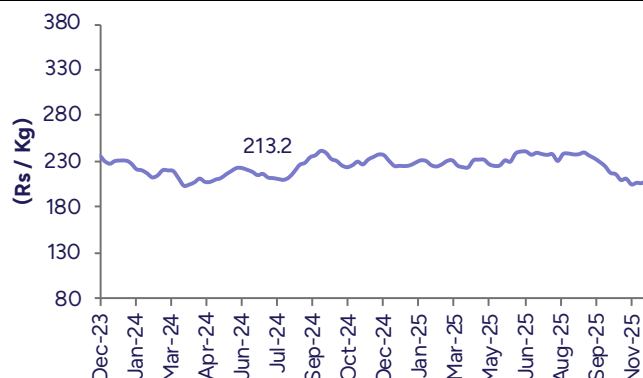
Source: Company, PL

**Exhibit 4: Sugar prices up 6.5% YoY, off peak a bit recently**



Source: Company, PL

**Exhibit 5: SMP prices down 8.2% YoY & 10.6% QoQ**



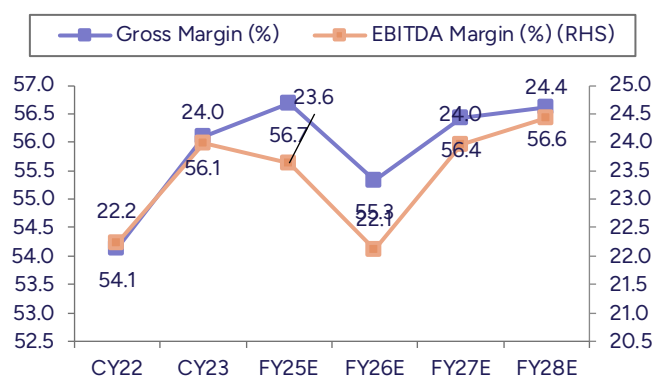
Source: Company, PL

**Exhibit 6: Beverages and Chocolates to drive long term volume growth**

Y/e March	CY22	15MFY24	FY25	FY26E	FY27E	FY28E
<b>Milk Products</b>						
Volume (MT)	1,34,034	1,68,143	1,25,771	1,27,658	1,30,211	1,33,466
Volume growth	-0.5%	25.4%	-25.2%	1.5%	2.0%	2.5%
Sales Value (Rs m)	68,157	98,687	76,576	80,056	84,107	89,658
Growth in Value	8.7%	44.8%	-22.4%	4.5%	5.1%	6.6%
% of sales	40.6%	40.7%	38.1%	35.5%	33.7%	32.6%
<b>Beverages</b>						
Volume (MT)	28,020	38,039	30,153	33,771	37,148	40,120
Value (Rs m)	20,188	30,207	28,881	34,288	39,602	44,481
Growth in Volume	14.3%	35.8%	-20.7%	12.0%	10.0%	8.0%
Growth in Value	19.3%	49.6%	-4.4%	18.7%	15.5%	12.3%
%Sales	12.0%	12.4%	14.4%	15.2%	15.9%	16.2%
<b>Prepared Dishes &amp; Cooking Aids</b>						
Volume (MT)	3,48,225	4,42,827	3,59,785	4,02,959	4,43,255	4,78,716
Value (Rs m)	53,006	73,914	61,991	72,207	82,318	92,104
Growth in Volume	5.7%	27.2%	-18.8%	12.0%	10.0%	8.0%
Growth in Value	15.7%	39.4%	-16.1%	16.5%	14.0%	11.9%
%Sales	31.6%	30.4%	30.9%	32.0%	33.0%	33.5%
<b>Chocolate &amp; Confectionery</b>						
Volume (MT)	62,401	85,934	69,473	77,462	84,434	91,189
Value (Rs.mn)	26,545	39,947	33,328	39,204	43,587	48,487
Realisation (Rs./Kg)	425	465	480	506	516	532
Growth in volume	12.1%	37.7%	-19.2%	11.5%	9.0%	8.0%
Growth in Value	25.0%	50.5%	-16.6%	17.6%	11.2%	11.2%
Growth in Realisations	11.5%	9.3%	3.2%	5.5%	2.0%	3.0%
% Sales	15.8%	16.5%	16.6%	17.4%	17.5%	17.6%

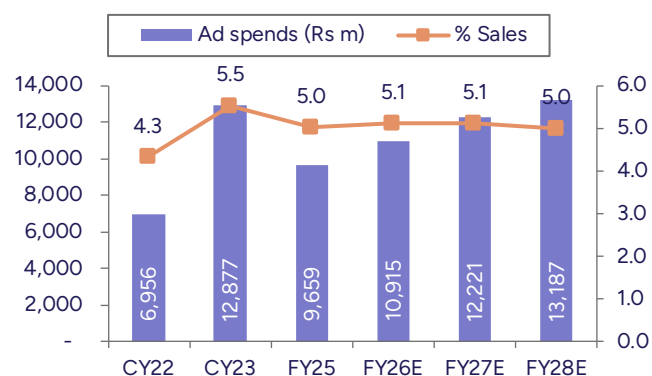
Source: Company, PL, \* NEST changed year ended from Dec to March in CY23

**Exhibit 7: GM to normalize as commodities stabilise**



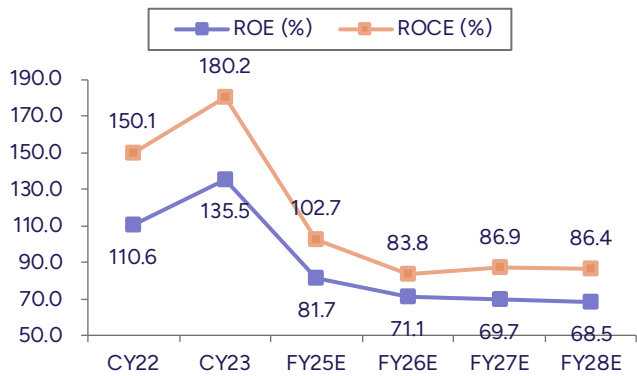
Source: Company, PL

**Exhibit 8: Ad spends to remain range-bound**



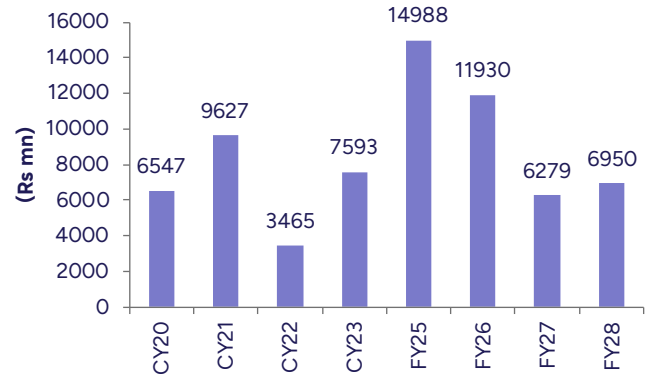
Source: Company, PL

**Exhibit 9: ROE and ROCE remain healthy**



Source: Company, PL

**Exhibit 10: Capex intensity has peaked out**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Net Revenues</b>	<b>2,02,016</b>	<b>2,27,380</b>	<b>2,51,118</b>	<b>2,76,360</b>
YoY gr. (%)	(17.2)	12.6	10.4	10.1
Cost of Goods Sold	87,498	1,01,553	1,09,429	1,19,929
Gross Profit	1,14,518	1,25,827	1,41,689	1,56,431
Margin (%)	56.7	55.3	56.4	56.6
Employee Cost	20,237	23,027	25,211	27,473
Other Expenses	22,644	25,380	27,875	30,263
<b>EBITDA</b>	<b>47,737</b>	<b>50,275</b>	<b>60,144</b>	<b>67,506</b>
YoY gr. (%)	(18.4)	5.3	19.6	12.2
Margin (%)	23.6	22.1	24.0	24.4
Depreciation and Amortization	5,399	6,820	8,120	8,710
<b>EBIT</b>	<b>42,338</b>	<b>43,454</b>	<b>52,024</b>	<b>58,796</b>
Margin (%)	21.0	19.1	20.7	21.3
Net Interest	1,360	1,454	1,570	1,439
Other Income	589	323	507	926
<b>Profit Before Tax</b>	<b>41,567</b>	<b>42,323</b>	<b>50,962</b>	<b>58,284</b>
Margin (%)	20.6	18.6	20.3	21.1
Total Tax	11,085	10,030	13,505	15,445
Effective tax rate (%)	26.7	23.7	26.5	26.5
<b>Profit after tax</b>	<b>30,482</b>	<b>32,292</b>	<b>37,457</b>	<b>42,839</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>30,482</b>	<b>32,292</b>	<b>37,457</b>	<b>42,839</b>
YoY gr. (%)	(22.3)	5.9	16.0	14.4
Margin (%)	15.1	14.2	14.9	15.5
Extra Ord. Income / (Exp)	(1,595)	-	-	-
<b>Reported PAT</b>	<b>28,887</b>	<b>32,292</b>	<b>37,457</b>	<b>42,839</b>
YoY gr. (%)	(26.3)	11.8	16.0	14.4
Margin (%)	14.3	14.2	14.9	15.5
Other Comprehensive Income	(796)	(500)	(500)	(500)
Total Comprehensive Income	28,090	31,792	36,957	42,339
<b>Equity Shares O/s (m)</b>	<b>964</b>	<b>1,928</b>	<b>1,928</b>	<b>1,928</b>
<b>EPS (Rs)</b>	<b>31.6</b>	<b>16.7</b>	<b>19.4</b>	<b>22.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>1,10,192</b>	<b>1,27,191</b>	<b>1,41,305</b>	<b>1,49,947</b>
Tangibles	1,10,192	1,27,191	1,41,305	1,49,947
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>55,456</b>	<b>61,776</b>	<b>69,370</b>	<b>77,528</b>
Tangibles	55,456	61,776	69,370	77,528
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>54,736</b>	<b>65,415</b>	<b>71,935</b>	<b>72,419</b>
Tangibles	54,736	65,415	71,935	72,419
Intangibles	-	-	-	-
Capital Work In Progress	11,726	8,500	7,500	6,500
Goodwill	-	-	-	-
Non-Current Investments	7,691	7,801	7,880	7,880
Net Deferred tax assets	(536)	100	235	390
Other Non-Current Assets	11,745	12,755	13,729	14,835
<b>Current Assets</b>				
Investments	264	4,515	9,985	16,484
Inventories	28,501	24,927	26,514	29,076
Trade receivables	3,632	3,464	3,761	4,140
Cash & Bank Balance	692	1,490	2,361	5,356
Other Current Assets	3,902	3,902	4,292	4,721
<b>Total Assets</b>	<b>1,23,239</b>	<b>1,33,276</b>	<b>1,48,640</b>	<b>1,62,295</b>
<b>Equity</b>				
Equity Share Capital	964	1,928	1,928	1,928
Other Equity	40,207	47,796	55,828	65,385
<b>Total Network</b>	<b>41,172</b>	<b>49,724</b>	<b>57,757</b>	<b>67,314</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	225	225	5,000	3,000
Provisions	30,902	32,283	33,796	35,444
Other non current liabilities	3,552	4,252	5,132	6,080
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	7,309	5,000	2,000	1,000
Trade payables	26,238	26,988	28,482	31,214
Other current liabilities	13,307	14,804	16,475	18,242
<b>Total Equity &amp; Liabilities</b>	<b>1,23,239</b>	<b>1,33,276</b>	<b>1,48,640</b>	<b>1,62,295</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	41,567	42,323	50,962	58,284
Add. Depreciation	5,399	6,820	8,120	8,710
Add. Interest	1,360	1,454	1,570	1,439
Less Financial Other Income	589	323	507	926
Add. Other	398	(2,122)	(1,306)	(1,721)
Op. profit before WC changes	48,724	48,475	59,346	66,711
Net Changes-WC	(3,321)	1,654	(4,654)	(5,454)
Direct tax	(11,085)	(10,030)	(13,505)	(15,445)
<b>Net cash from Op. activities</b>	<b>34,317</b>	<b>40,098</b>	<b>41,186</b>	<b>45,812</b>
Capital expenditures	(19,842)	(14,273)	(13,640)	(8,194)
Interest / Dividend Income	1,830	1,948	2,011	2,557
Others	(2,817)	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(20,829)</b>	<b>(12,326)</b>	<b>(11,629)</b>	<b>(5,637)</b>
Issue of share cap. / premium	4,267	(100)	-	-
Debt changes	7,222	(2,309)	1,775	(3,000)
Dividend paid	(24,586)	(23,140)	(28,925)	(32,781)
Interest paid	(1,360)	(1,454)	(1,570)	(1,439)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(14,457)</b>	<b>(27,003)</b>	<b>(28,719)</b>	<b>(37,220)</b>
<b>Net change in cash</b>	<b>(969)</b>	<b>770</b>	<b>838</b>	<b>2,955</b>
Free Cash Flow	14,476	25,825	27,547	37,618

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Per Share(Rs)</b>				
EPS	31.6	16.7	19.4	22.2
CEPS	37.2	20.3	23.6	26.7
BVPS	42.7	25.8	30.0	34.9
FCF	15.0	13.4	14.3	19.5
DPS	25.5	12.0	15.0	17.0
<b>Return Ratio(%)</b>				
RoCE	102.7	83.8	86.9	86.4
ROIC	34.6	34.1	38.2	41.9
RoE	81.7	71.1	69.7	68.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.2	0.0	(0.1)	(0.3)
Net Working Capital (Days)	11	2	3	3
<b>Valuation(x)</b>				
PER	42.1	79.6	68.6	60.0
P/B	31.2	51.7	44.5	38.2
P/CEPS	38.5	21.0	24.5	27.7
EV/EBITDA	27.1	51.1	42.6	37.8
EV/Sales	6.4	11.3	10.2	9.2
Dividend Yield (%)	1.9	0.9	1.1	1.3

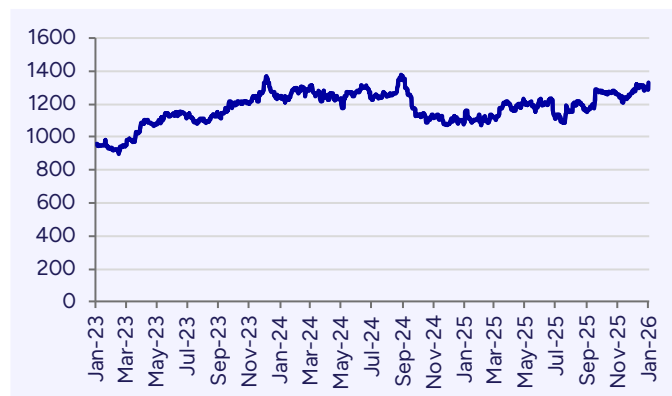
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
<b>Net Revenue</b>	<b>55,039</b>	<b>50,962</b>	<b>56,436</b>	<b>56,670</b>
YoY gr. (%)	4.5	5.9	10.6	18.6
Raw Material Expenses	24,124	22,854	25,781	25,088
Gross Profit	30,914	28,107	30,656	31,582
Margin (%)	56.2	55.2	54.3	55.7
<b>EBITDA</b>	<b>13,890</b>	<b>11,003</b>	<b>12,366</b>	<b>12,021</b>
YoY gr. (%)	3.8	(1.3)	5.9	9.0
Margin (%)	25.2	21.6	21.9	21.2
Depreciation / Depletion	1,553	1,569	1,634	1,744
<b>EBIT</b>	<b>12,336</b>	<b>9,433</b>	<b>10,733</b>	<b>10,277</b>
Margin (%)	22.4	18.5	19.0	18.1
Net Interest	375	469	464	283
Other Income	84	40	16	117
<b>Profit before Tax</b>	<b>12,046</b>	<b>9,005</b>	<b>10,285</b>	<b>10,111</b>
Margin (%)	21.9	17.7	18.2	17.8
Total Tax	3,192	2,412	2,753	1,500
Effective tax rate (%)	26.5	26.8	26.8	14.8
<b>Profit after Tax</b>	<b>8,854</b>	<b>6,592</b>	<b>7,532</b>	<b>8,611</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>8,854</b>	<b>6,592</b>	<b>7,532</b>	<b>8,611</b>
YoY gr. (%)	(4.2)	(11.7)	(0.8)	20.6
Margin (%)	16.1	12.9	13.3	15.2
Extra Ord. Income / (Exp)	-	-	-	1,570
<b>Reported PAT</b>	<b>8,854</b>	<b>6,592</b>	<b>7,532</b>	<b>10,181</b>
YoY gr. (%)	(5.2)	(11.7)	(23.6)	46.2
Margin (%)	16.1	12.9	13.3	18.0
Other Comprehensive Income	202	(9)	1	(229)
<b>Total Comprehensive Income</b>	<b>9,056</b>	<b>6,583</b>	<b>7,533</b>	<b>9,952</b>
Avg. Shares O/s (m)	964	964	964	964
<b>EPS (Rs)</b>	<b>9.2</b>	<b>6.8</b>	<b>7.8</b>	<b>8.9</b>

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Hold	1,359	1,315
2	16-Oct-25	Hold	1,359	1,277
3	08-Oct-25	Hold	1,222	1,177
4	24-Jul-25	Hold	2,392	2,322
5	09-Jul-25	Accumulate	2,550	2,419
6	25-Apr-25	Accumulate	2,559	2,433
7	09-Apr-25	Accumulate	2,546	2,275
8	05-Feb-25	Accumulate	2,606	2,300

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,464	2,628
2	Avenue Supermarts	Hold	3,783	3,801
3	Britannia Industries	BUY	6,761	6,185
4	Colgate Palmolive	Hold	2,319	2,113
5	Dabur India	Hold	525	510
6	Emami	Accumulate	582	526
7	Hindustan Unilever	Accumulate	2,669	2,399
8	ITC	Reduce	314	319
9	Jubilant FoodWorks	BUY	666	537
10	Kansai Nerolac Paints	Accumulate	255	238
11	Marico	Accumulate	801	746
12	Metro Brands	Hold	1,181	1,026
13	Mold-tek Packaging	Accumulate	746	608
14	Nestle India	Hold	1,359	1,315
15	Pidilite Industries	BUY	1,714	1,515
16	Restaurant Brands Asia	Accumulate	81	64
17	Titan Company	BUY	4,600	4,273
18	Westlife Foodworld	Hold	579	525

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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