

- The company's revenue stood at Rs. 47,797 Millions in Dec 24 quarter, showing a 3.9% increase compared to Rs. 46,004 Millions in the corresponding quarter of the previous year whereas there was a de growth of 6.4% on QoQ basis. In 9M FY25 basis, the company reported a revenue of Rs. 146,977 Millions a growth of 2.8% on annual basis.
- EBITDA and Profit After Tax (PAT) stood at Rs. 10,849 million and Rs. 6,880 million, respectively. While EBITDA remained stable, PAT saw a 4.9% increase. For 9M FY25, the company reported an EBITDA of Rs. 33,670 million, maintaining the same level as the previous year, while PAT reached Rs. 23,341 million, reflecting a YoY growth of 3.1%.
- **E-commerce** maintained its strong momentum, achieving high double-digit growth and accounting for 9.1% of domestic sales. Products introduced since 2015 now contribute approximately 7% to total sales. Growth was driven by rapid commerce, consumer acquisition, festive promotions, and premiumization, with KITKAT, NESCAFÉ, and MAGGI contributing significantly. In **Organized Trade** the retail business sustained its growth trajectory, driven by MAGGI noodles, beverages, and overall premiumization.
- **Out of Home (OOH)** - Among the fastest-growing businesses, driven by ongoing portfolio transformation, premiumization, strong customer acquisition, and expansion beyond metros and mega cities. Strengthened presence with over 940 Nestlé Retail One Kiosks across colleges, hospitals, and tourist destinations.
- **Export** - Achieved robust growth in key international markets, driven by nutrition, instant tea, and confectionery, while coffee exports maintained strong double-digit growth. NESTLÉ MUNCH, NESCAFÉ SUNRISE, and MAGGI Masala-Ae-Magic were introduced to new markets in the United States and the United Arab Emirates.
- **Prepared Dishes and Cooking Aids** – MAGGI remained focused on expanding its Spicy and Korean range, while MAGGI Atta Noodles extended its reach to the RURban market. **Petcare Business** – The pet care segment, part of Prepared Dishes and Cooking Aids, achieved double-digit growth, driven by Felix and Friskies from the cat food portfolio. Growth was further supported by enhanced distribution, with e-commerce and quick commerce continuing to drive momentum.
- **Milk Products and Nutrition** – MILKMAID experienced growth, driven by the festive season and the introduction of MILKMAID Mini. **Confectionery** – MUNCH remained focused on regional markets, delivering strong growth with the launch of MUNCH Max Nuts. KITKAT continued expanding its premium portfolio and introduced consumer campaigns like 'Find the GOLDEN KITKAT'.
- The company had a decent quarter in challenging environment with 3 out of 4 product groups delivering healthy growth led by a combination of pricing and volume. We recommend **HOLD** rating on the stock with a target price of ₹2,700 per share.

Key takeaways from Management Commentary

- ❑ The company's powdered and liquid beverages segment was the leading growth driver this quarter, recording high double-digit growth. The beverages retail business crossed a major milestone, exceeding Rs. 2,000 crore in sales over the past twelve months, led by NESCAFÉ CLASSIC, NESCAFÉ SUNRISE, and NESCAFÉ GOLD. This strong performance reinforced NESCAFÉ's market leadership, expanding its market share and bringing 3.7 million new households into the coffee category.
- ❑ Over the past twelve months, Nestlé India has significantly expanded its distribution reach among Food & Beverage companies, achieving one of the most notable outlet expansions at nearly 5%, as reported by Nielsen. The RUrban strategy continues to strengthen our presence, playing a crucial role in our 'penetration-led growth' approach, which has been the key driver behind our distribution expansion.
- ❑ With the commissioning of the third Confectionery unit at our Sanand factory to produce KITKAT, their manufacturing capacity will see a significant increase, helping them achieve their goal of INR 5,800 crore in capital expenditure from 2020 to 2025.
- ❑ Confectionery saw strong high single-digit growth, driven by double-digit growth from KITKAT and supported by new product launches. Prepared Dishes and Cooking Aids also posted high single-digit growth, led by MAGGI noodles, which achieved solid volume growth, and Masala-ae-Magic, which continued to deliver strong, consistent performance. In the nutrition business, products for toddlers' milk and specific nutritional needs continued to deliver strong performance.
- ❑ The Petcare business experienced its highest growth this quarter since being integrated into Nestlé India in 2022. Of note is the strong performance of 'Felix', a premium cat food brand.
- ❑ The Nestlé Health Science joint venture with Dr. Reddy's Laboratories Ltd has integrated smoothly, creating valuable synergies in its operations. It is encouraging and significant to note the unique alignment with consumer needs, both in relevance and resonance. They have seen robust growth across the entire portfolio of brands, which bodes well for accelerating our focus on health and wellness through this joint venture.



Financials:

(In ₹ mn)	Q3-FY25	Q3-FY24	Chg	9M FY25	9MFY24	Chg
Net Sales	47,797	46,004	3.9%	146,977	142,958	2.8%
Operating Expense	36,948	35,053	5.4%	113,307	109,203	3.8%
EBITDA	10,849	10,951	-0.9%	33,670	33,755	-0.3%
Other Income	44	303		504	293	
Depreciation	305	1,087		3,668	3,272	
EBIT	10,588	10,167	4.1%	30,506	30,776	-0.9%
Interest	346	230		985	92	
PBT	9,145	8,865	3.2%	31,240	29,896	4.5%
Tax	2,264	2,339		7,899	7,858	
Exceptional Items	-	-		-	-	
PAT	6,881	6,556	5.0%	23,341	22,038	5.9%
Minority /Other Adj.	-	-				
Consolidated PAT	6,881	6,556	5.0%	23,341	22,038	5.9%

Margins	Q3-FY25	Q3-FY24	Chg BPS	9M FY25	9MFY24	Chg BPS
Operating Margin %	22.7%	23.8%	-111	22.9%	23.6%	-70
Net Margin %	14.4%	14.3%	15	15.9%	15.4%	46



Consolidated Financials:

(In ₹ mn)	CY-22	FY-24*	FY-25E	FY-26E
Net Sales	168,970	243,939	219,952	252,945
Operating Expense	131,907	185,741	167,164	189,709
EBITDA	37,063	58,198	52,788	63,236
Other Income	1,073	1,480	1,998	2,498
Depreciation	4,030	5,378	7,152	9,513
EBIT	34,105	54,300	47,634	56,221
Interest	1,546	1,455	1,368	1,286
Misc. items	-	(44)	-	-
PBT	32,560	52,801	46,266	54,935
Tax	8,655	13,560	11,566	13,734
PAT	23,905	39,241	34,700	41,201
Margins	CY-22	FY-24*	FY-25E	FY-26E
Sales Growth %	14.6%	44.4%	-9.8%	15.0%
Operating Margin %	21.9%	23.9%	24.0%	25.0%
Net Margin %	14.1%	16.1%	15.8%	16.3%

(In ₹ mn)	CY-22	FY-24*	FY-25E	FY-26E
Liabilities				
Equity Share Capital	964	964	964	964
Reserves & Surplus	23,628	32,445	45,102	60,888
Total Shareholder's Funds	24,592	33,409	46,066	61,852
Long-Term Liabilities	267	255	245	235
Other Long-term Liabilities	34,132	29,172	24,796	21,077
Deferred Tax Liability	(256)	-	-	-
Short Term Liabilities	30,798	39,561	50,639	63,299
Total	89,787	105,231	121,746	146,462
Assets				
Net Fixed Assets	30,642	47,974	65,107	89,283
Long-Term L&A	2,654	4,114	6,377	9,884
Non-Current Investments	5,602	4,239	3,222	2,449
Other Non-Current Assets	14,449	13,380	12,443	10,950
Current Asset	34,902	34,947	34,597	33,895
Total	89,787	105,231	121,746	146,462
Key Ratios	CY-22	FY-24*	FY-25E	FY-26E
EPS (₹)	24.8	40.7	36.0	42.7
P/E (x)	93.6	57.0	64.5	54.3
P/B (x)	91.0	67.0	48.6	36.2
ROE	97.2%	117.5%	75.3%	66.6%

Source: Company, Anand Rathi Research

Key Risks:

- ❑ Continued inflation in key commodities.
- ❑ Supply chain challenges.
- ❑ Delayed Rural Recovery.



Rating and Target Price history:

NESTLEIND rating history & price chart



Source: Bloomberg, Anand Rath Research
NOTE: Prices are as on 3 February 2025 close.

NESTLEIND rating details

Date	Rating	Target Price (₹)	Share Price (₹)
06-Apr-20	Buy	1,790	1,511
22-Jun-20	Buy	1.871	1,614
31-Aug-20	Buy	1,871	1,596
25-Nov-20	Buy	1,945	1,752
28-Apr-21	Buy	1,945	1,663
17-Aug-21	HOLD	2,007	1,873
22-Nov-21	HOLD	2,007	1,900
07-May-22	HOLD	2,007	1,700
02-Mar-23	BUY	2,110	1,848
25-April-23	HOLD	2,323	2,066
03-Nov-23	HOLD	2,666	2,399
14-May-24	HOLD	2,666	2,489
03-Feb-25	HOLD	2,700	2,321

Source: Bloomberg, Anand Rath Research



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