

## Retail Equity Research

### Nestle India Ltd

#### FMCG

**CMP Rs. ₹ 2225**
**Rating: Overweight**
**NSE CODE: NESTLEIND BSE CODE: 500790**

Nestlé India has demonstrated robust financial performance with FY24 sales surging 28% YoY to ₹24,393.89 crore, indicating strong consumer demand. EBITDA expanded by 30%, reflecting improved operating efficiency, while PAT grew by 31%, showcasing solid bottom-line performance. The EBITDA margin sustained at 24.5%, highlighting cost control measures and premiumization strategies.

The company maintains strong return ratios, with ROE at 118% and ROCE at 147.5%, indicating efficient capital utilization. The D/E ratio remains low at 0.10, ensuring a robust balance sheet. However, valuation multiples have moderated, with P/E at 64.3x, reflecting a correction from prior highs. Nestlé India is focusing on expanding manufacturing capacity, innovation in millet-based products, and enhancing direct-to-consumer engagement. With a ₹5,000 crore capex plan, including a new Odisha plant, the company is well-positioned for long-term growth in India's evolving FMCG landscape.

#### Company Data

Market Cap (cr)		Rs.	1,12,166.56
Enterprise Value (cr)		Rs.	85,395.02
Outstanding Shares (cr)			142.34
52 week high		Rs.	895.00
52 week low		Rs.	506.00
1m average volume (lacs)			39.65
Face value		Rs.	1.00
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Sales	3056.22	5809.91	6768.75
Growth(%)	94%	90%	17%
EBITDA	575.53	1946.75	2340.05
EBITDA Margin(%)	18.8%	33.5%	34.6%
PAT	-247.72	1,002.59	1,259.07
Growth(%)	66%	505%	26%
EPS	-1.7	7.1	8.8
P/E	-136.8	46.0	66.8
P/B	4.8	5.8	8.9
EV/EBITDA	63.6	24.7	36.5
ROE(%)	-4%	12.6%	13%
ROCE(%)	2%	13.8%	15.5%
ROIC(%)	2%	12.4%	13.7%
D/E	0.55	0.39	0.29

**Strong Revenue and Profit Growth:** Nestlé India has demonstrated robust financial performance, with sales growing from ₹16,896.96 crore in FY22 to ₹24,393.89 crore in FY24, reflecting a CAGR of over 18%. The company witnessed its highest growth in FY24 at 28%, indicating strong consumer demand and effective market penetration. Profit after tax (PAT) also saw significant growth from ₹2,390.52 crore in FY22 to ₹3,932.84 crore in FY24, highlighting the company's ability to improve operational efficiencies and scale its business effectively.

**Consistent Improvement in Margins and Profitability** The EBITDA margin has steadily improved from 22.6% in FY22 to 24.5% in FY24, reflecting strong cost control measures and premiumization of product offerings. Return on capital employed (ROCE) and return on equity (ROE) have remained exceptionally high, with ROE at 118% in FY24 and ROCE at 147.5%, indicating efficient capital utilization and superior profitability.

**Strong Financial Position with Low Leverage :** Nestlé India maintains a healthy balance sheet with minimal debt, as reflected in its low debt-to-equity (D/E) ratio of 0.10 in FY24. The declining EV/EBITDA ratio from 55.7 in FY23 to 42.3 in FY24 suggests attractive valuations relative to earnings growth, reinforcing investor confidence in the company's future prospects.

## Key Highlights

### Business Overview

Nestlé India Limited, a subsidiary of the Swiss multinational Nestlé S.A., operates in the food segment. The company specializes in four key product categories: Milk Products & Nutrition, Prepared Dishes & Cooking Aids, Powdered & Liquid Beverages, and Confectionery. It owns renowned brands like NESCAFÉ, MAGGI, MILKYBAR, KIT KAT, BAR-ONE, MILKMAID, and NESTEA.

### Market Leadership in FMCG

Nestlé India is a dominant player in the Indian FMCG sector, ranking among the top two companies in most of its product categories. With a vast distribution network comprising over 10,000 distributors and presence in 5.2 million retail outlets, it maintains strong market penetration.

### Revenue Segmentation

The company's revenue is well-diversified across its product portfolio:

**Milk Products & Nutrition:** 40% (Dairy products, milk powder, CEREGROW, weaning foods)

**Prepared Dishes & Cooking Aids:** 32% (MAGGI noodles, MAGGI Masala-ae-Magic, sauces, cereals)

**Confectionery:** 17% (Kit Kat, Munch, Milkybar, sugar confectionery)

**Beverages:** 11% (Instant coffee, powdered drinks)

### Geographical Revenue Distribution

Nestlé India derives 96% of its revenue from domestic operations, with exports contributing the remaining 4%.

### Manufacturing Footprint & Expansion

The company has 9 manufacturing facilities across India, located in Punjab, Tamil Nadu, Karnataka, Haryana, Goa, Uttarakhand, Himachal Pradesh, and Gujarat. It is currently establishing its 10th plant in Odisha, with an investment of ₹5,000 crore committed between 2023-2025, of which ₹900-1,000 crore has already been allocated for the Odisha facility.

### Strategic Divestment

Nestlé India approved the slump sale of its Nestlé Business Services (NBS) Division to Purina PetCare India Pvt. Ltd., a related entity, for approximately ₹80 crore. The NBS division provided captive services related to order processing, procurement, financial reporting, and HR operations.

### Direct-to-Consumer (D2C) Platform

To enhance customer engagement, Nestlé India launched its first direct-to-consumer (D2C) platform, [www.mynestle.in](http://www.mynestle.in), offering its full range of locally manufactured products.

### Product Innovation & Focus on Millets

Over the past seven years, the company has launched 130 new products, with several in the pipeline. Recent launches include MAGGI Korean Noodles, MAGGI Oats Noodles with Millet Magic, and GERBER Puffs. Additionally, the Nestlé R&D Centre India has collaborated with ICAR-Institute of Millet Research to develop millet-based products, such as Nestlé a+ Masala Millet, Nestlé CEREGROW Grain Selection (ragi), Nestlé MILO Cocoa Malt (bajra), and Nestlé KOKO KRUNCH Millet-Jowar breakfast cereals.

## Quarterly Financial Consolidated

### Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Sales</b>	1,963.84	1,905.34	1,550.23	1,826.12	2,533.05
Growth(%)	37%	-3%	-19%	18%	39%
<b>Expenses</b>	1,231.46	1,245.54	1,100.63	1,324.85	1,571.37
Operating Profit	732.38	659.80	449.60	501.27	961.68
Growth(%)	106%	-10%	-32%	11%	92%
Other Income	39.80	46.12	46.04	371.46	58.68
Depreciation	114.31	119.73	117.29	124.93	133.94
Interest	53.16	51.50	49.86	52.23	52.39
Profit before tax	604.71	534.69	328.49	695.57	834.03
Tax	166.72	141.60	94.28	122.36	220.21
Net profit	451.95	417.76	248.39	554.58	582.32
Growth(%)	63%	-8%	-68%	55%	5%

## Financial Consolidated

### Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
<b>Sales</b>	4,463.14	1,575.16	3,056.22	5,809.91	6,768.75
Growth(%)	-1%	-65%	94%	90%	17%
<b>Expenses</b>	3,495.61	1,936.92	2,651.47	4,005.35	4,609.24
Operating Profit	967.53	-361.76	404.75	1,804.56	2,159.51
Growth(%)	17%	-137%	212%	346%	20%
Other Income	173.37	324.67	170.78	142.19	180.54
Depreciation	404.24	409.63	406.05	416.06	454.30
Interest	341.12	402.82	427.66	236.05	220.22
Profit before tax	395.54	-849.54	-258.18	1,294.64	1,665.53
Tax	44.77	-155.33	-35.78	323.21	463.94
Net profit	354.42	-720.11	-247.72	1,002.59	1,259.07
Growth(%)	24%	-303%	66%	505%	26%

Balance Sheet

(Rs Cr)

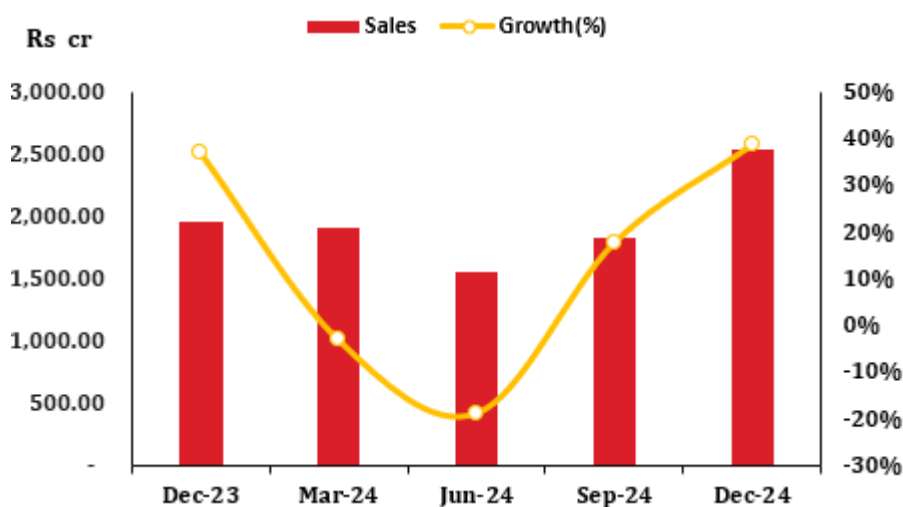
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	118.93	118.93	142.04	142.04	142.34
Reserves	4,237.88	3,529.51	6,920.21	7,839.92	9,314.31
Borrowings	4,500.78	5,518.33	3,887.87	3,139.01	2,736.23
Other Liabilities	2,584.17	2,267.89	2,051.92	2,391.07	2,540.54
<b>Total</b>	<b>11,441.76</b>	<b>11,434.66</b>	<b>13,002.04</b>	<b>13,512.04</b>	<b>14,733.42</b>
Net Block	8,058.85	8,437.70	8,415.34	8,818.53	9,311.34
Capital Work in Progress	244.08	164.99	193.54	332.05	255.52
Investments	1,426.59	1,483.17	1,966.80	1,891.04	2,261.20
Other Assets	1,712.24	1,348.80	2,426.36	2,470.42	2,905.36
<b>Total</b>	<b>11,441.76</b>	<b>11,434.66</b>	<b>13,002.04</b>	<b>13,512.04</b>	<b>14,733.42</b>

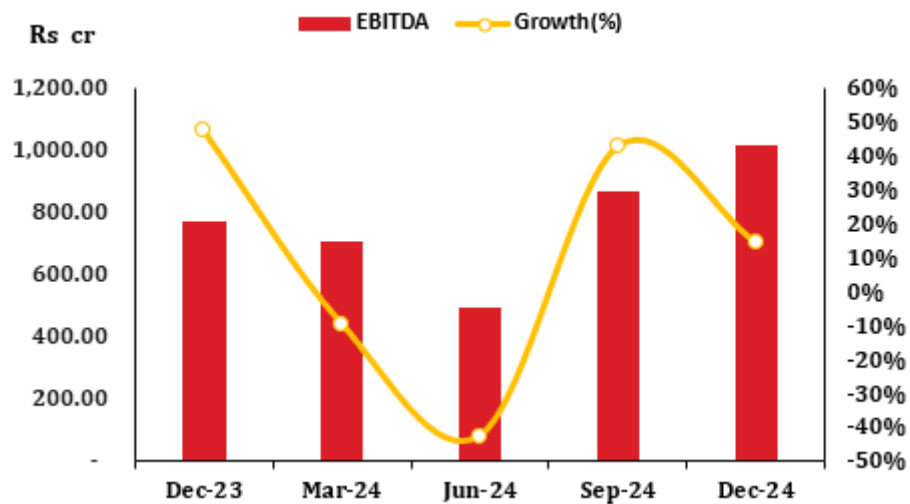
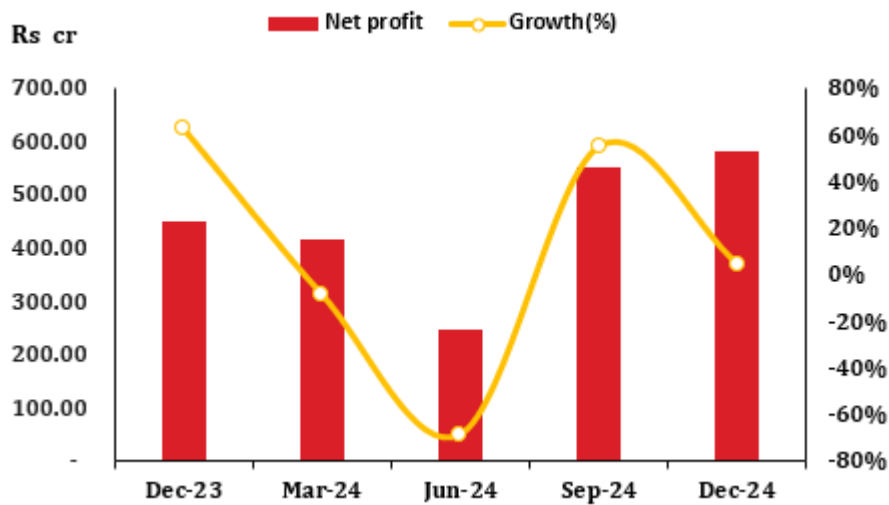
Cash Flow

(Rs Cr)

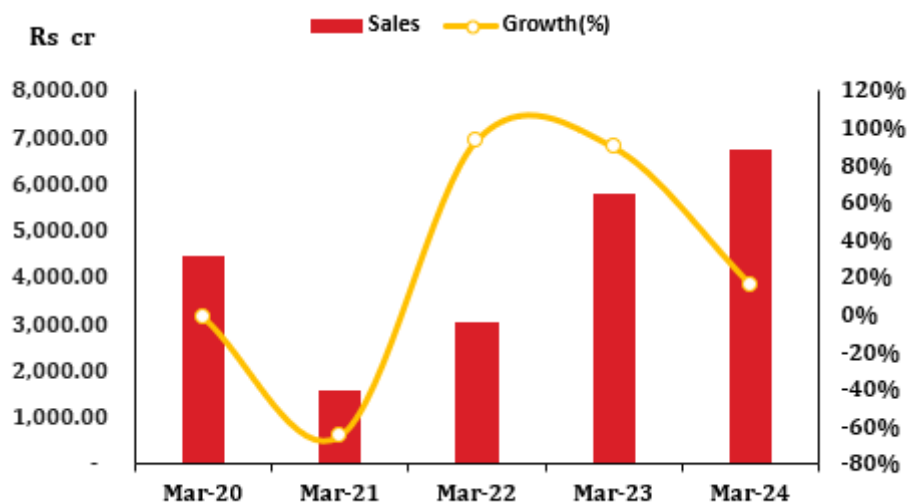
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	823.47	-318.69	671.63	1618.99	1935.14
Cash from Investing Activity	-496.56	-118.23	-1641.15	-138.28	-1207.54
Cash from Financing Activity	-265.38	280.37	1658.78	-1527.85	-984.65
Net Cash Flow	61.53	-156.55	689.26	-47.14	-257.05

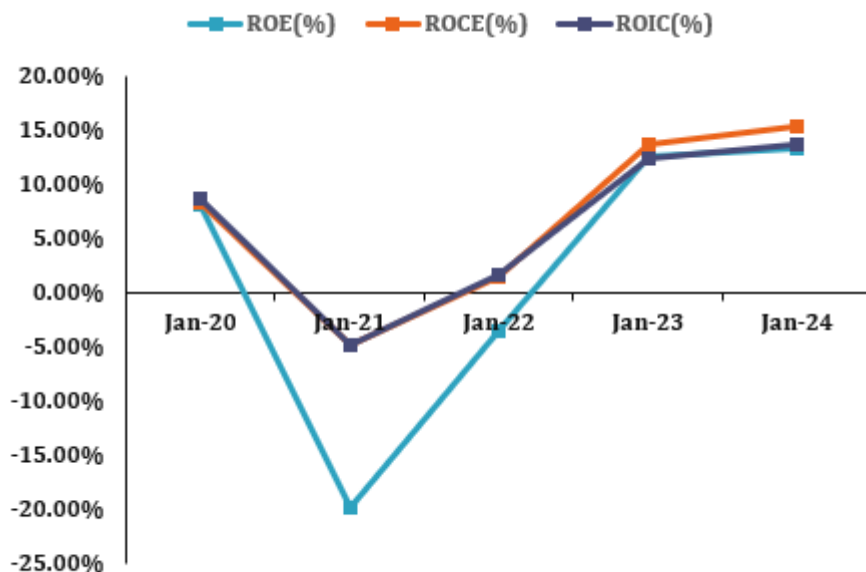
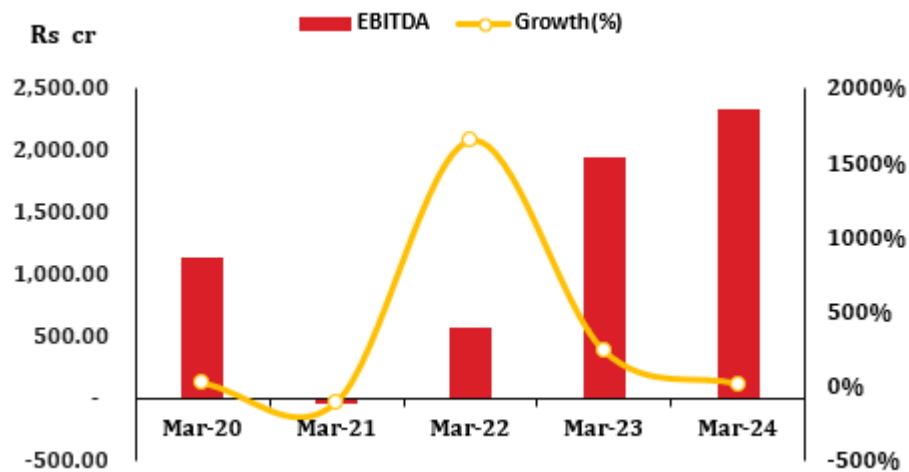
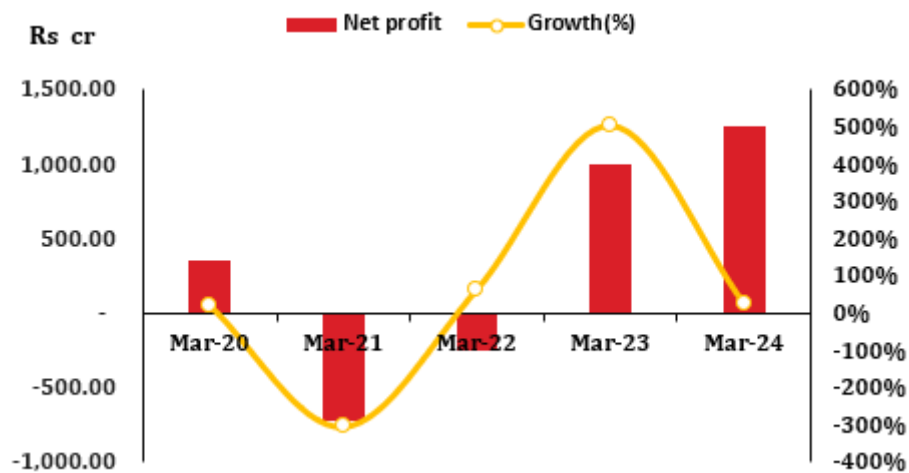
Key Metrics: Quarterly





### Key Metrics: Yearly





## Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	1.03	1.51	0.55	0.39	0.29
Debt/Assets	0.39	0.48	0.30	0.23	0.19
Debt/Ebitda	3.94	-148.78	6.76	1.61	1.17
Debt/Capital Ratio	51%	60%	36%	28%	22%
Cash flow/Debt	0.18	-0.06	0.17	0.52	0.71
Interest coverage ratio	2.16	-1.11	0.40	6.48	8.56
Sales Change	-1%	-65%	94%	90%	17%
Ebit Change	24%	-161%	138%	803%	23%
Operating Leverage	-15.34	2.12	2.25	3.84	1.19
Financial Leverage	2.63	3.13	1.84	1.69	1.56

Efficiency ratios					
Receivable days	24	51	30	28	26
Receivable turnover	15.39	7.17	11.97	13.01	14.21
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	37	21	26	37	40
Net Fixed assets turnover	0.55	0.19	0.36	0.66	0.73
Sales/capital employed	0.50	0.17	0.28	0.52	0.56
Total Asset Turnover	0.39	0.14	0.24	0.43	0.46

Profitability ratios					
Ebitda	1140.9	-37.09	575.53	1946.75	2340.05
Ebitda margin	26%	-2%	19%	34%	35%
Gross Profit	3014.6	898.36	1999.88	3988.43	4689.87
Gross Profit Margin	68%	57%	65%	69%	69%
EBIT	736.66	-446.72	169.48	1530.69	1885.75
EBIT Margin	17%	-28%	6%	26%	28%
ROE	8%	-20%	-4%	13%	13%
Net profit margin	8%	-46%	-8%	17%	19%
EPS	2.68	-5.45	-1.74	7.06	8.85
DU Pont ROE	8%	-20%	-4%	13%	13%
Net Profit Margin	8%	-46%	-8%	17%	19%
Sales/Total assets	0.39	0.14	0.24	0.43	0.46
Financial Leverage	2.63	3.13	1.84	1.69	1.56
DU PONT ROA	3%	-6%	-2%	7%	9%
Net Profit Margin	8%	-46%	-8%	17%	19%
Sales/Total assets	0.39	0.14	0.24	0.43	0.46

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	7%	-8%	0%	12%	13%
EBIT Margin	17%	-28%	6%	26%	28%
Sales/cap employed	0.50	0.17	0.28	0.52	0.56
NOPAT	653.28	-365.04	145.99	1148.55	1360.47
Capital employed	8857.59	9166.77	10950.12	11120.97	12192.88
ROIC	7%	-4%	1%	10%	11%

Valuation Ratios					
Price/Earnings	27.12	-19.72	-136.75	45.95	66.83
Price/Book	2.21	3.89	4.80	5.77	8.90
Marketcap	9,610.54	14,203.73	33,876.54	46,070.67	84,144.29
Enterprise Value	13,795.74	19,568.43	36,576.60	48,156.25	85,395.02
EV/EBITDA	12.09	-527.59	63.55	24.74	36.49

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