REDUCE Nestle India

Confident of strong growth despite demand headwinds

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Consumer Goods ▸ Analyst Meet Update ▸ **August 05, 2026** **CMP (Rs): 1,492 | TP (Rs): 1,350**

At its analyst meet, Nestlé's management emphasized that it will continue growing strongly, despite potential demand headwinds in the near term, on the back of strong brands, media investments, and superior execution. Also, it does not want to chase growth at the cost of margins. We present other key highlights below. We keep our estimates unchanged and reiterate REDUCE and TP of Rs1,350, mainly due to expensive valuations and expected moderation in growth in 2HFY27 due to a high base.

Penetration-led growth while maintaining margins

The company continues to focus on penetration-led volume growth, driven by elevated media investments in its brands across segments. The confectionary business benefited from distribution expansion, innovation, and price pack architecture improvement. The company plans to leverage tech to drive growth without a significant increase in cost. In terms of outlook, while the management is concerned about rising inflation, it feels that Nestlé will continue to grow strongly on the back of its superior execution capabilities. The management does not intend to chase growth at the cost of margins.

Digital channels

The management believes that digital channels have emerged as strong growth channels, with emphasis on acquiring new consumers and being a launchpad for innovation, which is helping the company grow faster, especially in urban. Nestlé has the highest fill rate in quick commerce among peers, as per the management.

Distribution expansion

Nestlé achieved total reach of 6.2mn retails outlets, up sharply from 5.7mn in CY23, with the highest annual expansion last year. As of FY26, the company covered a total of ~220k villages, up from ~110k in CY21.

A&P spends

The management expects A&P spends to remain elevated as it will continue investing in brands, and a large part will be funded by increased cost efficiencies. Currently, 55-60% of A&P spends are toward digital (up from 33% in CY21).

Other key points

1) The share of premium increased to 14% in FY26 from 11% in CY21. 2) Nestlé's rural salience is around half that of its peers and hence provides a large headroom for expansion. 3) India is a priority market for Nestlé worldwide (largest market for Kitkat and Maggi globally). 4) The management believes that there is still large headroom for growth available for several brands (Maggi, Nescafé, etc), given their relatively lower penetration levels (Instant noodles 37%, coffee 33%, Nestlé chocolates at 23% vs 63% for chocolates overall). 5) Focus is on organic growth while still evaluating M&A options.

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(9.5)

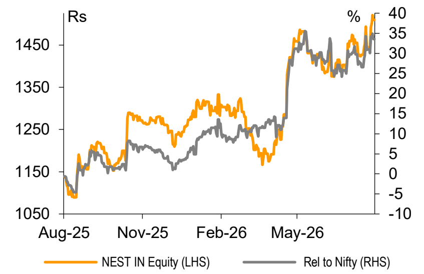
Stock Data	**NEST IN**
52-week High (Rs)	1,536
52-week Low (Rs)	1,083
Shares outstanding (mn)	1,928.3
Market-cap (Rs bn)	2,877
Market-cap (USD mn)	30,162
Net-debt, FY27E (Rs mn)	(24,000.1)
ADTV-3M (mn shares)	2.0
ADTV-3M (Rs mn)	3,241.6
ADTV-3M (USD mn)	34.0
Free float (%)	37.2
Nifty-50	24,614.9
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	62.8
FPIs/MFs (%)	10.3/11.9

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	2.3	2.5	31.2
Rel. to Nifty	0.9	0.5	31.8

1-Year share price trend (Rs)



Nestle India: Financial Snapshot (Standalone)

Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	202,016	231,546	262,931	291,677	322,799
EBITDA	47,569	53,061	60,952	68,319	76,980
Adj. PAT	30,110	34,238	38,674	44,652	51,614
Adj. EPS (Rs)	15.6	17.8	20.1	23.2	26.8
EBITDA margin (%)	23.5	22.9	23.2	23.4	23.8
EBITDA growth (%)	1.7	11.5	14.9	12.1	12.7
Adj. EPS growth (%)	(4.9)	13.7	13.0	15.5	15.6
RoE (%)	80.7	72.6	65.6	64.9	65.9
RoIC (%)	98.0	120.8	134.8	167.8	226.6
P/E (x)	95.5	84.0	74.4	64.4	55.7
EV/EBITDA (x)	60.6	54.0	46.8	41.6	36.7
P/B (x)	69.9	54.2	44.4	39.5	34.3
FCFF yield (%)	0.3	1.5	1.3	1.8	1.9

Source: Company, Emkay Research

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Other KTAs from the analyst meet

Confident of sustaining long-term growth through penetration-led volume expansion, premiumization, and disciplined execution

- The management reiterated that Nestlé's **fundamentals have never been stronger**, with recent growth increasingly underpinned by **volume recovery**, allowing more consumers to enter the franchise.
- Significant **white space** exists across categories due to low household penetration, with growth strategy centered around **penetration-led volume growth, premiumization, value-chain optimization, tech-led sales, and disciplined capital allocation**.
- Premium portfolio contribution increased to **14% in FY26 (vs 11% in CY21)** and is growing **~500bps faster** than the overall business.
- India continues to be a **priority market globally**, with the Global CEO highlighting India's strong growth trajectory, while the expected increase in affluent households by **2034** further strengthens the premiumization opportunity.
- The management believes that its portfolio spans all income segments through **entry-level packs, premium offerings, and occasion-based consumption**, positioning the company to recruit new consumers while simultaneously driving premiumization.
- Despite softer industry growth and inflationary pressures, the management remains confident that Nestlé's **best years of growth are still ahead**, supported by low category penetration and secular consumption tailwinds.

Coffee, chocolates, nutrition, petcare, and OOH continue to offer significant structural growth opportunities

- **Coffee** remains a key structural growth engine as consumers increasingly shift from tea to coffee. Nescafé continues to shape the category through access packs, innovation, and premium offerings, while **cold coffee now accounts for 1 in 4 cups during summer and 1 in 5 cups during winter**. **Nespresso** has exceeded expectations since its India launch and offers a long growth runway.
- **Maggi** continues to have meaningful headroom, with noodle penetration remaining significantly below salty snacks, providing substantial consumer recruitment opportunities.
- **Nestlé chocolates** remain underpenetrated at **23% household penetration**, despite India being **KitKat's largest market globally**. Growth is being driven through **Rs5/Rs10 packs, wider distribution, innovation, premiumization, Pops, Chunky, Munch Max, and improved availability through visicoolers**, with **Munch emerging as the second pillar alongside KitKat**.
- **Nutrition** continues to benefit from Nestlé's **115-year heritage**, global R&D capabilities, and science-led innovation. Opportunities remain across infant nutrition, dairy, and medical nutrition, while **Lactogen has been relaunched with probiotics**. The management highlighted that doctors continue to rely on Nestlé's nutrition products in ICUs and expects continued volume-led growth, although growth trajectories will differ across sub-categories.
- On **Cerelac**, the management reiterated that the brand complies with all FSSAI norms, with the **Zero Added Sugar (ZAS)** variant introduced following consumer feedback and both ZAS and regular variants witnessing healthy traction.
- **Petcare** remains an attractive long-term opportunity, supported by rising pet adoption post-Covid, Nestlé's global leadership across dog and cat nutrition, and the Purina portfolio. The management clarified that **Drools is purely a financial investment**.
- The **Out-of-Home (OOH)** business also remains an important growth pillar, with **India becoming Nestlé's second-largest OOH market within AOA**.

Distribution expansion, rural penetration, and digital channels continue to widen Nestlé's competitive moat

- Nestlé now reaches consumers through **8,500 employees and over 6mn touchpoints**, while delivering the **highest outlet expansion among peers**, supported by a strong direct distribution model for fresh-food categories.
- Rural remains a meaningful growth opportunity, with the management deliberately following a **controlled expansion strategy** to ensure product freshness through technology before widening reach. Rural exposure remains around **half of peers'**, providing significant headroom, while the management expects rural growth to outpace urban over time.
- **E-commerce and quick commerce** have evolved into platforms for **consumer acquisition, premiumization, and innovation**, with many launches originating digitally before scaling nationally. Nestlé highlighted that it is growing ahead of the market, servicing **~6,000 dark stores** and positioning itself among the strongest supply-chain partners in the channel.
- Affordable **Rs2, Rs5, and Rs10 packs** remain central to driving penetration in a price-sensitive market, while premium offerings enable consumer laddering across multiple occasions.

Strong brands, innovation, trust, and technology remain key competitive differentiators

- The management attributed the company's sustained outperformance to the strength of its **brands and people**, supported by deep trust built with consumers, distributors, vendors, and other stakeholders over decades.
- This execution capability was demonstrated during the **GST transition**, where Nestlé was among the few CPG companies to avoid disruption due to flawless execution and stakeholder support.
- Innovation remains a core growth driver, supported by the parent company's global pipeline, including **Pops, Delights, Ready-to-Drink coffee, Vietnamese cold coffee, Purina, and Nespresso**, while the management indicated that it will enter adjacent food categories only where it has a **clear right to win**.
- Nestlé continues to leverage one of the group's largest global **R&D** organizations, while **SAP HANA implementation, enhanced consumer analytics, and technology-led sales** are expected to further strengthen execution. The management believes that technology will increasingly become the heart of the business and a force multiplier for growth.
- The company believes its current **playbook is working**, but emphasized that continuous innovation and consumer understanding will remain essential to sustaining leadership.

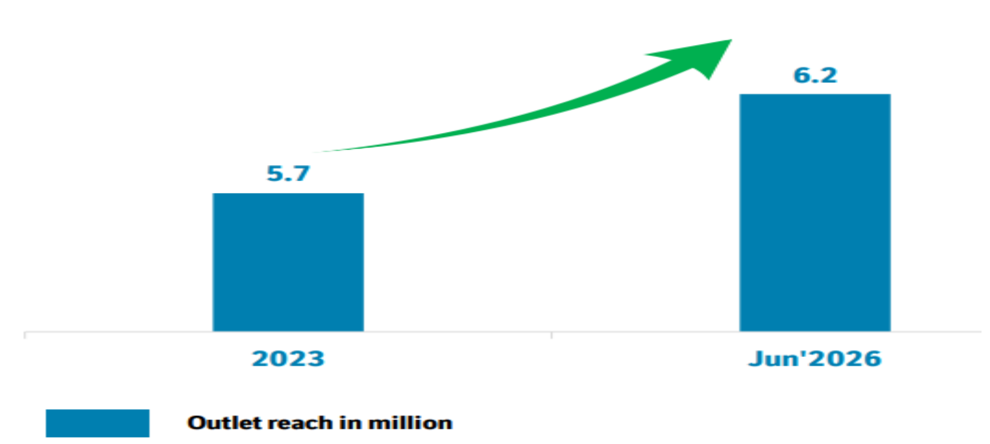
Productivity, digital investments, and capacity expansion continue to support profitable growth

- Cost savings accelerated to **2.6% in CY25** versus the historical **1.6–1.8%**, enabling incremental investments behind brands while maintaining disciplined cost control.
- Around **55–60% of advertising spends are now allocated to digital channels (vs 33% in CY21)**, improving marketing ROI, while the management indicated that advertising investments will continue wherever returns remain attractive, although growth in spends may moderate from recent elevated levels.
- The company has invested over **Rs64bn till date** in capacity expansion, increasing **noodle, coffee and chocolate capacity by 41%** (since 2020) to support future volume growth.

- The management reiterated that it will **not chase growth at the expense of margins** and remains focused on ensuring that **every rupee spent delivers consumer value**.

The management reported highest-ever gains versus peers in terms of widening reach

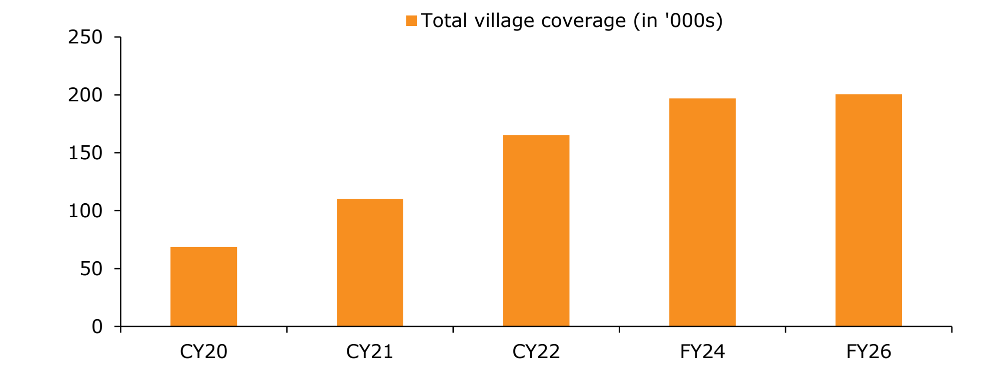
Exhibit 1: The company has added >500k retail outlets since CY23



Source: Company, Emkay Research

Rural reach inched up to ~2x of CY20 levels in FY26

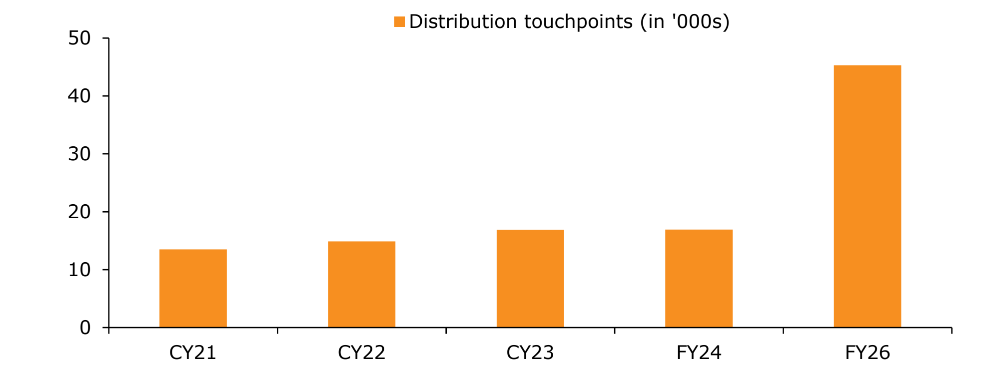
Exhibit 2: Nestlé has improved rural reach, covering >219k villages as of FY26



Source: Company, Emkay Research

The company significantly increased its wholesale hubs

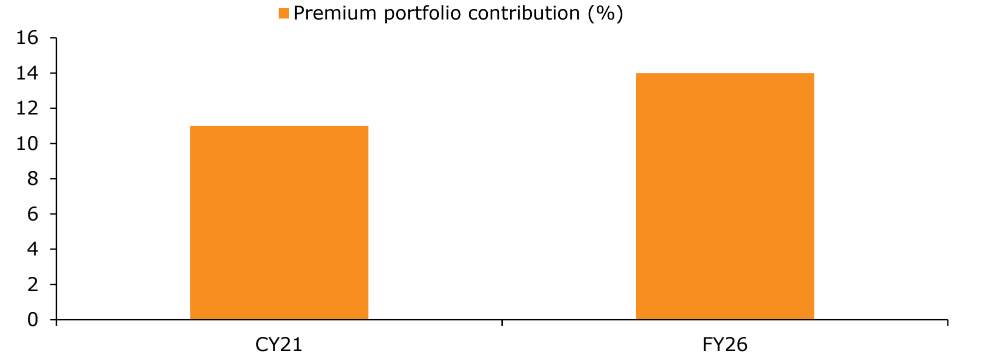
Exhibit 3: Nestlé has accelerated distribution touchpoints from 13.5k in CY21 to 45.3k in FY26



Source: Company, Emkay Research

Premium growth is outpacing overall growth by 500bps

Exhibit 4: Nestlé's premium portfolio has clocked ~17% CAGR since CY21, increasing its contribution to 14% in FY26 (vs 11% in CY21)



Source: Company, Emkay Research

Exhibit 5: Category-wise performance – All categories (ex-Milk Products) saw consistent double-digit growth

	Confectionery	Beverages	Prepared Dishes and Cooking Aids	Milk Products and Nutrition	Pet Food	Nestlé OOH
1QFY26	High double-digit growth	Strong double-digit growth	Back to volume growth	Mixed growth	Strong performance	Double-digit growth
2QFY26	Strong double-digit growth	High double-digit growth	Strong double-digit (value) growth	Mixed growth	High double-digit growth	Strong double-digit growth
3QFY26	Double-digit growth; fastest-growing segment	18th consecutive quarter of double-digit growth	Strong double-digit (value) growth	Mid-single-digit growth	Strong double-digit growth	Double-digit growth
4QFY27	High double-digit growth	High double-digit growth	Strong volume-driven growth	Steady growth	High double-digit growth	Sustained volume-driven growth
1QFY27	Volume-led double-digit growth	Double-digit growth for the 20th quarter	Double-digit growth led by continued rural expansion	Volume-led double-digit growth	Strong double-digit performance	Double-digit volume-led growth

Source: Company, Emkay Research

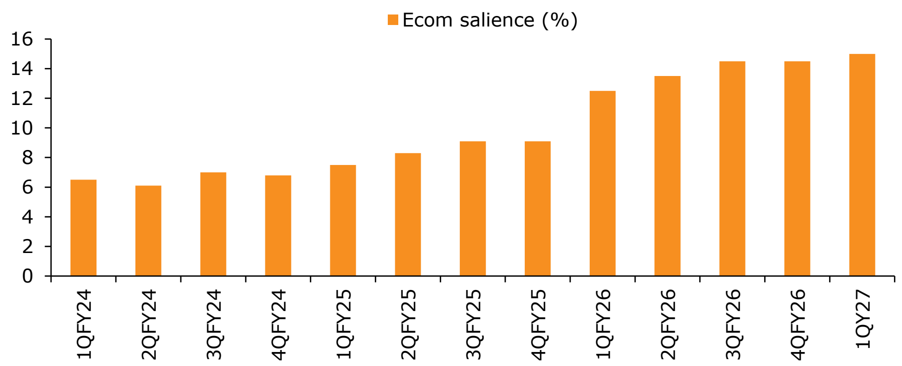
Exhibit 6: Digital channels witnessed accelerated growth in FY26

FY26	E-com/quick commerce performance
1QFY26	E-com maintained growth momentum; now contributes 12.5% to domestic sales
2QFY26	Witnessed acceleration in quick commerce
3QFY26	Quick commerce saw accelerated momentum
4QFY26	Growth momentum continued, led by strong quick commerce performance
1QFY27	E-commerce continued its strong growth momentum, led by quick commerce

Source: Company, Emkay Research

Quick commerce has been a key growth driver and has reached mid-teens salience from 12.5% of domestic sales in 1QFY26

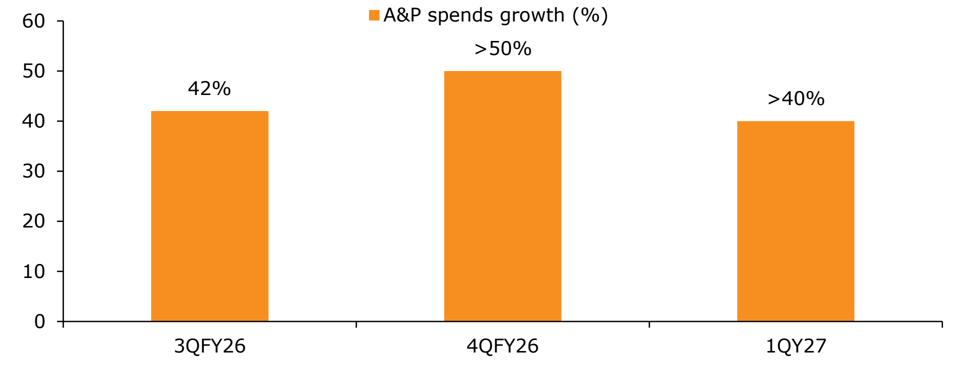
Exhibit 7: Digital channels have emerged as a key growth driver for the company



Source: Company, Emkay Research; Note: 2QFY26, 3QFY26, 4QFY26, and 1QFY27 data are Emkay estimates

Advertising spends have been high (over 40% growth) in the last three quarters – a key driver of growth in quick commerce, in our view

Exhibit 8: Nestlé has increased media investments to drive sales, especially in online channels



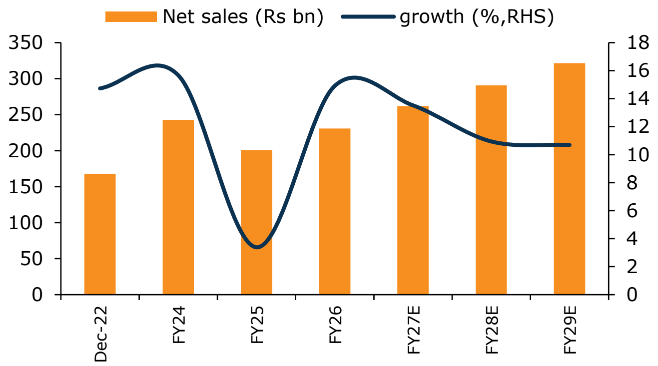
Source: Company, Emkay Research

Exhibit 9: Summary of management commentary on business segment performances

Segments	Prepared dishes and cooking aids	Milk products and nutrition	Confectionery	Powdered and liquid beverages
1QFY27	• Strong double-digit growth • Launched two exclusive seasonal flavors (MAGGI tandoori masala and curry masala)	• Strong, broad-based performance built on underlying volume growth across key brands and channels • EVERYDAY returned to positive momentum in priority markets	• Strong double-digit volume led growth • Kitkat continued to gain market share	• 20th consecutive quarter of double-digit growth, led by high double-digit volume growth in Nescafe Classic, Nescafe Sunrise, and premium portfolio led by Nescafe Gold
4QFY26	• Strong volume-led growth • Focused innovations such as 'Double Masala' and the expanded 'Spicy Range' drove growth	• Steady growth • Everyday Dairy Whitener continued to strengthen the portfolio	• High double-digit growth in both volume and value • Launched Kitkat Pops, Milkybar tablets, Munch Max Crunchies, along with premium launches such as Kitkat Salted Caramel and Hazelnut	• High double-digit growth • Accelerated RTD journey with launch of Vietnamese Latte and Iced Cappuccino variants
3QFY26	• Strong double-digit value growth on the back of volume growth • MAGGI Noodles delivered double-digit volume growth • Masala-ae-Magic continued its strong run	• Milkmaid delivered strong growth • Toddlers' milk products reported strong performance, with market-share gains •	• Double-digit growth, led by strong underlying volume growth • KitKat saw high double-digit volume growth, especially in rural areas, while Munch volume grew in high double-digits • Milkybar displayed strong performance	• Double-digit growth • NESCAFÉ Sunrise, NESCAFÉ Classic, and NESCAFÉ Gold drove strong momentum
2QFY26	• Double-digit value growth on the back of accelerated volume growth • MAGGI Noodles delivered double-digit volume growth. • Digital-first launches of Maggi Double Masala and the Maggi Spicy range • Increased market share for MAGGI in rural markets • Masala-e-Magic continued its strong run	• Mixed performance, led by certain segments showcasing growth, while others remained muted • Milkmaid delivered strong growth • Toddlers' milk products reported strong performance, with market-share gains • Introduced MILKMAID Doypack in Sri Lanka	• Strong double-digit growth, led by strong volume growth • KitKat was the largest growth driver, while Munch and Milkybar grew in high double-digits • Leading global and regional chains introduced "Made with KITKAT" range • New launch – Salted Caramel, Hazelnut variants, Polo Sharebag. • Launched KITKAT range in Singapore	• High double-digit growth, led by affordable price points and upgrades among consumers in the premium category • Extended NESCAFÉ in the Middle East and NESCAFÉ Sunrise in the UAE, Saudi Arabia, Singapore, and New Zealand • Nespresso is now available on Amazon • Nescafe RTD continued to deliver strong growth
1QFY26	• Volume growth turned positive • Double-digit value growth in MAGGI Noodles • Masala-ae-Magic recorded strong double-digit growth	• Mixed growth performance, while a few segments recorded muted performance • Milkmaid delivered single-digit growth	• High double-digit growth, driven by volume growth • KitKat and Munch recorded double-digit growth • Milky bar saw high double-digit growth • New launch – KitKat Duo, KitKat Lemon n Lime, and KITKAT Dark Sharebag	• Strong double-digit growth
4QFY25	• Mid-single-digit growth, led by MAGGI returning to volume growth • MAGGI Masala-ae-Magic consistently posted good growth	• Milkmaid delivered strong growth • Launched unsweetened low-fat Greek yoghurt	• High single-digit pace in value and volume, driven by KitKat • Strong distribution gains • New launches – KitKat Raspberry, Munch Maxx Nuts, and KitKat Salted Caramel	• High double-digit growth • Double-digit growth in NESCAFÉ Classic, NESCAFÉ Sunrise, and NESCAFÉ GOLD
3QFY25	• Mid-single-digit growth, led by MAGGI returning to volume growth • MAGGI Masala-ae-Magic consistently posted good growth	• Milkmaid delivered strong growth • Launched unsweetened low-fat Greek yoghurt	• High single-digit pace in value and volume, driven by KitKat • Strong distribution gains. • New launches – KitKat Raspberry, Munch Maxx Nuts, and KitKat Salted Caramel	• High double-digit growth • Double-digit growth in NESCAFÉ Classic, NESCAFÉ Sunrise, and NESCAFÉ GOLD

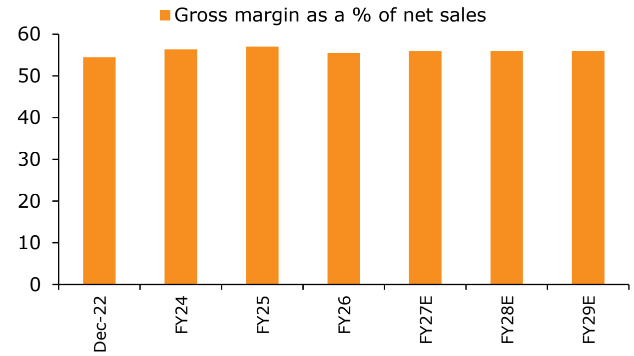
Source: Company, Emkay Research

Exhibit 10: Net sales trend



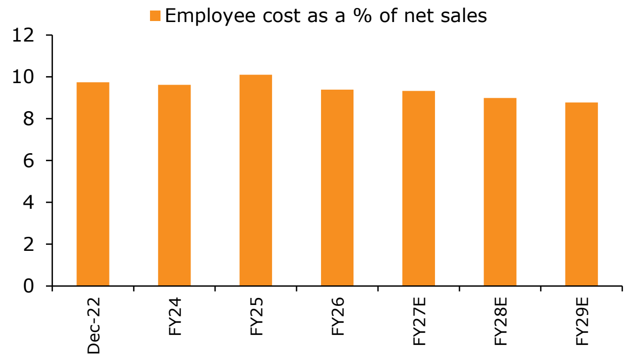
Source: Company, Emkay Research

Exhibit 11: Gross margin trend



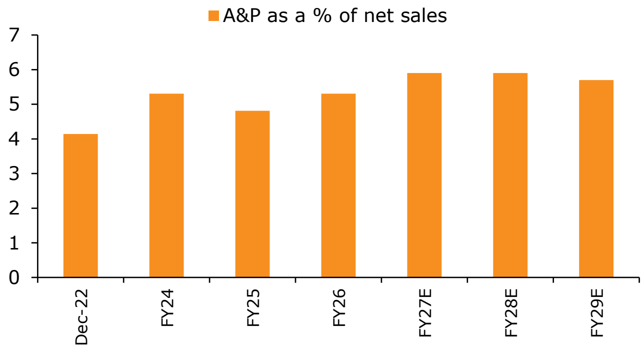
Source: Company, Emkay Research

Exhibit 12: Employee expenses as a % of sales



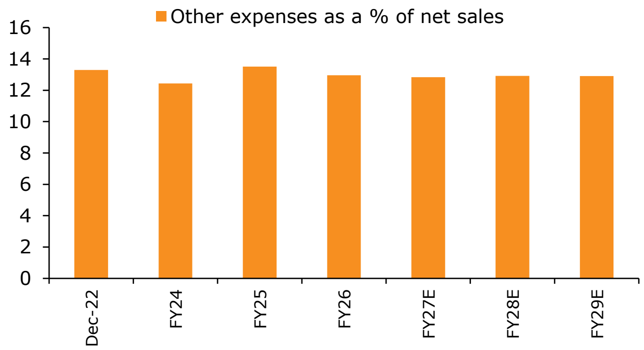
Source: Company, Emkay Research

Exhibit 13: A&P expenses as a % of sales



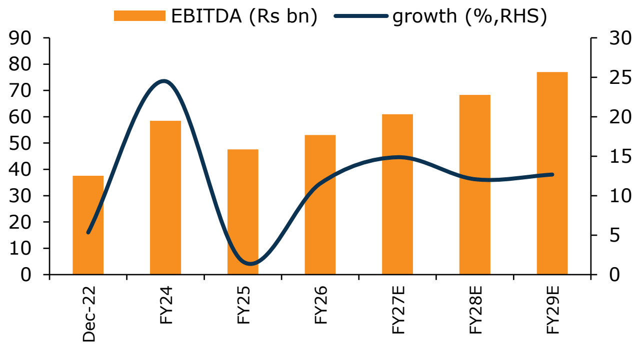
Source: Company, Emkay Research

Exhibit 14: Other expenses as a % of sales



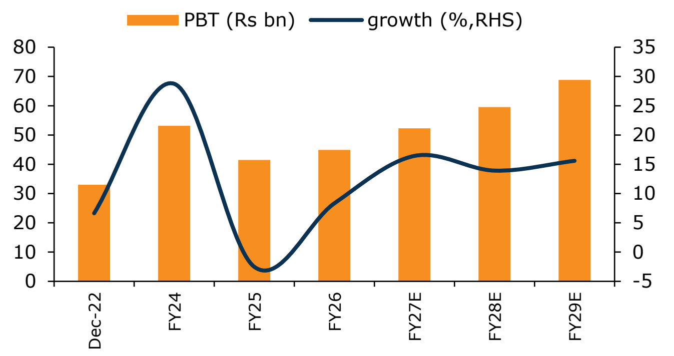
Source: Company, Emkay Research

Exhibit 15: EBITDA trend



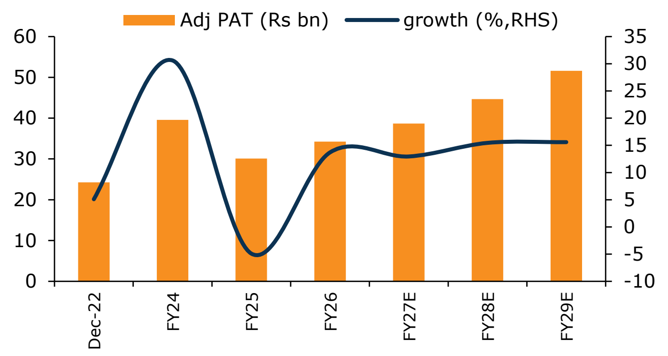
Source: Company, Emkay Research

Exhibit 16: PBT trend



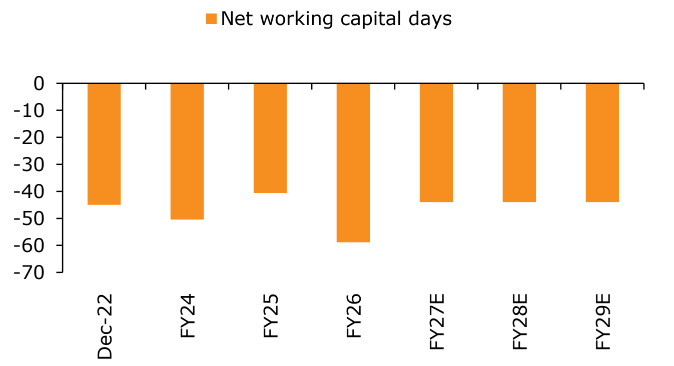
Source: Company, Emkay Research

Exhibit 17: Adjusted PAT trend



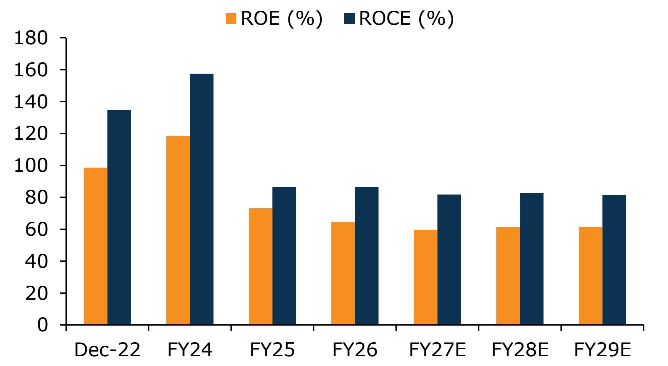
Source: Company, Emkay Research

Exhibit 18: Net working capital days



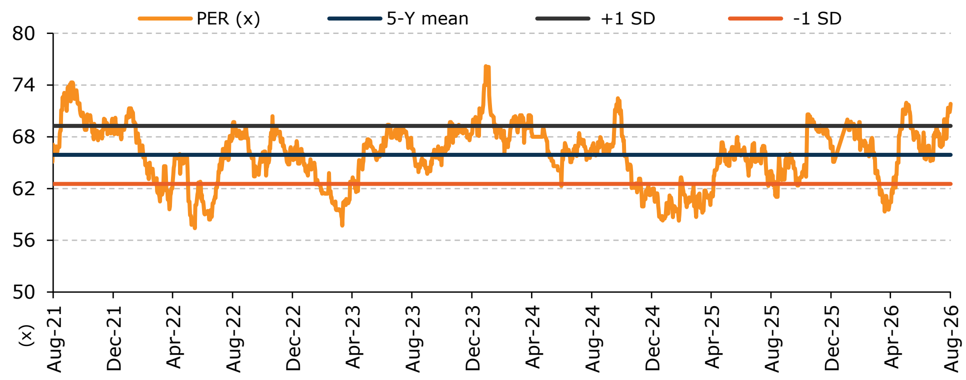
Source: Company, Emkay Research

Exhibit 19: ROE and ROCE trends



Source: Company, Emkay Research

Exhibit 20: Nestlé – One-year forward P/E



Source: Bloomberg, Emkay Research

Nestle India: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**202,016**	**231,546**	**262,931**	**291,677**	**322,799**
Revenue growth (%)	3.5	14.6	13.6	10.9	10.7
EBITDA	**47,569**	**53,061**	**60,952**	**68,319**	**76,980**
EBITDA growth (%)	1.7	11.5	14.9	12.1	12.7
Depreciation & Amortization	5,399	6,992	7,760	8,012	8,293
EBIT	**42,170**	**46,068**	**53,192**	**60,307**	**68,686**
EBIT growth (%)	(0.8)	9.2	15.5	13.4	13.9
Other operating income	1,241	831	1,026	1,112	1,168
Other income	630	404	670	729	1,132
Financial expense	1,360	1,583	1,600	1,500	1,000
PBT	**41,440**	**44,889**	**52,262**	**59,536**	**68,818**
Extraordinary items	0	0	0	0	0
Taxes	11,330	10,651	13,588	14,884	17,205
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**30,110**	**34,238**	**38,674**	**44,652**	**51,614**
PAT growth (%)	4.9	13.7	13.0	15.5	15.6
Adjusted PAT	**30,110**	**34,238**	**38,674**	**44,652**	**51,614**
Diluted EPS (Rs)	**15.6**	**17.8**	**20.1**	**23.2**	**26.8**
Diluted EPS growth (%)	(4.9)	13.7	13.0	15.5	15.6
DPS (Rs)	**12.8**	**12.0**	**14.0**	**19.0**	**21.0**
Dividend payout (%)	**81.7**	**67.6**	**69.8**	**82.1**	**78.5**
EBITDA margin (%)	23.5	22.9	23.2	23.4	23.8
EBIT margin (%)	20.9	19.9	20.2	20.7	21.3
Effective tax rate (%)	27.3	23.7	26.0	25.0	25.0
NOPLAT (pre-IndAS)	**30,641**	**35,138**	**39,362**	**45,230**	**51,515**
Shares outstanding (mn)	1,928	1,928	1,928	1,928	1,928

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	964	1,928	1,928	1,928	1,928
Reserves & Surplus	40,207	51,164	62,842	70,856	81,975
Net worth	**41,172**	**53,092**	**64,770**	**72,784**	**83,904**
Minority interests	0	0	0	0	0
Non-current liab. & prov.	536	865	865	865	865
Total debt	**7,533**	**244**	**292**	**292**	**300**
Total liabilities & equity	**49,241**	**54,202**	**65,927**	**73,941**	**85,069**
Net tangible fixed assets	54,736	62,904	58,372	53,860	49,567
Net intangible assets	-	-	-	-	-
Net ROU assets	-	-	-	-	-
Capital WIP	11,726	5,070	4,842	5,005	5,005
Goodwill	0	0	0	0	0
Investments [JV/Associates]	7,056	7,056	7,056	7,056	7,056
Cash & equivalents	**957**	**13,409**	**24,292**	**37,722**	**51,701**
Current assets (ex-cash)	48,765	45,133	53,828	58,915	64,406
Current Liab. & Prov.	73,998	79,370	82,462	88,617	92,666
NWC (ex-cash)	**(25,233)**	**(34,237)**	**(28,635)**	**(29,702)**	**(28,260)**
Total assets	**49,241**	**54,202**	**65,927**	**73,941**	**85,069**
Net debt	6,577	(13,164)	(24,000)	(37,431)	(51,401)
Capital employed	49,241	54,202	65,927	73,941	85,069
Invested capital	**29,503**	**28,668**	**29,738**	**24,158**	**21,307**
BVPS (Rs)	21.4	27.5	33.6	37.7	43.5
Net Debt/Equity (x)	0.2	(0.2)	(0.4)	(0.5)	(0.6)
Net Debt/EBITDA (x)	0.1	(0.2)	(0.4)	(0.5)	(0.7)
Interest coverage (x)	31.5	29.4	33.7	40.7	69.8
RoCE (%)	**76.7**	**91.1**	**91.0**	**88.4**	**88.8**

Source: Company, Emkay Research

Cash flows

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	40,810	44,485	51,592	58,807	67,686
Others (non-cash items)	(2,965)	1	0	0	0
Taxes paid	(9,905)	(10,713)	(13,588)	(14,884)	(17,205)
Change in NWC	24,215	9,333	(5,602)	1,067	(1,442)
Operating cash flow	**29,345**	**50,476**	**40,952**	**54,503**	**58,333**
Capital expenditure	(20,044)	(8,263)	(3,000)	(3,663)	(4,000)
Acquisition of business	(2,817)	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(18,109)**	**(6,237)**	**(2,330)**	**(2,934)**	**(2,868)**
Equity raised/(repaid)	0	964	0	0	0
Debt raised/(repaid)	6,495	(8,121)	47	0	9
Payment of lease liabilities	0	0	0	0	0
Interest paid	(337)	(502)	(1,600)	(1,500)	(1,000)
Dividend paid (incl tax)	(24,586)	(23,140)	(26,996)	(36,638)	(40,494)
Others	(35)	(996)	809	0	0
Financing cash flow	**(18,463)**	**(31,795)**	**(27,740)**	**(38,138)**	**(41,486)**
Net chg in Cash	(7,227)	12,444	10,883	13,430	13,979
OCF	29,345	50,476	40,952	54,503	58,333
Adj. OCF (w/o NWC chg.)	5,130	41,143	46,554	53,435	59,775
FCFF	9,301	42,213	37,952	50,839	54,333
FCFE	7,941	40,630	36,352	49,339	53,333
OCF/EBITDA (%)	61.7	95.1	67.2	79.8	75.8
FCFE/PAT (%)	26.4	118.7	94.0	110.5	103.3
FCFF/NOPLAT (%)	**30.4**	**120.1**	**96.4**	**112.4**	**105.5**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	95.5	84.0	74.4	64.4	55.7
EV/CE(x)	59.2	53.7	43.9	38.9	33.6
P/B (x)	69.9	54.2	44.4	39.5	34.3
EV/Sales (x)	14.4	12.4	10.9	9.8	8.8
EV/EBITDA (x)	60.6	54.0	46.8	41.6	36.7
EV/EBIT(x)	68.4	62.2	53.6	47.1	41.1
EV/IC (x)	97.7	99.9	95.9	117.5	132.6
FCFF yield (%)	0.3	1.5	1.3	1.8	1.9
FCFE yield (%)	0.3	1.4	1.3	1.7	1.9
Dividend yield (%)	0.9	0.8	0.9	1.3	1.4
DuPont-RoE split					
Net profit margin (%)	14.9	14.8	14.7	15.3	16.0
Total asset turnover (x)	3.6	4.5	4.4	4.2	4.1
Assets/Equity (x)	1.5	1.1	1.0	1.0	1.0
RoE (%)	**80.7**	**72.6**	**65.6**	**64.9**	**65.9**
DuPont-RoIC					
NOPLAT margin (%)	15.2	15.2	15.0	15.5	16.0
IC turnover (x)	6.5	8.0	9.0	10.8	14.2
RoIC (%)	**98.0**	**120.8**	**134.8**	**167.8**	**226.6**
Operating metrics					
Core NWC days	(45.6)	(54.0)	(39.8)	(37.2)	(32.0)
Total NWC days	**(45.6)**	**(54.0)**	**(39.8)**	**(37.2)**	**(32.0)**
Fixed asset turnover	2.7	2.4	2.5	2.7	2.9
Opex-to-revenue (%)	33.1	32.4	32.8	32.6	32.2

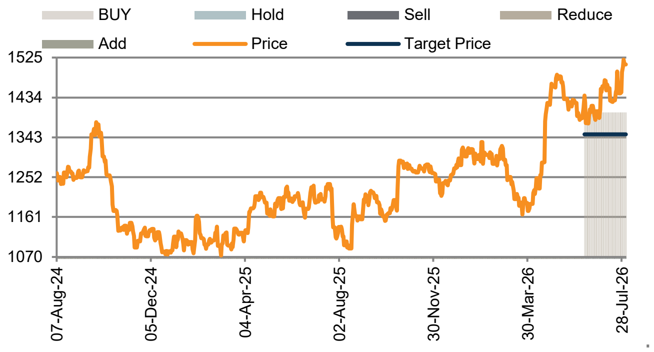
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
23-Jul-26	1,448	1,350	Reduce	Rajesh Kumar
05-Jul-26	1,460	1,350	Reduce	Rajesh Kumar
10-Jun-26	1,438	1,350	Reduce	Rajesh Kumar

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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