29 June 2026

Annual Report Update | Sector: Consumer

Nestle India

BSE SENSEX	S&P CNX
76,728	23,946

CMP: INR1,387 TP: INR1,400 (+1%) Neutral

Stock Info

Bloomberg	NEST IN
Equity Shares (m)	1928
M.Cap.(INRb)/(USDb)	2675.2 / 28.3
52-Week Range (INR)	1499 / 1085
1, 6, 12 Rel. Per (%)	-4/16/19
12M Avg Val (INR M)	1932
Free float (%)	37.2

Financials Snapshot (INR b)

Y/E Dec	2026	2027E	2028E
Sales	231.5	263.6	290.6
Sales Gr. (%)	14.6	13.8	10.3
EBITDA	53.7	63.8	71.6
Margins (%)	23.2	24.2	24.6
Adj. PAT	33.0	40.6	45.8
Adj. EPS (INR)	17.1	21.1	23.8
EPS Gr. (%)	7.5	23.1	12.8
BV/Sh.(INR)	27.5	33.8	40.9
Ratios			
RoE (%)	70.8	68.7	63.6
RoCE (%)	69.2	71.2	65.4
Payout (%)	70.1	70.1	70.1
Valuations			
P/E (x)	81.2	66.0	58.5
P/BV (x)	50.5	41.1	34.0
EV/EBITDA (x)	49.5	41.5	36.8
Div. Yield (%)	0.9	1.1	1.2

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	62.8	62.8	62.8
DII	12.4	12.1	11.3
FII	9.7	9.8	10.0
Others	15.1	15.3	15.9

FII Includes depository receipts

Broad-based growth recovery; cash flows improve

- **Nestle India (Nestle) has seen a strong recovery in FY26, with revenue growth of 15% YoY, supported by a rebound in volume growth (+11% in FY26 vs. broadly flat volumes in FY25). Volume acceleration was led by strong double-digit growth across Prepared Dishes, Beverages and Confectionery. Milk Products & Nutrition reported a modest 2% volume decline in FY26 (vs. mid-single-digit decline in FY25).**
- **Distribution expansion, innovation, improving accessibility and market share gains have boosted growth. Distribution network increased to 5.3m retail outlets (from 5.2m in FY25), extending the company's presence to 0.22m villages (vs. 0.21m villages in FY25). Ecommerce contributes 12% of revenue in FY26.**
- **GP margin declined 130bp YoY in FY26 on rising RM prices. Commodity inflation remains a near-term overhang and could keep gross margin under pressure. However, ongoing productivity and cost-saving initiatives should help in reducing the impact at the EBITDA level.**
- **Nestle has an ongoing capex plan of ~INR50b for the last three years. FY26 capex was INR7.2b (3% of sales) and FY24/FY25 capex was INR22.4b/INR18.9b. Management's incremental focus will be on operating efficiencies and better utilization. Lower capex and better working capital management helped the cash conversion cycle turn negative (-1 day vs 15 days in FY25). Cash generation improved significantly, with OCF/FCF increasing to INR50.5b/INR42.2b from INR29.4b/INR9.3b in FY25.**
- **In F&B, Nestlé maintained its best-in-class execution. We model a CAGR of 12%, 15% and 18% in revenue, EBITDA and APAT, respectively, during FY26-28E. The stock is trading at 68x/60x FY27E/FY28E EPS. Given its expensive valuation, we reiterate our Neutral rating with a TP of INR1,400 (based on 60x P/E Mar'28E).**

Double-digit volume growth across categories, except milk and nutrition

- **Milk Products & Nutrition (33% of sales):** It was the weakest-performing category in during the year, with volume declining 2% and value growth remaining largely flat. Management indicated that performance improved in the second half, reflecting a gradual stabilization in demand trends.
- **Prepared Dishes (32% of sales; includes Pet Foods):** The category reported healthy volume growth of 12% and revenue growth of 17% in FY26, supported by the continued strength of the MAGGI franchise. Purina Pet Care portfolio delivered high double-digit growth. Its online sales nearly doubled (+97%) during the year.
- **Beverages (16% of sales):** Sales rose 26% YoY (double-digit growth in coffee), with volume growth of 18% YoY and realization growth of 6% YoY. The strong growth was led by the company's focus on expanding coffee penetration and strengthening the relevance of the coffee category across consumer cohorts.
- **Confectionery (19% of sales):** Sales increased 33% YoY, with volume growth of 26% YoY and realization growth of 6% YoY, driven by improved demand, accelerated premiumization and the visi-cooler program. The company's visicooler program crossed 60,000 units by Mar'26, improving product freshness, visibility, and impulse purchases across retail channels

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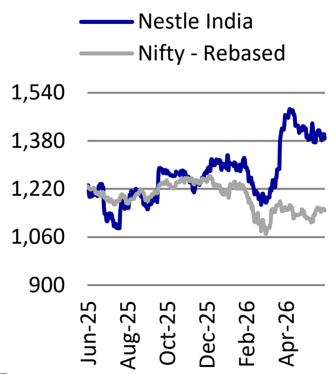
Stock performance (one-year)



High input costs weigh on margins

- Gross margin contracted 130bp YoY to 55.3% in FY26 due to inflation in key input costs such as dairy, edible oil, wheat, and packaging materials, which offset the benefit of easing coffee and cocoa prices. A&P spending as a percentage of sales grew 50bp YoY to 5.3% and royalty expenses remained stable at 4.9%. Other expenses as a percentage of sales decreased ~50bp YoY to 17.8%. EBITDA margin contraction moderated at ~80bp YoY to 23.2%.

Capex moderates; cash flow improves sharply

- Nestlé invested heavily over FY24-FY25, with capex of INR22.4b in FY24 and INR18.9b in FY25, primarily for expanding manufacturing capacity, including new production lines for Maggi, KitKat and Munch at its Sanand facility. With major capacity additions now almost complete, capex moderated to INR7.2b (3% of sales) in FY26, as the company shifted its focus from capacity creation to improving utilization of existing facilities.
- Lower capex and better working capital management significantly boosted cash generation. Cash conversion cycle turned negative by one day (vs. 15 days in FY25), aided by higher payables and lower inventory days. Further, Nestlé generated OCF/FCF of INR50.5b/INR42.2b (vs. INR29.4b/INR9.3b for FY25) on normalization of working capital.

Valuation and view

- There is no material change to our FY27 and FY28 EPS forecasts.
- GST 2.0 stimulates consumption, drives affordability, and contributes to the overall growth of the FMCG sector. About 85% of the company's portfolio has benefited from the GST 2.0, leading to strong volumes across LUPs and larger packs. Apart from macro tailwinds, Nestle's own initiatives, such as its investments in brands, strengthening distribution, and increasing capacity, are cumulatively boosting strong performance delivery.
- Packaged food companies (15-20% crude linkage) are relatively less exposed crude compared to HPC players (25-30%).
- We model a CAGR of 12%/15%/18% in revenue/EBITDA/APAT over FY26-28E. The stock is trading at 68x/60x FY27E/FY28E EPS. Given its expensive valuation, we reiterate our Neutral rating on the stock with a revised TP of INR1,400 (based on 60x P/E Mar'28E).

Exhibit 1: Nestle segment-wise performance

Revenue (INR bn) - (Dom+Export)	CY19	CY20	CY21	CY22	FY24 (15m)	FY25	FY26
Milk and Nutrition	56.5	61.5	62.7	68.2	98.7	76.6	77.2
Prepared dishes & Cooking Aids	35.0	39.1	45.5	53.0	73.9	62.0	72.7
Beverages	15.0	14.8	16.9	20.2	30.2	28.9	36.4
Chocolates	16.4	17.5	21.2	26.5	39.9	33.3	44.4
Total	**123.0**	**132.9**	**146.3**	**167.9**	**242.8**	**200.8**	**230.7**
Revenue mix (%)							
Milk and Nutrition	46%	46%	43%	41%	41%	38%	33%
Prepared dishes & Cooking Aids	28%	29%	31%	32%	30%	31%	32%
Beverages	12%	11%	12%	12%	12%	14%	16%
Chocolates	13%	13%	15%	16%	16%	17%	19%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Revenue Growth (%)							
Milk and Nutrition	9%	9%	2%	9%	16%	0%	1%
Prepared dishes & Cooking Aids	13%	12%	16%	16%	12%	8%	17%
Beverages	-1%	-2%	15%	19%	20%	23%	26%
Chocolates	17%	7%	21%	25%	20%	8%	33%
Total	**10%**	**8%**	**10%**	**15%**	**45%**	**-17%**	**15%**
Volume Growth (%)							
Milk and Nutrition	1%	0%	-3%	0%	0%	-6%	-2%
Prepared dishes & Cooking Aids	10%	7%	16%	6%	2%	2%	12%
Beverages	-2%	-21%	18%	14%	9%	-1%	18%
Chocolates	16%	3%	11%	12%	10%	1%	26%
Total	**7%**	**3%**	**11%**	**6%**	**3%**	**-20%**	**11%**
Price Growth (%)							
Milk and Nutrition	7%	9%	5%	9%	15%	4%	3%
Prepared dishes & Cooking Aids	3%	5%	0%	10%	10%	3%	5%
Beverages	1%	25%	-3%	4%	10%	21%	6%
Chocolates	1%	4%	10%	11%	9%	3%	6%
Total	**3%**	**5%**	**0%**	**9%**	**13%**	**27%**	**4%**

Source: Company, MOFSL

Solid FY26 performance; growth accelerated in 2HFY26

- Nestlé delivered a strong performance in FY26, reporting 15% revenue growth, with growth accelerating to 20% in 2HFY26. The improvement was driven by a recovery in consumer demand, supported by government-led GST initiatives that helped to boost consumption trends. Urban demand remained relatively resilient, while premium categories continued to witness stable traction. Rural demand recovery was aided by favorable monsoons, improved farm incomes, and continued government support measures.
- Domestic sales grew 15% in FY26 (vs. 4% growth in FY25), while exports increased 21% (vs. flat growth in FY25). Growth was largely volume driven, with the company delivering 11% volume growth in FY26.

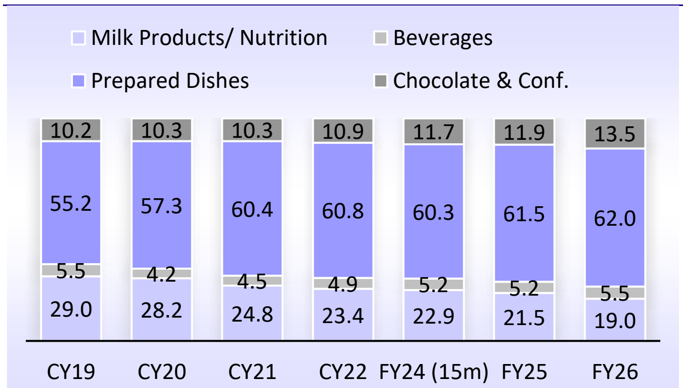
Exhibit 2: Net sales grew 15% YoY to INR231b in FY26 with volume growth of 11%

Particulars (INR b)	CY19	CY20	CY21	CY22	FY24 (15m)*	FY25	FY26
Total Revenue	123.0	132.9	146.6	167.9	194.2	200.8	230.7
YoY growth (%)	10%	8%	10%	14%	16%	3%	15%
Volume growth (%)	7%	3%	11%	6%	3%	-1%	11%
Realisation growth (%)	3%	5%	0%	9%	13%	4%	4%
Domestic revenue	116.6	126.4	140.3	161.0	186.4	192.9	221.2
YoY growth (%)	11%	8%	11%	15%	16%	3%	15%
Exports	6.4	6.5	6.4	6.9	7.8	7.8	9.5
YoY growth (%)	-10%	1%	-1%	8%	13%	1%	21%

*Growth numbers are adjusted to change in financial year

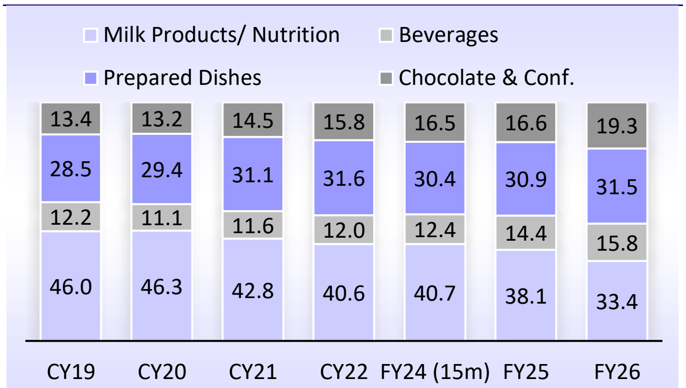
Source: Company, MOFSL

Exhibit 3: Volume mix



Source: Company, MOFSL

Exhibit 4: Sales mix



Source: Company, MOFSL

Chocolates and Confectionery – Standout performance led by Premiumization and distribution

- Confectionery was the fastest-growing category in Nestlé India's portfolio, delivering 26% volume growth and 33% value growth in FY26. Key brands such as KITKAT, MUNCH, and MILKYBAR reported strong double-digit growth during the year. GST rate reductions (18% to 5%) helped to improve consumer sentiment and supported demand recovery within the category.
- Premiumisation remained a key growth driver, supported by launches such as KITKAT Delights Salted Caramel and Hazelnut, along with new formats, including KITKAT Pops, MILKYBAR Butterscotch Tablets, and MUNCH MAX Crunchies.
- The company's visicooler program crossed 60,000 units by Mar'26, improving product freshness, visibility, and impulse purchases across retail channels.

Powdered and liquid beverages – Expanding the category

- The category delivered strong growth of 18% volume and 26% revenue growth in FY26. It was led by the continued momentum in the NESCAFÉ portfolio.
- NESCAFÉ CLASSIC, Sunrise, and GOLD reported robust growth, while household penetration for NESCAFÉ's in-home consumption portfolio reached an all-time high. The company continued to expand affordable pack, along with strengthening premium coffee propositions.
- Premium initiatives, included the expansion of NESCAFÉ Roastery, NESPRESSO stores, and specialty coffee experiences. The ready-to-drink coffee portfolio gained traction through launches such as Vietnamese Latte and Iced Cappuccino variants.

Prepared Dishes & Cooking Aids – MAGGI continues to drive category growth

- The category reported healthy volume growth of 12% and revenue growth of 17% in FY26, supported by the continued strength of the MAGGI franchise.
- MAGGI maintained its market leadership position, with India remaining the largest MAGGI market globally.
- New launches included Spicy Cheesy, Garlic, and Manchurian variants, along with MAGGI Double Masala at an affordable INR20 price point.
- Nestlé expanded penetration in cooking aids through recipe digitization, consumer sampling programs, and affordable pack offerings in rural markets. Within breakfast cereals, the company introduced products such as MUNCH Choco Loops and continued to build newer in-home consumption occasions.

- **Pet Care** – The Purina portfolio delivered high double-digit growth, significantly outperforming the broader company portfolio. Online sales nearly doubled (+97%) during the year, reflecting increasing consumer adoption of branded pet nutrition products. New product launches included FRISKIES Meaty, PRO PLAN Dog 1kg packs, FELIX Gravy, and specialized PRO PLAN Cat nutrition products. The company is increasing investments in veterinarian engagement, influencer partnerships, and consumer awareness initiatives to strengthen category adoption.

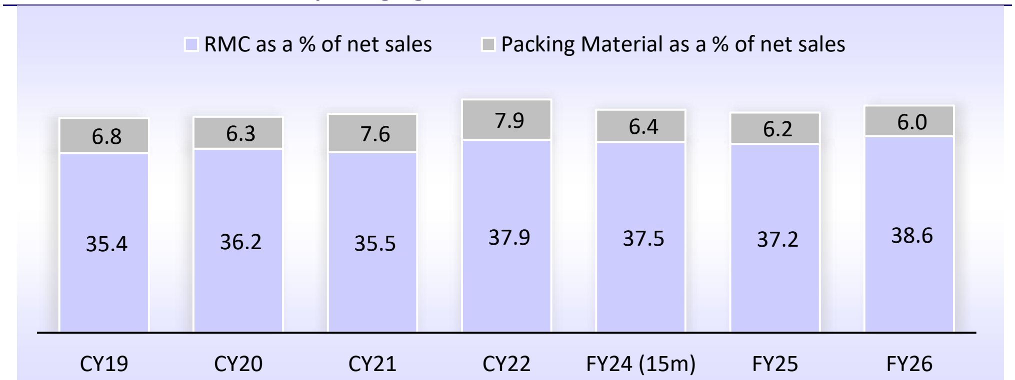
Milk Products & Nutrition – Recovery efforts continue amid soft demand

- Milk Products & Nutrition remained the weakest-performing category, with volume declining 2% and value growth remaining largely flat during the year. Management indicated that performance improved in the second half, reflecting a gradual stabilization in demand trends.
- Growth continues to be driven by science-led innovation in infant and toddler nutrition products. Key innovations include NAN ExcellaPro, LACTOGEN with probiotics and prebiotics, and the CERELAC No Refined Sugar range.
- In dairy products, Nestlé expanded offerings under the Nestlé a+ portfolio and EVERYDAY Dairy Whitener while introducing new pack formats to improve affordability and accessibility. Given that the category contributes nearly one-third of overall sales, accelerating growth in this segment remains a key priority for the company.

Gross and operating margin

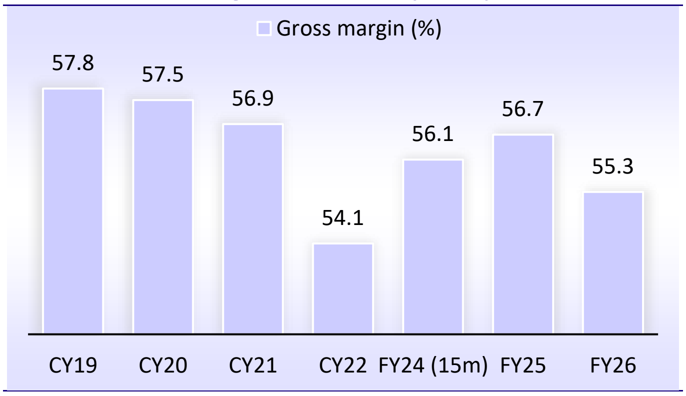
- Gross margin contracted 130bp to ~55.3%, impacted by inflation in key input costs such as dairy, edible oil, wheat, and packaging materials, which offset the benefit of easing coffee and cocoa prices.
- Packaging material costs (6.0% of sales in FY26) increased 12% YoY, reflecting continued cost discipline and efficiency measures. However, the recent uptick in crude-linked inputs and packaging costs could result in inflationary pressure over the near term.

Exhibit 5: Raw material and packaging material % of sales



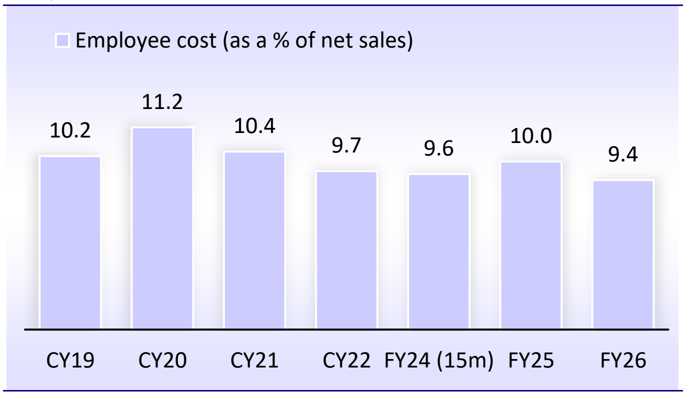
Source: Company, MOFSL

Exhibit 6: Gross margin contracted by 130bp YoY in FY26



Source: Company, MOFSL

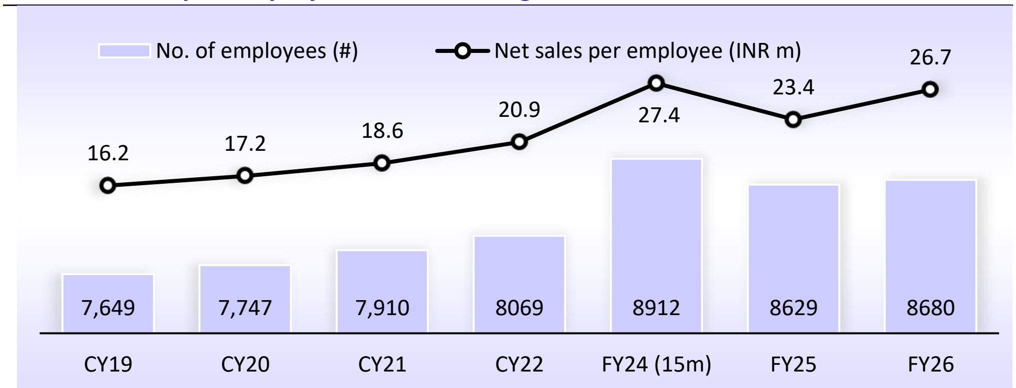
Exhibit 7: Employee costs (including training expenses) fell 60bp to 9.4% in FY26



Source: Company, MOFSL

- Employee costs (including training expense) fell 60bp YoY to 9.4%, but supported by operating leverage.
- Net sales per employee have been rising, posting a CAGR of 9% over CY19-FY26.

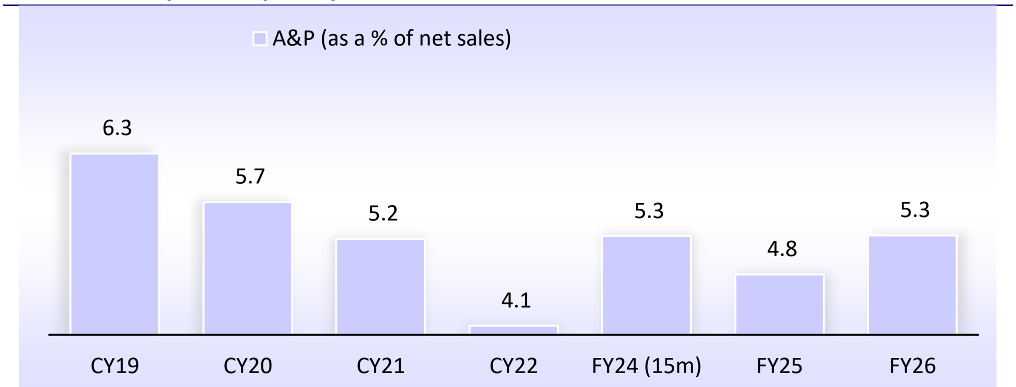
Exhibit 8: Sales per employee at a record high



Source: Company, MOFSL

- Advertising and sales promotion (A&P) costs rose 50bp YoY to 5.3% of net sales.

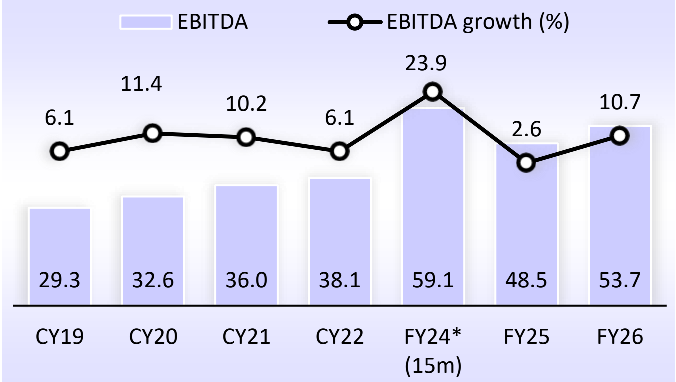
Exhibit 9: Ad spends up 50bp YoY in FY26



Source: Company, MOFSL

- EBITDA margin declined 80bp YoY to 23.2% in FY26, majorly led by a contraction in gross margin by 130bp.

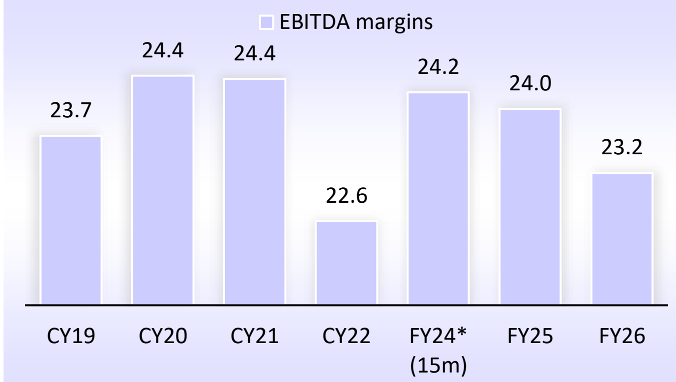
Exhibit 10: EBITDA grew 11% YoY in FY26



Source: Company, MOFSL

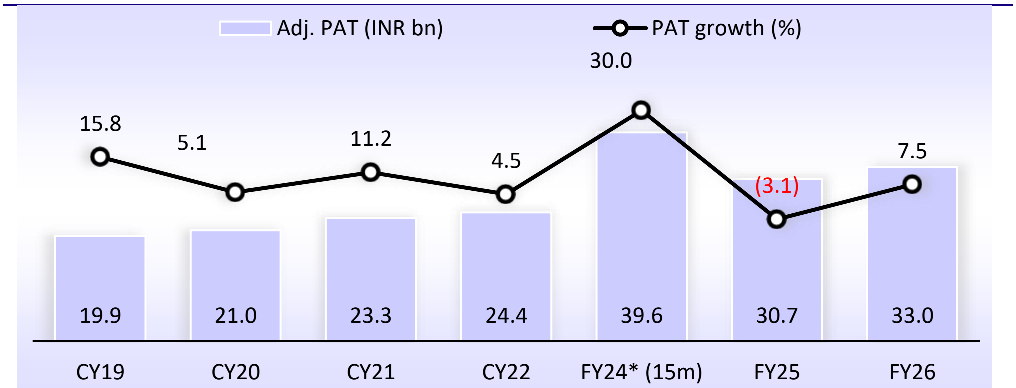
* Growth numbers are adjusted to change in financial year

Exhibit 11: EBITDA margin contracted 80bp YoY to 23.2%



Source: Company, MOFSL

Exhibit 12: Adjusted PAT grew 8% YoY to INR33b in CY22

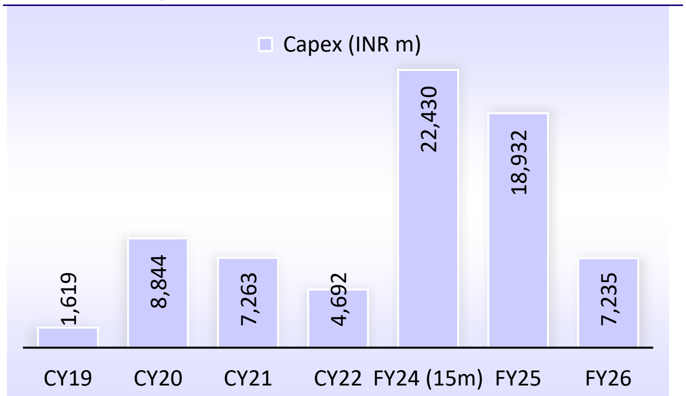


Source: Company, MOFSL

Capex, fixed assets, working capital, and cash flows

- The company has undertaken a significant capex over FY24-FY25, investing INR22.4b in FY24 (15-month period) and INR18.9b in FY25. Nestle primarily deployed these investments toward expanding existing manufacturing facilities, particularly at its Sanand plant in Gujarat, where it has added new production lines for Maggi, KitKat and Munch.
- The company is also setting up a new greenfield manufacturing facility in Odisha, with an initial investment of INR9b. While a significant portion of the planned investments has already been executed, the company continues to invest in capacity expansion through the completion of the Odisha plant and selective brownfield additions across its manufacturing network.
- Capex intensity has moderated from the high levels seen in FY24-FY25, with the focus shifting from large-scale capacity creation to ramping up the utilization of newly commissioned facilities. In FY26, capex stood at INR7.2b.

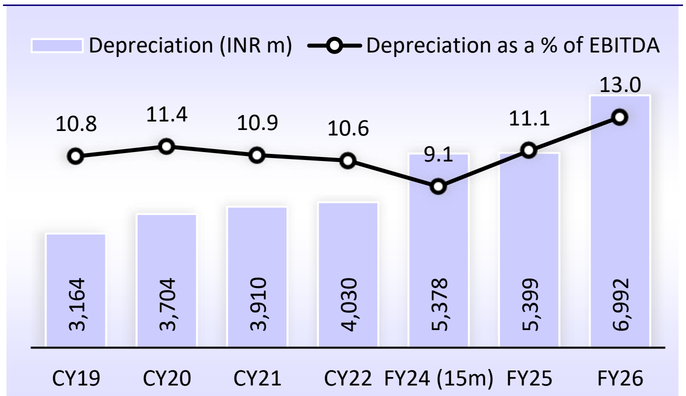
Exhibit 13: Capex normalized at INR7.2b in FY26



*includes Right-of-Use assets

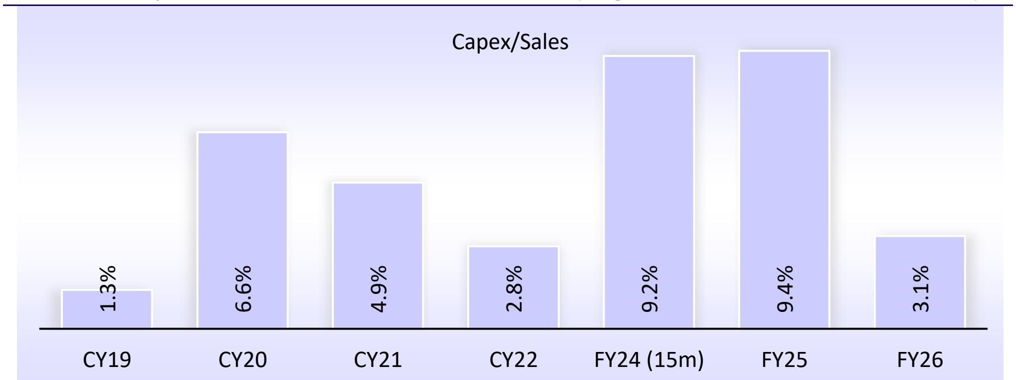
Source: Company, MOFSL

Exhibit 14: Depreciation, as a percentage of EBITDA, stood at 13% in FY26



Source: Company, MOFSL

Exhibit 15: Capex normalized in FY26 to 3% of sales (large investments in FY24 and FY25)



Source: Company, MOFSL

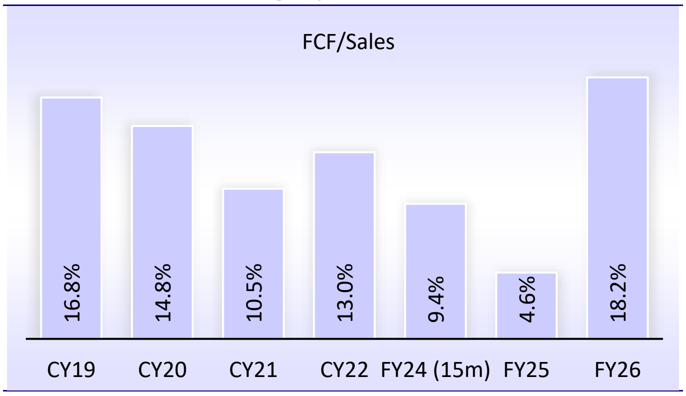
- Inventory days increased in FY25 primarily due to inventory build-up in the capex cycle and capacity expansion initiatives. Additionally, expansion in distribution reach and strong growth in categories such as coffee and confectionery required higher inventory.
- However, inventory days normalized in FY26 as newly commissioned capacities became operational, supply chain efficiencies improved, and the company optimized inventory levels across its network.

Exhibit 16: Cash conversion cycle remains healthy in FY26

Cash conversion cycle (on year-end basis)	CY19	CY20	CY21	CY22	FY24 (15m)	FY25	FY26
Inventory Days	38	39	39	42	31	51	41
Add: Trade Receivable Days	4	5	4	4	4	7	5
Less: Trade Payable Days	44	41	43	42	33	43	47
Cash Conversion Cycle	**(3)**	**2**	**0**	**4**	**2**	**15**	**(1)**

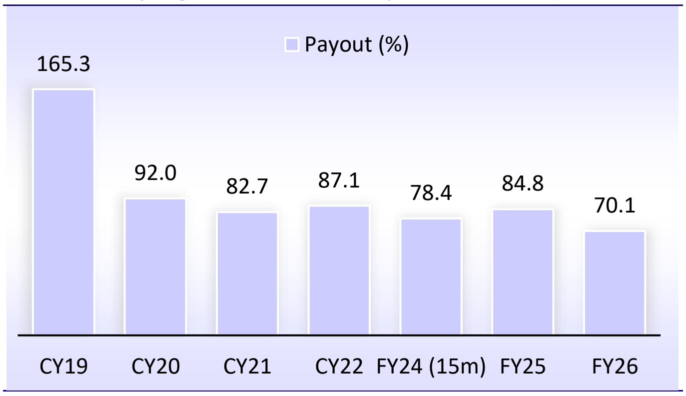
Source: Company, MOFSL

Exhibit 17: FCF-to-sales ratio increased in FY26 on normalization of working capital



Source: Company, MOFSL

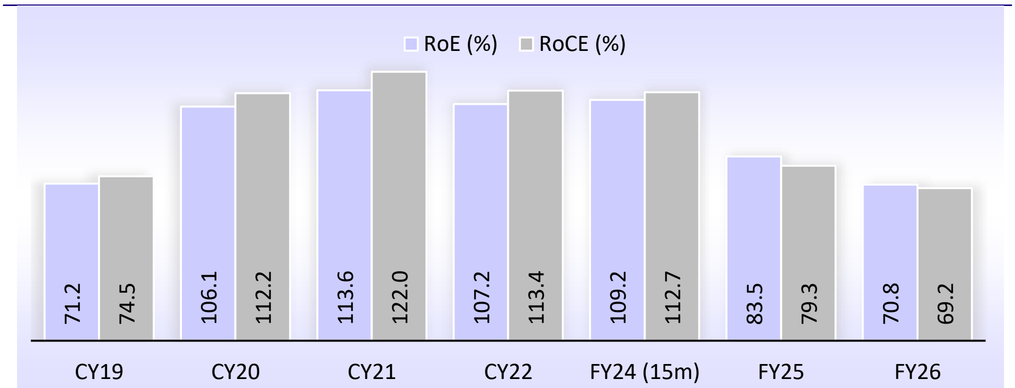
Exhibit 18: Payout ratio fell in FY26 due to re-investments (inordinately high in CY19 due to special dividend)



Source: Company, MOFSL

- ROE and ROCE moderated in FY25 and FY26 primarily due to a high capex cycle, which significantly increased its asset base and capital employed ahead of revenue realization from the new capacities. As newly commissioned capacities ramp up and capex normalizes, return ratios are expected to improve gradually.

Exhibit 19: Elevated asset base leads to moderation in RoE and RoCE in FY25 and FY26

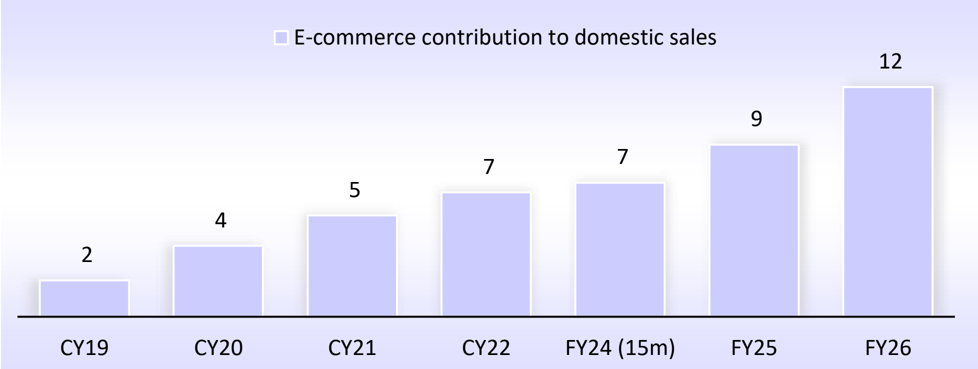


Source: Company, MOFSL

Channel expansion

- Rural expansion is a key growth lever, with Nestlé India deepening its RUrban footprint in ~216k villages through a calibrated assortment, pack-price model **and** technology-led distribution strategy. The focus is increasingly shifting from outlet addition to improving coverage quality and execution effectiveness.
- Nestlé's omnichannel strategy continues to strengthen market reach, with General Trade remaining the core growth engine, while the rapid scale-up of quick commerce, e-commerce and organized trade is driving premiumization, urban penetration and improved accessibility across categories.
- The company is expanding out-of-home consumption occasions through Nestlé Professional's Retail ONE initiative, with >1,000 operator-funded kiosks (NESCAFÉ Corners, MAGGI Hotspots and KITKAT Break Zones) across high-footfall locations, enhancing brand visibility and consumption frequency.
- Moreover, technology is also driving distribution efficiency, with platforms such as NesMitra, Project RACE and RD DMS improving outlet-level execution, retailer engagement and rural market coverage through data-driven sales and distribution management.

Exhibit 20: Growing contribution of e-commerce in domestic sales



Source: Company, MOFSL

Management Remuneration

Exhibit 21: Management remuneration

Remuneration (INR m)	CY21	CY22	FY24	FY25	FY26
Chairman and MD	188.1	177.4	235.2	234.73	390.9
YoY %		-6%	33%	0%	67%
CFO	80.7	79.7	95.86	85.98	86.4
YoY %		-1%	20%	-10%	0%

*CEO and CFO remuneration annualized | # Manish Tiwary appointed Chairman and MD w.e.f. 1st Aug'25, remuneration annualized, Mr. Edouard Mac Nab appointed CFO w.e.f. 1st Mar'26

Source: Company, MOFSL

Valuation and view

- There is no material change to our FY27 and FY28 EPS forecasts.
- GST 2.0 stimulates consumption, drives affordability, and contributes to the overall growth of the FMCG sector. About 85% of the company's portfolio has benefited from the GST 2.0, leading to strong volumes across LUPs and larger packs. Apart from macro tailwinds, Nestle's own initiatives, such as its investments in brands, strengthening distribution, and increasing capacity, are cumulatively boosting the company's strong performance delivery.
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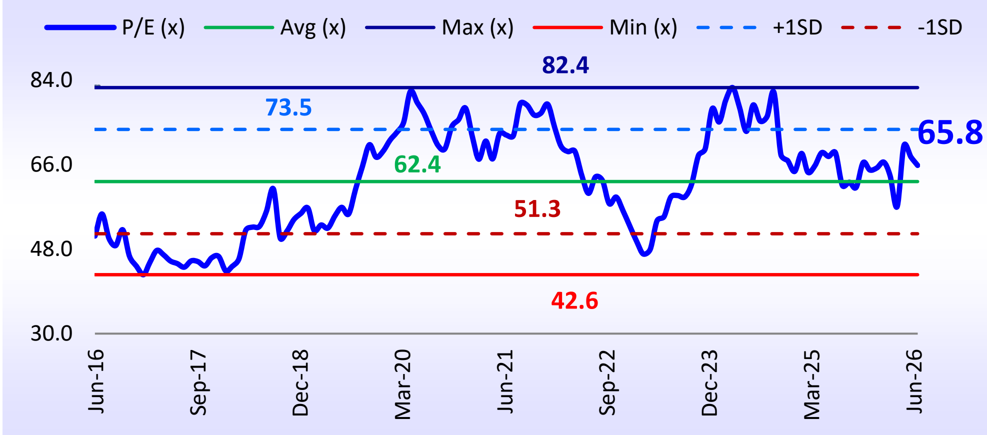
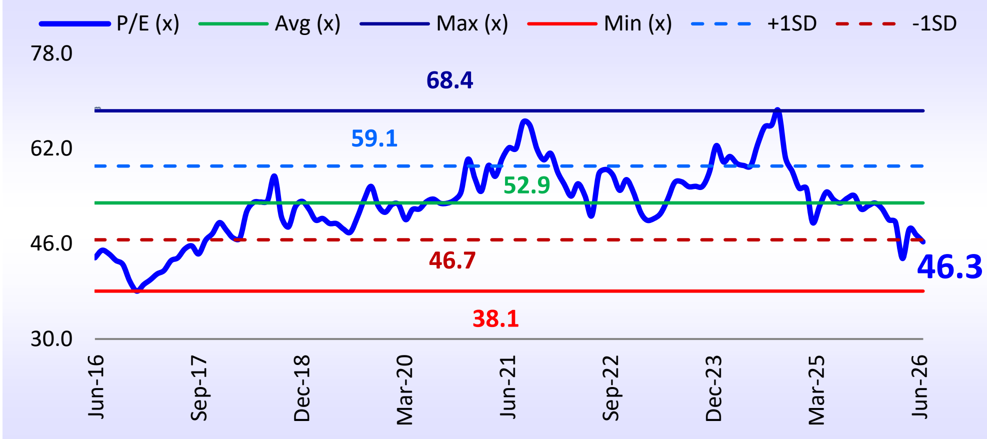
Exhibit 22: NEST's P/E (x)



Source: Company, MOFSL

Exhibit 23: P/E (x) for the Consumer sector excluding ITC



Source: Company, MOFSL

Financials and valuations

Income Statement									(INR M)
Y/E December	**CY19**	**CY20**	**CY21**	**CY22**	**FY24***	**FY25**	**FY26**	**2027E**	**2028E**
Net Sales	**1,23,689**	**1,33,500**	**1,47,406**	**1,68,970**	**2,43,939**	**2,02,016**	**2,31,546**	**2,63,554**	**2,90,619**
Change (%)	9.5	7.9	10.4	14.6	15.5	3.5	14.6	13.8	10.3
Gross Profit	**71,450**	**76,761**	**83,924**	**91,471**	**1,36,853**	**1,14,518**	**1,28,133**	**1,46,536**	**1,62,747**
Margin (%)	57.8	57.5	56.9	54.1	56.1	56.7	55.3	55.6	56.0
Other Expenditure	42,175	44,142	47,964	53,325	77,765	66,014	74,430	82,774	91,193
EBITDA	**29,275**	**32,619**	**35,960**	**38,146**	**59,088**	**48,503**	**53,704**	**63,762**	**71,554**
Change (%)	6.1	11.4	10.2	6.1	23.9	2.6	10.7	18.7	12.2
Margin (%)	23.7	24.4	24.4	22.6	24.2	24.0	23.2	24.2	24.6
Depreciation	3,164	3,704	3,910	4,030	5,378	5,399	6,992	7,214	8,054
Int. and Fin. Ch.	1,198	1,642	2,017	1,546	1,455	1,360	1,583	1,504	1,429
Other Inc.- Rec.	2,469	1,459	1,201	1,010	1,480	589	404	502	529
PBT	**27,382**	**28,732**	**31,234**	**33,580**	**53,735**	**42,333**	**45,532**	**55,546**	**62,601**
Change (%)	6.5	4.9	8.7	7.5	60.0	-1.5	7.6	22.0	12.7
Margin (%)	22.1	21.5	21.2	19.9	22.0	21.0	19.7	21.1	21.5
Total Tax	7,054	7,304	7,389	8,655	13,560	11,085	11,748	14,271	16,102
Tax	7,470	7,634	7,444	8,686	13,157	10,952	11,410	14,271	16,102
Deferred Tax	-416	-331	-55	-32	404	134	338	0	0
Tax Rate (%)	25.8	25.4	23.7	25.8	25.2	26.2	25.8	25.7	25.7
Adjusted PAT	**19,944**	**20,964**	**23,311**	**24,362**	**39,577**	**30,694**	**32,996**	**40,618**	**45,829**
Change (%)	15.8	5.1	11.2	4.5	30.0	-3.1	7.5	23.1	12.8
Margin (%)	16.1	15.7	15.8	14.4	16.2	15.2	14.3	15.4	15.8
Non-rec. (Exp)/Inc.	249	140	2,127	457	249	-1,382	-1,995	0	0
Reported PAT	**19,696**	**20,824**	**21,184**	**23,905**	**39,328**	**32,076**	**34,991**	**40,618**	**45,829**

Balance Sheet									(INR M)
Y/E December	**CY19**	**CY20**	**CY21**	**CY22**	**FY24***	**FY25**	**FY26**	**2027E**	**2028E**
Share Capital	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928	1,928
Reserves	17,394	18,265	18,916	22,663	31,481	38,174	51,164	63,296	76,984
Net Worth	**19,323**	**20,193**	**20,845**	**24,592**	**33,409**	**40,102**	**53,093**	**65,224**	**78,913**
Loans	531	317	275	267	311	7,533	244	544	844
Capital Employed	**19,854**	**20,511**	**21,120**	**24,858**	**33,720**	**47,635**	**53,337**	**65,769**	**79,757**
Gross Block	36,092	39,983	51,169	54,740	63,337	87,960	1,01,851	1,13,851	1,25,851
Less: Accum. Depn.	13,825	18,189	21,229	24,303	28,734	33,224	38,947	46,160	54,214
Net Fixed Assets	**22,267**	**21,794**	**29,940**	**30,437**	**34,603**	**54,736**	**62,904**	**67,691**	**71,637**
Capital WIP	1,433	6,386	2,462	3,584	17,417	11,726	5,070	5,070	5,070
Investments	17,511	14,638	7,740	7,775	4,639	5,750	7,056	7,056	7,056
Curr. Assets, L&A	**29,371**	**35,981**	**41,699**	**47,735**	**48,572**	**49,721**	**58,542**	**76,315**	**94,749**
Inventory	12,831	14,165	15,802	19,288	20,894	28,501	25,692	29,465	32,336
Account Receivables	1,243	1,649	1,653	1,919	3,005	3,632	3,295	3,750	4,135
Cash and Bank Balance	13,081	17,699	7,354	9,456	7,789	957	13,409	26,373	41,060
Others	2,217	2,468	16,890	17,073	16,886	16,632	16,146	16,727	17,218
Curr. Liab. and Prov.	**50,549**	**58,487**	**60,980**	**64,929**	**71,390**	**74,044**	**79,370**	**89,497**	**97,889**
Account Payables	14,947	15,166	17,349	19,338	22,379	23,735	29,667	33,910	36,970
Other Liabilities	5,678	8,452	7,083	9,528	14,089	12,849	14,192	15,592	17,133
Provisions	29,924	34,869	36,548	36,064	34,922	37,459	35,511	39,995	43,786
Net Curr. Assets	**-21,177**	**-22,506**	**-19,281**	**-17,194**	**-22,818**	**-24,323**	**-20,828**	**-13,182**	**-3,140**
Def. Tax Liability	-180	199	258	256	-120	-254	-866	-866	-866
Appl. of Funds	**19,854**	**20,511**	**21,120**	**24,858**	**33,720**	**47,635**	**53,336**	**65,769**	**79,757**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E December	CY19	CY20	CY21	CY22	FY24*	FY25	FY26	2027E	2028E
Basic (INR)									
EPS	**10.3**	**10.9**	**12.1**	**12.6**	**20.5**	**15.9**	**17.1**	**21.1**	**23.8**
Cash EPS	12.0	12.8	14.1	14.7	23.3	18.7	20.7	24.8	27.9
BV/Share	10.0	10.5	10.8	12.8	17.3	20.8	27.5	33.8	40.9
DPS	17.1	10.0	10.0	11.0	16.1	13.5	12.0	14.8	16.7
Payout (%)	165.3	92.0	82.7	87.1	78.4	84.8	70.1	70.1	70.1
Valuation (x)									
P/E	134.4	127.9	115.0	110.0	67.7	87.3	81.2	66.0	58.5
Cash P/E	116.0	108.7	98.5	94.4	59.6	74.3	67.0	56.0	49.7
EV/Sales	21.4	19.8	18.1	15.8	10.9	13.3	11.5	10.0	9.1
EV/EBITDA	90.5	81.2	74.1	69.8	45.2	55.3	49.5	41.5	36.8
P/BV	138.7	132.7	128.6	109.0	80.2	66.8	50.5	41.1	34.0
Dividend Yield (%)	1.2	0.7	0.7	0.8	1.2	1.0	0.9	1.1	1.2
Return Ratios (%)									
RoE	71.2	106.1	113.6	107.2	109.2	83.5	70.8	68.7	63.6
RoCE	74.5	112.2	122.0	113.4	112.7	79.3	69.2	71.2	65.4
Working Capital Ratios									
Debtor (Days)	3.7	4.5	4.1	4.1	4.5	6.6	5.2	5.2	5.2
Asset Turnover (x)	4.3	6.6	7.1	7.4	8.3	5.0	4.6	4.4	4.0
Leverage Ratio									
Debt/Equity (x)	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0

Cash Flow Statement (INR M)

Y/E December	CY19	CY20	CY21	CY22	FY24*	FY25	FY26	2027E	2028E
OP/(loss) before Tax	26,750	28,128	28,838	32,560	52,889	43,161	46,738	54,890	61,931
Int./Div. Received	17	265	90	181	260	351	495	1,504	1,429
Depn. and Amort.	3,164	3,704	3,902	4,030	5,378	5,399	6,992	7,214	8,054
Others	-2,497	-1,489	-1,307	-683	-1,302	-2,192	-967	-502	-529
Direct Taxes Paid	-6,729	-7,029	-7,286	-8,412	-12,988	-10,244	-10,713	-14,271	-16,102
Incr in WC	1,632	966	-1,522	-302	-2,489	-7,112	7,930	834	855
CF from Operations	**22,337**	**24,545**	**22,714**	**27,374**	**41,748**	**29,364**	**50,476**	**49,669**	**55,638**
Others	11,723	4,374	7,958	890	1,981	1,156	325	502	529
Incr in FA	-1,522	-4,741	-7,308	-5,407	-18,783	-20,044	-8,263	-12,000	-12,000
Free Cash Flow	**20,815**	**19,804**	**15,406**	**21,967**	**22,965**	**9,320**	**42,213**	**37,669**	**43,638**
Pur of Investments	-159	0	-13,522	472	4,736	1,173	1,701	0	0
CF from Invest.	**10,043**	**-368**	**-12,872**	**-4,046**	**-12,066**	**-17,714**	**-6,237**	**-11,498**	**-11,471**
Incr in Debt	0	0	0	0	0	0	0	0	0
Dividend Paid	-35,563	-18,898	-19,283	-20,247	-30,082	-24,586	-23,140	-28,487	-32,141
Others	163	-661	-903	-980	-1,267	6,105	-8,647	3,279	2,662
CF from Fin. Activity	**-35,400**	**-19,559**	**-20,186**	**-21,227**	**-31,349**	**-18,481**	**-31,787**	**-25,207**	**-29,479**
Incr/Decr of Cash	**-3,020**	**4,618**	**-10,345**	**2,101**	**-1,667**	**-6,832**	**12,452**	**12,963**	**14,688**
Add: Opening Balance	16,101	13,081	17,699	7,354	9,456	7,789	957	13,409	26,373
Closing Balance	**13,081**	**17,699**	**7,354**	**9,456**	**7,788**	**956**	**13,408**	**26,372**	**41,060**

E: MOFSL Estimates

N O T E S

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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