

15 October 2026

Volume momentum sustains in Q2

Nestlé (NEST IN) reported strong revenue growth of 20.5% YoY, in line with our estimates, to INR 67.8bn. This was largely led by double-digit volume growth in Q2. Domestic and exports businesses grew by 20.4% YoY and 22.0% YoY, respectively. Confectionery and pet food grew in double digits. Milk products and nutrition, beverages, and prepared dishes also posted a strong quarter. We broadly maintain our estimates and reiterate **Accumulate** with a lower TP of INR 1,506 from INR 1,625, based on 58x (63x earlier) September FY28E P/E.

Broad-based growth backed by volumes: Revenue grew by 20.5% in Q2 to INR 67.8bn, led by double-digit volume growth (estimated volume growth of 12%). Confectionery delivered volume-led double-digit growth. *KITKAT* gained market share, while *MUNCH* and *MILKYBAR* sustained momentum. Beverages posted another quarter of strong volume-led growth. *NESCAFÉ Classic* drove household recruitment, and the relaunched *NESCAFÉ Sunrise* strengthened the chicory-coffee segment. Premium portfolio led by *NESCAFÉ Gold* sustained double-digit growth, and *NESCAFÉ RTD* continued to scale rapidly. *NESPRESSO* continues to gain strong momentum on e-commerce, building seasonal relevance through iced coffee. Prepared dishes and cooking aids performed well, as *MAGGI* noodles deepened rural penetration. Milk products and nutrition were broad-based, with the toddler range gaining market share. Pet food grew in double digits on better digital engagement and a sharper route to the market.

All channels delivered: General trade posted double-digit growth across town classes, driven by rural markets and wider direct reach. e-commerce continued its strong trajectory, driven by better availability and channel-specific pack architecture. Organized trade gained from improved in-store execution, consumer activations, shelf visibility and store expansion. The company expanded internationally with the launch of *MAGGI Masala-e-Magic* in Canada, and *NESCAFÉ Sunrise* expanded to five West African markets.

EBITDA margin up 223bps despite elevated ad spend: Gross margin rose 267bps YoY to 56.9% but slipped 26bps QoQ. Management expects coffee and wheat to stay range-bound. Sugar and edible oils have stabilized at elevated levels. Cocoa remains volatile led by weather-driven crop concerns. Milk firmed seasonally but should ease as flush supplies arrive. Despite persistent investment behind brands and 46% increase in marketing spend, EBITDA grew by 33.3% YoY (4.8% above our estimates) to INR 15.7bn. EBITDA margin improved 223bps YoY to 23.1%, led by savings in employee cost, down 138bps YoY.

Reiterate Accumulate with a lower TP of INR 1,506: We broadly maintain our earnings estimate for FY27E/28E and estimate 13% CAGR during FY27E-29E. We reiterate **Accumulate** with a lower TP of INR 1,506 from INR 1,625, based on 58x (63x earlier) September FY28E P/E, as NEST's premium over HUVR (Accumulate) has increased to 1.55x versus 1.2x-1.3x premium during five-year and 10-year average.

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	200,775	230,715	273,546	303,350	334,622
YoY (%)	3.4	14.9	18.6	10.9	10.3
EBITDA (INR mn)	46,497	52,229	64,653	72,516	80,331
EBITDA margin (%)	23.2	22.6	23.6	23.9	24.0
Adj PAT (INR mn)	30,237	34,238	41,449	47,138	52,988
YoY (%)	(3.8)	13.2	21.1	13.7	12.4
Fully DEPS (INR)	31.4	17.8	21.5	24.4	27.5
RoE (%)	81.1	72.6	68.4	61.0	53.7
RoCE (%)	91.6	82.0	85.7	75.4	66.2
P/E (x)	40.7	71.9	59.4	52.2	46.4
EV/EBITDA (x)	52.6	46.8	37.8	33.7	30.5

Note: Pricing as on 15 October 2026; Source: Company, Elara Securities Estimate

Rating: **Accumulate**

Target Price: **INR 1,506**

Upside/Downside: **18%**

CMP: **INR 1,276**

As on 15 October 2026

Key data

Bloomberg	NEST IN
Reuters Code	NEST.NS
Shares outstanding (mn)	1,928
Market cap (INR bn/USD mn)	2,460/25,881
EV (INR bn/USD mn)	2,447/25,741
ADTV 3M (INR mn/USD mn)	2,744/29
52 week high/low	1,553/1,158
Free float (%)	37

Note: as on 15 October 2026; Source: Bloomberg

Price chart



Source: Bloomberg

	Q3 FY26	Q4 FY26	Q1 FY27	Q2 FY27
Shareholding (%)				
Promoter	62.8	62.8	62.8	62.8
% Pledge	0.0	0.0	0.0	0.0
FII	9.8	9.7	10.3	11.7
DII	12.1	12.4	11.9	10.7
Others	15.3	15.1	15.1	14.9

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(4.5)	(5.1)	(9.2)
Nestle	(10.4)	1.7	4.6
NSE Mid-cap	(5.3)	(1.8)	(3.9)
NSE Small-cap	(2.6)	9.8	3.4

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	200,775	230,715	273,546	303,350	334,622
Gross Profit	113,277	127,302	153,511	169,947	187,061
EBITDA	46,497	52,229	64,653	72,516	80,331
EBIT	41,097	45,237	56,560	63,881	71,611
Interest expense	1,360	1,583	1,580	1,580	1,500
Other income	1,829	1,235	1,415	1,506	1,607
Exceptional/ Extra-ordinary items	2,908	1,208	-	-	-
PBT	44,475	46,097	56,395	63,807	71,717
Tax	11,330	10,651	14,946	16,670	18,729
Minority interest/Associates income	-	-	-	-	-
Reported PAT	33,145	35,446	41,449	47,138	52,988
Adjusted PAT	30,237	34,238	41,449	47,138	52,988
Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	41,172	53,092	68,055	86,575	110,957
Minority Interest	-	-	-	-	-
Trade Payables	23,735	29,667	29,667	29,667	29,667
Provisions & Other Current Liabilities	15,226	17,270	22,630	27,800	33,327
Total Borrowings	11,669	4,442	6,442	8,442	10,442
Other long term liabilities	31,437	29,102	42,909	47,648	52,715
Total liabilities & equity	123,239	133,572	169,702	200,131	237,106
Net Fixed Assets	66,462	67,974	94,812	111,178	127,458
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	7,056	7,056	6,056	6,056	6,056
Cash, Bank Balances & treasury investments	957	13,409	18,682	28,953	45,669
Inventories	28,501	25,692	28,854	31,997	35,296
Sundry Debtors	3,632	3,295	4,948	5,487	6,052
Other Current Assets	16,632	16,146	16,351	16,461	16,576
Total Assets	123,239	133,572	169,702	200,131	237,106
Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	29,262	50,172	64,779	62,195	68,641
Capital expenditure	(19,841)	(8,505)	(34,930)	(25,000)	(25,000)
Acquisitions / divestitures	(2,817)	-	1,000	-	-
Other Business cashflow	-	-	-	-	-
Free Cash Flow	6,604	41,667	30,848	37,195	43,641
Cashflow from Financing	(13,836)	(29,215)	(25,575)	(26,925)	(26,925)
Net Change in Cash / treasury investments	(7,232)	12,452	5,273	10,270	16,716
Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	13.5	12.0	15.0	15.0	15.0
Book value per share (INR)	42.7	27.5	35.3	44.9	57.5
RoCE (Pre-tax) (%)	91.6	82.0	85.7	75.4	66.2
ROIC (Pre-tax) (%)	102.0	94.2	113.2	104.8	101.0
ROE (%)	81.1	72.6	68.4	61.0	53.7
Asset Turnover (x)	3.4	3.4	3.4	2.9	2.8
Net Debt to Equity (x)	0.3	(0.2)	(0.2)	(0.2)	(0.3)
Net Debt to EBITDA (x)	0.2	(0.2)	(0.2)	(0.3)	(0.4)
Interest cover (x) (EBITDA/ int exp)	34.2	33.0	40.9	45.9	53.6
Total Working capital days (WC/rev)	17.7	19.6	23.9	32.2	46.5
Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	40.7	71.9	59.4	52.2	46.4
P/Sales (x)	13.3	11.6	9.8	8.8	8.0
EV/ EBITDA (x)	52.6	46.8	37.8	33.7	30.5
EV/ OCF (x)	90.8	53.0	41.0	42.7	38.7
FCF Yield	0.2	1.6	1.2	1.4	1.6
Price to BV (x)	29.9	46.3	36.1	28.4	22.2
Dividend yield (%)	1.1	0.9	1.2	1.2	1.2

Note: Pricing as on 15 October 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

Y/E December (INR mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Var. (%)
Total income	67,822	56,302	20.5	63,633	6.6	67,993	(0.3)
Cost of goods	29,244	25,781	13.4	27,270		30,257	(3.3)
Gross profit	38,578	30,522	26.4	36,363	6.1	37,736	2.2
Gross margin (%)	56.9	54.2	267.0	57.1	-26bps	55.5	
Employee expenses	6,090	5,831	4.4	6,128	(0.6)	6,350	(4.1)
Share of sales(%)	9.0	10.4	-138bps	9.6	-65bps	9.3	
Other expenses	16,798	12,922	30.0	15,425	8.9	16,411	2.4
Share of sales(%)	24.8	23.0	182bps	24.2	53bps	24.1	
EBITDA	15,690	11,769	33.3	14,810	5.9	14,975	4.8
EBITDAM (%)	23.1	20.9	223.0	23.3	-14bps	22.0	111.0
Depreciation	1,924	1,634		1,878		2,100	
EBIT	13,766	10,135	35.8	12,932	6.4	12,875	6.9
EBITM (%)	20.3	18.0	230bps	20.3	-3bps	18.9	
Interest costs	0	0	-	0		0	
Other income	264	150	76.0	374		450	(41.3)
PBT	14,031	10,285	36.4	13,306	5.4	13,325	5.3
Tax	3,726	2,753		3,493		3,425	
Tax Rate(%)	26.6	26.8		26.2		25.7	
Adj PAT	10,305	7,532	36.8	9,813	5.0	9,901	4.1
Extra ordinary items	37	0		62		0	
Reported Profit	10,268	7,532	36.3	9,751	5.3	9,901	3.7
NPM(%)	15.2	13.4	182bps	15.4		14.6	
Adj. EPS (INR)	5.3	3.9	36.8	5.1	5.0	5.1	4.1

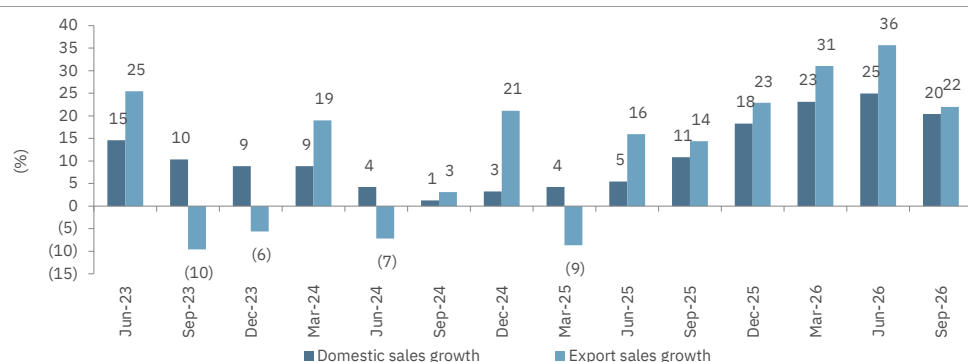
Source: Company, Elara Securities Estimate

Exhibit 2: Key ratios

Y/E March (INR mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Variance (%)
Net Sales	67,822	56,302	20.5	63,633	6.6	67,993	(0.3)
Operating Expenses	52,131	44,534	17.1	48,822	6.8	53,018	(1.7)
% of Sales	76.9	79.1		76.7		78.0	
EBITDA	15,690	11,769	33.3	14,810	5.9	14,975	4.8
EBITDA Margins (%)	23.1	20.9		23.3		22.0	
Other Income	264	150	76.0	374	(29.3)	450	(41.3)
Depreciation	1,924	1,634		1,878	2.5	2,100	(8.4)
PBT	14,031	10,285	36.4	13,306	5.4	13,325	5.3
Tax	3,726	2,753	35.3	3,493	6.7	3,425	8.8
Effective Tax Rate (%)	26.6	26.8		26.2		25.7	
Reported PAT	10,268	7,532	36.3	9,751	5.3	9,901	3.7
Adjusted PAT	10,305	7,532	36.8	9,813	5.0	9,901	4.1
NPM (%)	15.2	13.4		15.4		14.6	

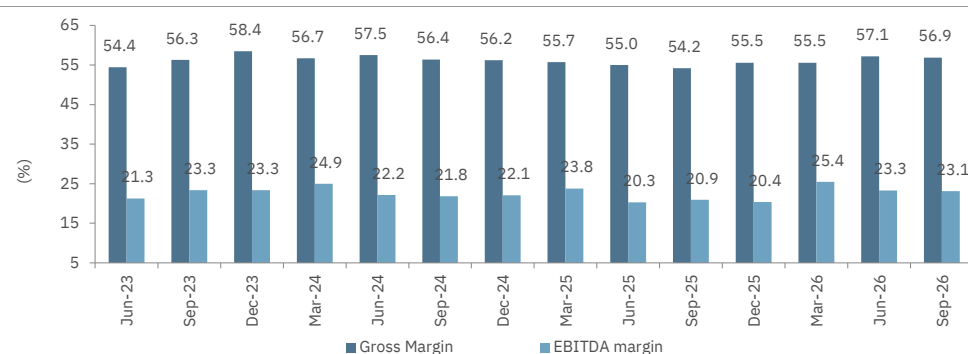
Source: Company, Elara Securities Estimate

Exhibit 3: Domestic and export sales register growth in low-twenties



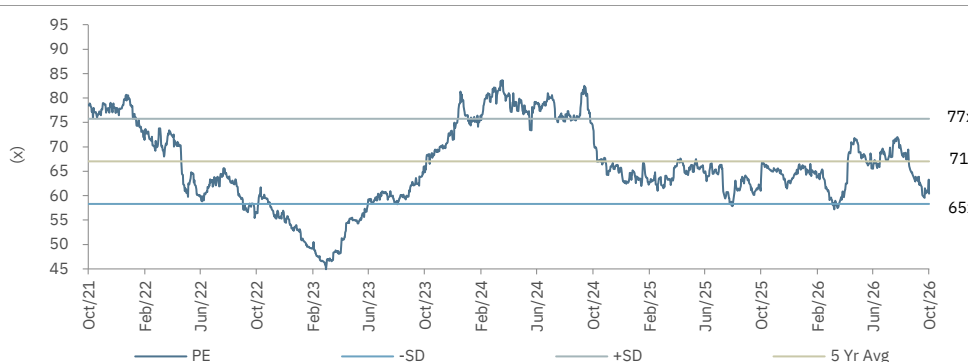
Source: Company, Elara Securities Research

Exhibit 4: Gross margin flat sequentially, while EBITDA margin improves



Source: Company, Elara Securities Research

Exhibit 5: NEST trades near its five-year average P/E of 71x



Source: Bloomberg, Company, Elara Securities Estimate

Exhibit 6: Valuation

(INR)	
EPS – FY28E	24.4
EPS – FY29E	27.5
Target multiple (x)	58.0
EPS – September 2028E	26.0
Target price	1,506

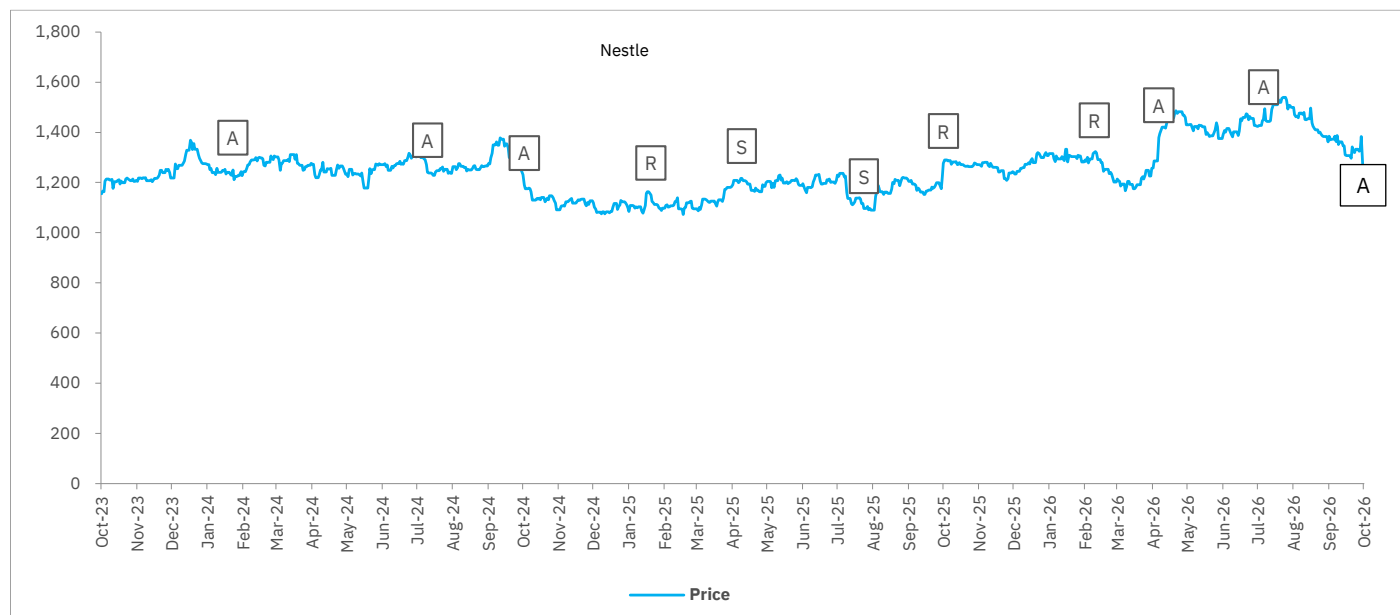
Source: Elara Securities Estimate

Exhibit 7: Change in estimates

(INR mn)	Old estimates			New estimates			(%) change		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,73,546	3,03,350	3,33,143	2,73,546	3,03,350	3,34,622	-	-	0.4
EBITDA	64,718	72,023	80,072	64,653	72,516	80,331	(0.1)	0.7	0.3
EBITDA (%)	23.7	23.7	24.0	23.6	23.9	24.0	(2)	16	(3)
PAT	41,693	46,747	52,755	41,449	47,138	52,988	(0.6)	0.8	0.4
EPS (INR)	21.6	24.2	27.4	21.5	24.4	27.5	(0.6)	0.8	0.4
Target price (INR)	1,625			1,506			(7.4)		

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
07-Feb-2024	Accumulate	2,720	2,500
25-Jul-2024	Accumulate	2,670	2,481
17-Oct-2024	Accumulate	2,600	2,379
04-Feb-2025	Reduce	2,200	2,299
24-Apr-2025	Sell	2,200	2,433
08-Aug-2025	Sell	1,100	1,096
16-Oct-2025	Reduce	1,262	1,277
24-Feb-2026	Reduce	1,338	1,320
21-Apr-2026	Accumulate	1,475	1,380
21-Jul-2026	Accumulate	1,625	1,452
15-Oct-2026	Accumulate	1,506	1,276

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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