

Financial Modelling And Valuation Report



Nestlé
India Limited

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NESTLE INDIA LTD
(NESTLEIND | BSE Code: 500790)

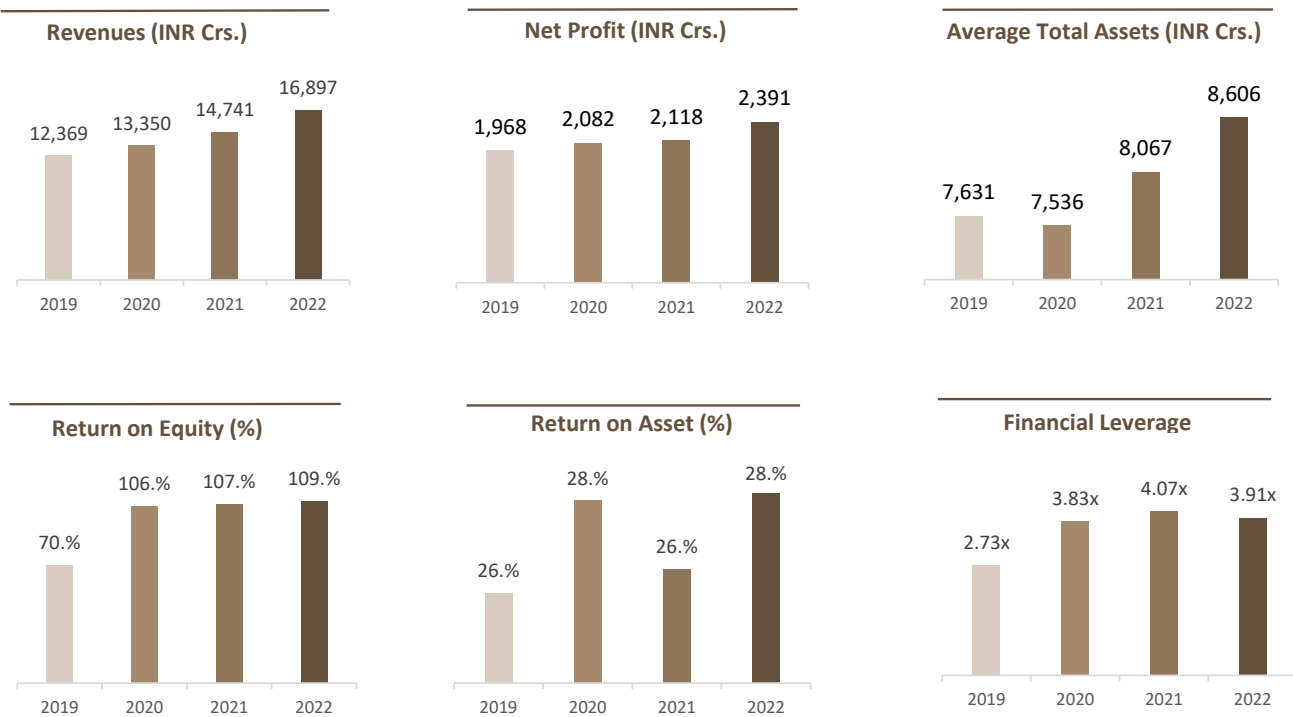
INR 2467.8
52 Week (High - INR 2769 & Low - 1788)



About the company

Nestlé India Limited is the Indian subsidiary of Nestlé which is a Swiss multinational company. The company is headquartered in Gurgaon, Haryana. The company's products include food, beverages, chocolate, and confectioneries. The company was incorporated on 28 March 1959 and was promoted by Nestle Alimentana S.A. via a subsidiary, Nestle Holdings Ltd. As of 2020, the parent company Nestlé owns 62.76% of Nestlé India. The company has 9 production facilities in various locations across India.

Financial Summary



Recent Updates

- FMCG major Nestle India 66% year-on-year (YoY) rise in net profit at Rs 628 crore for the fourth quarter ended December 2022.
- The profit stood at Rs 379 crore in the corresponding quarter last year.
- Nestle india PAT jumps 66% YoY to Rs 628 crore; final dividend declared at Rs 75/share
- Total sales grw 21.3% in the 1st quarter ending March to Rs 4,0808 Crore, as compared to Rs 3,962 crore in same period a year ago.
- Thw companys sale rose 14% to Rs 4,233 Crore in the December quarter, compared with Rs 3,715 Crore in the same quarter of the last year. meanwhile, revenue from operations too jumped 14% YoY

Dupont Analysis - Return on Equity & Return on Asset

Return on Equity (ROE)							
	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net Profit	1,001.4	1,225.2	1,606.9	1,968.4	2,082.4	2,118.4	2,390.5
Average Shareholder Equity	3,050.1	3,351.5	3,547.2	2,796.3	1,969.1	1,982.9	2,202.8
Return on Equity	32.83%	36.56%	45.30%	70.39%	105.76%	106.84%	108.52%

ROE - Dupont Equation							
	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net Profit	1,001.4	1,225.2	1,606.9	1,968.4	2,082.4	2,118.4	2,390.5
Revenue	9,141.3	10,009.6	11,292.3	12,368.9	13,350.0	14,740.6	16,897.0
Net Profit Margin (A)	10.95%	12.24%	14.23%	15.91%	15.60%	14.37%	14.15%

Revenue	9,141.3	10,009.6	11,292.3	12,368.9	13,350.0	14,740.6	16,897.0
Average Total Asset	6,448.4	7,086.5	7,725.3	7,630.5	7,536.3	8,066.9	8,606.4
Asset Turnover Ratio (B)	1.4x	1.4x	1.5x	1.6x	1.8x	1.8x	2.0x

Average Total Asset	6,448.4	7,086.5	7,725.3	7,630.5	7,536.3	8,066.9	8,606.4
Average Shareholder Equity	3,050.1	3,351.5	3,547.2	2,796.3	1,969.1	1,982.9	2,202.8
Equity Multiplier (C)	2.11x	2.11x	2.18x	2.73x	3.83x	4.07x	3.91x

Return on Equity (A*B*C)	32.83%	36.56%	45.30%	70.39%	105.76%	106.84%	108.52%
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Return on Asset							
	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
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Average Total Asset	6,448.4	7,086.5	7,725.3	7,630.5	7,536.3	8,066.9	8,606.4
Return on Asset	15.53%	17.29%	20.80%	25.80%	27.63%	26.26%	27.78%

ROA - Dupont Equation							
	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net Profit	1,001.4	1,225.2	1,606.9	1,968.4	2,082.4	2,118.4	2,390.5
Revenue	9,141.3	10,009.6	11,292.3	12,368.9	13,350.0	14,740.6	16,897.0
Net Profit Margin (A)	10.95%	12.24%	14.23%	15.91%	15.60%	14.37%	14.15%

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Asset Turnover Ratio (B)	1.4x	1.4x	1.5x	1.6x	1.8x	1.8x	2.0x

Return on Asset (A*B)	15.53%	17.29%	20.80%	25.80%	27.63%	26.26%	27.78%
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Dupont Summary

- ROE of Nestle India has grown continuously and since 2020 ROE is stable above 100%, Nestle India is successful in maintaining ROE created wealth for its investors since year 2016 till current year.
- Nestle NP margin is in between the range of 12-14% roughly and it is stable continued to be stable as its FMCG company.
- The Asset efficiency of company is constantly maintained through the period, current Asset Turnover is at 1.96x which was 1.42x in FY2016.

Historical Financial Statement - NESTLE INDIA LTD

Years	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Cash Flow Statements										
Operating Activities										
Profit from operations	₹ 1,956.0	₹ 2,051.0	₹ 1,109.0	₹ 1,765.0	₹ 2,047.0	₹ 2,521.0	₹ 2,805.0	₹ 3,061.0	₹ 3,136.0	₹ 3,609.0
Receivables	₹ 3.0	(₹ 14.0)	₹ 21.0	(₹ 19.0)	₹ 8.0	(₹ 36.0)	-	(₹ 42.0)	(₹ 2.0)	(₹ 28.0)
Inventory	₹ 10.0	(₹ 108.0)	₹ 23.0	(₹ 119.0)	₹ 38.0	(₹ 63.0)	(₹ 318.0)	(₹ 133.0)	(₹ 169.0)	(₹ 336.0)
Payables	₹ 128.0	₹ 118.0	₹ 79.0	₹ 50.0	₹ 185.0	₹ 257.0	₹ 253.0	₹ 23.0	₹ 217.0	₹ 178.0
Loans Advances	(₹ 48.0)	₹ 34.0	(₹ 3.0)	-	-	-	-	-	(₹ 40.0)	(₹ 30.0)
Operating borrowings	-	-	₹ 2.0	-	-	-	-	-	-	-
Other WC items	₹ 234.0	₹ 153.0	₹ 210.0	₹ 293.0	₹ 144.0	₹ 255.0	₹ 227.0	₹ 249.0	(₹ 179.0)	₹ 185.0
Direct taxes	(₹ 486.0)	(₹ 589.0)	(₹ 342.0)	(₹ 503.0)	(₹ 604.0)	(₹ 881.0)	(₹ 673.0)	(₹ 703.0)	(₹ 729.0)	(₹ 841.0)
Cash from Operating Activities	₹ 1,797.0	₹ 1,645.0	₹ 1,099.0	₹ 1,467.0	₹ 1,818.0	₹ 2,053.0	₹ 2,294.0	₹ 2,455.0	₹ 2,234.0	₹ 2,737.0
Investing Activities										
Fixed assets purchased	(₹ 345.0)	(₹ 415.0)	(₹ 151.0)	(₹ 207.0)	(₹ 199.0)	(₹ 166.0)	(₹ 155.0)	(₹ 478.0)	(₹ 735.0)	(₹ 550.0)
Fixed assets sold	₹ 17.0	₹ 10.0	₹ 1.0	₹ 94.0	₹ 3.0	₹ 3.0	₹ 2.0	₹ 4.0	₹ 4.0	₹ 9.0
Investments purchased	(₹ 145.0)	(₹ 80.0)	(₹ 37.0)	(₹ 153.0)	(₹ 112.0)	(₹ 160.0)	(₹ 16.0)	-	-	-
Investments sold	-	-	-	-	-	-	-	-	-	₹ 25.0
Interest received	₹ 69.0	₹ 66.0	₹ 99.0	₹ 126.0	₹ 154.0	₹ 237.0	₹ 238.0	₹ 148.0	₹ 125.0	₹ 103.0
Dividends received	₹ 11.0	₹ 10.0	₹ 12.0	₹ 13.0	₹ 16.0	₹ 19.0	₹ 13.0	₹ 2.0	-	-
Other investing items	(₹ 47.0)	(₹ 23.0)	₹ 6.0	₹ 1.0	₹ 7.0	₹ 15.0	-	₹ 3.0	(₹ 1,314.0)	₹ 20.0
Cash from Investing Activities	(₹ 440.0)	(₹ 432.0)	(₹ 70.0)	(₹ 126.0)	(₹ 131.0)	(₹ 52.0)	₹ 82.0	(₹ 321.0)	(₹ 1,920.0)	(₹ 393.0)
Financing Activities										
Proceeds from borrowings	-	₹ 4.0	-	-	-	-	-	-	₹ 24.0	-
Repayment of borrowings	-	-	(₹ 3.0)	-	-	-	-	-	(₹ 24.0)	-
Investment subsidy	-	-	-	-	-	-	-	-	-	-
Interest paid fin	(₹ 36.0)	(₹ 15.0)	(₹ 3.0)	(₹ 4.0)	(₹ 1.0)	(₹ 4.0)	(₹ 63.0)	(₹ 69.0)	(₹ 9.0)	(₹ 18.0)
Dividends paid	(₹ 468.0)	(₹ 607.0)	(₹ 410.0)	(₹ 564.0)	(₹ 829.0)	(₹ 1,090.0)	(₹ 2,950.0)	(₹ 1,890.0)	(₹ 1,928.0)	(₹ 2,025.0)
Financial liabilities	-	-	-	-	-	-	-	-	(₹ 79.0)	(₹ 73.0)
Other financing items	(₹ 76.0)	(₹ 1,017.0)	(₹ 82.0)	(₹ 98.0)	(₹ 167.0)	(₹ 224.0)	(₹ 588.0)	₹ 3.0	(₹ 3.0)	(₹ 7.0)
Cash from Financing Activities	(₹ 580.0)	(₹ 1,635.0)	(₹ 498.0)	(₹ 666.0)	(₹ 997.0)	(₹ 1,318.0)	(₹ 3,601.0)	(₹ 1,956.0)	(₹ 2,019.0)	(₹ 2,123.0)
Net Cash Flow	₹ 777.0	(₹ 422.0)	₹ 531.0	₹ 675.0	₹ 690.0	₹ 683.0	(₹ 1,225.0)	₹ 178.0	(₹ 1,705.0)	₹ 221.0

Common Size Income Statement - NESTLE INDIA LTD

Particulars	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Raw Material Cost	36.41%	38.90%	35.58%	35.30%	36.93%	33.91%	36.55%	36.72%	35.96%	39.42%
Change in Inventory	-1.16%	0.68%	-0.15%	0.08%	0.79%	0.05%	1.17%	0.52%	0.46%	1.48%
Power and Fuel	4.23%	3.90%	2.72%	2.55%	2.88%	3.05%	2.75%	2.35%	2.77%	3.39%
Other Mfr. Exp	9.84%	9.69%	8.79%	9.31%	8.97%	8.41%	8.32%	7.79%	9.15%	9.49%
Employee Cost	8.15%	8.49%	11.16%	9.86%	10.16%	9.96%	10.17%	11.24%	10.38%	9.68%
Selling and admin	16.80%	17.05%	19.76%	19.16%	18.22%	19.00%	18.00%	16.83%	19.69%	18.89%
Other Expenses	2.01%	1.95%	2.82%	3.66%	2.68%	2.55%	1.72%	1.60%	-1.66%	-1.32%
Other Income	1.06%	0.88%	-4.78%	1.53%	1.77%	2.29%	2.00%	1.09%	-0.76%	0.63%
Depreciation	3.63%	3.43%	4.25%	3.87%	3.42%	2.97%	2.99%	2.77%	2.65%	2.39%
Interest	0.40%	0.14%	0.04%	0.99%	0.92%	0.99%	1.04%	1.23%	1.37%	0.91%
Profit before tax	18.44%	18.00%	9.95%	16.91%	18.38%	21.51%	21.61%	21.07%	19.38%	19.27%
Tax	6.16%	5.98%	3.06%	5.95%	6.14%	7.28%	5.70%	5.47%	5.01%	5.12%
Net profit	12.27%	12.02%	6.89%	10.95%	12.24%	14.23%	15.91%	15.60%	14.37%	14.15%
Dividend Amount	5.14%	6.16%	5.72%	6.65%	8.28%	9.82%	26.66%	14.44%	13.08%	12.55%
EBITDA	22.46%	21.57%	14.24%	21.77%	22.71%	25.47%	25.65%	25.07%	23.40%	22.57%

Common Size Balance Sheet - NESTLE INDIA LTD

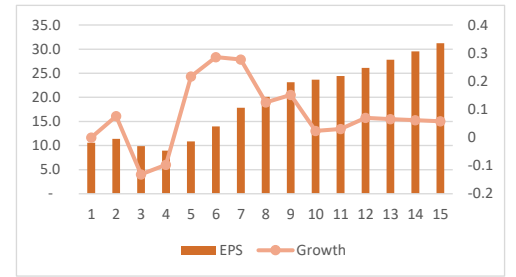
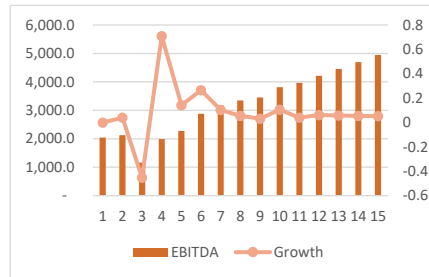
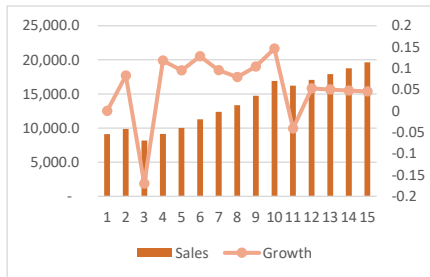
Particulars	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity Share Capital	1.53%	1.66%	1.58%	1.42%	1.31%	1.19%	1.34%	1.22%	1.17%	1.07%
Reserves	35.99%	47.10%	44.71%	46.78%	45.15%	44.23%	25.41%	24.34%	22.47%	26.31%
Borrowings	18.84%	0.34%	0.29%	0.49%	0.48%	0.43%	2.63%	1.87%	3.24%	3.01%
Other Liabilities	43.65%	50.91%	53.41%	51.32%	53.06%	54.14%	70.61%	72.57%	73.13%	69.60%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Net Block	53.36%	54.59%	47.61%	40.09%	35.53%	29.68%	32.64%	27.59%	36.37%	33.90%
Capital Work in Progress	4.67%	4.21%	3.79%	2.76%	1.28%	1.30%	2.00%	8.08%	2.99%	3.99%
Investments	13.48%	13.95%	21.77%	25.78%	26.88%	32.87%	24.41%	18.53%	9.40%	8.66%
Other Assets	28.49%	27.26%	26.83%	31.37%	36.31%	36.15%	40.95%	45.80%	51.24%	53.45%
Receivables	1.33%	1.70%	1.29%	1.44%	1.21%	1.54%	1.73%	2.09%	2.02%	2.14%
Inventory	11.66%	14.50%	13.49%	13.80%	12.26%	11.94%	17.89%	17.93%	19.34%	21.48%
Cash & Bank	11.87%	7.66%	8.21%	12.92%	19.79%	19.91%	18.24%	22.40%	8.93%	10.53%

Ratio Analysis - NESTLE INDIA LTD													
Years	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Trend	Mean	Median
Sales Growth		8.28%	-17.04%	11.82%	9.50%	12.81%	9.53%	7.93%	10.42%	14.63%		7.54%	9.53%
EBITDA Growth		4.71%	-23.75%	18.97%	13.34%	24.86%	11.78%	9.42%	11.27%	4.04%		8.29%	11.27%
EBIT Growth		6.73%	-28.63%	16.68%	18.30%	30.54%	11.82%	9.90%	11.35%	6.03%		9.19%	11.35%
Net Profit Growth		7.61%	-13.10%	-9.73%	21.72%	28.59%	27.71%	12.49%	15.19%	2.35%		10.32%	12.49%
Dividend Growth		29.90%	-23.02%	29.90%	36.51%	33.72%	197.39%	-41.52%	0.00%	10.00%		30.32%	29.90%
Gross Margin	40.21%	39.70%	41.60%	43.06%	41.84%	44.73%	43.37%	42.42%	42.19%	39.51%		41.86%	42.02%
EBITDA Margin	21.40%	20.69%	19.02%	20.24%	20.95%	23.18%	23.66%	23.98%	24.17%	21.93%		21.92%	21.67%
EBIT Margin	17.77%	17.27%	14.77%	16.37%	17.53%	20.21%	20.66%	21.21%	21.51%	19.55%		18.68%	18.66%
EBT Margin	17.37%	17.12%	14.73%	15.37%	16.61%	19.22%	19.62%	19.98%	20.15%	18.63%		17.88%	18.00%
Net Profit Margin	11.21%	11.14%	11.67%	9.42%	10.47%	11.94%	13.92%	14.51%	15.13%	13.51%		12.29%	11.80%
Sales Expenses % Sales	18.81%	19.01%	22.58%	22.83%	20.90%	21.55%	19.72%	18.44%	18.03%	17.57%		19.94%	19.36%
Depreciation % Sales	3.63%	3.43%	4.25%	3.87%	3.42%	2.97%	2.99%	2.77%	2.65%	2.39%		3.24%	3.21%
Operating Income % Sales	17.77%	17.27%	14.77%	16.37%	17.53%	20.21%	20.66%	21.21%	21.51%	19.55%		18.68%	18.66%
Return on Capital Employed	45.46%	59.57%	42.59%	45.13%	50.76%	61.53%	121.25%	130.66%	143.32%	121.01%		82.13%	60.55%
Retained Earnings%	54.16%	44.67%	50.98%	29.47%	20.90%	17.74%	0.00%	0.42%	13.56%	7.10%		23.90%	19.32%
Return on Equity%	43.07%	38.69%	33.86%	26.24%	30.65%	36.69%	89.72%	95.90%	114.61%	92.85%		60.23%	40.88%
Self Sustained Growth Rate	23.33%	17.28%	17.26%	7.73%	6.40%	6.51%	0.00%	0.41%	15.54%	6.59%		10.10%	7.16%
Interest Coverage Ratio	44.31x	119.59x	367.07x	16.46x	19.09x	20.38x	19.79x	17.24x	15.72x	21.37x		6610.29%	2008.87%
Debtor Turnover Ratio	108.00x	99.44x	104.25x	93.35x	112.51x	90.64x	99.48x	80.94x	88.81x	88.06x		96.55x	96.39x
Creditor Turnover Ratio	3.30x	3.33x	2.51x	2.62x	2.56x	2.58x	2.44x	2.33x	2.45x	2.70x		2.68x	2.57x
Inventory Turnover	12.37x	11.67x	9.96x	9.72x	11.09x	11.70x	9.64x	9.42x	9.26x	8.76x		10.36x	9.84x
Fixed Asset Turnover	2.70x	3.10x	2.82x	3.35x	3.83x	4.70x	5.28x	6.13x	4.92x	5.55x		4.24x	4.26x
Capital Turnover Ratio	3.84x	3.47x	2.90x	2.79x	2.93x	3.07x	6.45x	6.61x	7.57x	6.87x		4.65x	3.66x
Debtor Days	3	4	4	4	3	4	4	5	4	4		4	4
Payable Days	111	110	145	140	142	142	149	157	149	135		138	142
Inventory Days	30	31	37	38	33	31	38	39	39	42		36	37
Cash Conversion Cycle (in days)	-78	-75	-105	-98	-106	-106	-108	-114	-106	-89		-98	-105
CFO/Sales	19.74%	16.69%	13.44%	16.05%	18.16%	18.18%	18.55%	18.39%	15.16%	16.20%		17.06%	17.43%
CFO/Total Assets	28.46%	28.27%	18.06%	21.54%	24.69%	25.38%	31.98%	31.08%	27.13%	30.48%		26.71%	27.70%
CFO/Total Debt	151.07%	8405.72%	6198.53%	4425.34%	5173.59%	5842.34%	1214.14%	1664.52%	838.40%	1011.76%		3492.54%	3044.93%

NESTLE INDIA LTD - Sales Forecasting			
Year Weight	Year	Sales	Growth
1	2013A	9,101.1	
2	2014A	9,854.8	8.28%
3	2015A	8,175.3	-17.04%
4	2016A	9,141.3	11.82%
5	2017A	10,009.6	9.50%
6	2018A	11,292.3	12.81%
7	2019A	12,368.9	9.53%
8	2020A	13,350.0	7.93%
9	2021A	14,740.6	10.42%
10	2022A	16,897.0	14.63%
11	2023E	16,199.8	-4.13%
12	2024E	17,055.6	5.28%
13	2025E	17,911.4	5.02%
14	2026E	18,767.2	4.78%
15	2027E	19,622.9	4.56%

NESTLE INDIA LTD - EBITDA Forecasting			
Year Weight	Year	EBITDA	Growth
1	2013A	2,044.5	
2	2014A	2,126.1	3.99%
3	2015A	1,164.2	-45.24%
4	2016A	1,990.0	70.93%
5	2017A	2,273.5	14.25%
6	2018A	2,876.6	26.53%
7	2019A	3,172.8	10.30%
8	2020A	3,347.4	5.50%
9	2021A	3,450.0	3.07%
10	2022A	3,813.6	10.54%
11	2023E	3,967.7	4.04%
12	2024E	4,211.7	6.15%
13	2025E	4,455.7	5.79%
14	2026E	4,699.7	5.48%
15	2027E	4,943.6	5.19%

NESTLE INDIA LTD - Earnings per Share Forecasting			
Year Weight	Year	EPS	Growth
1	2013A	10.6	
2	2014A	11.4	7.61%
3	2015A	9.9	-13.10%
4	2016A	8.9	-9.73%
5	2017A	10.9	21.72%
6	2018A	14.0	28.59%
7	2019A	17.9	27.71%
8	2020A	20.1	12.49%
9	2021A	23.1	15.19%
10	2022A	23.7	2.35%
11	2023E	24.4	3.06%
12	2024E	26.1	6.98%
13	2025E	27.8	6.52%
14	2026E	29.5	6.12%
15	2027E	31.2	5.77%



Weighted Average Cost of Capital

All figures are in INR unless stated otherwise.

Peer Comps

Name	Country	Total Debt	Total Equity	Tax Rate ¹	Debt/ Equity	Debt/ Capital	Levered Beta ²	Unlevered Beta ³
Nestle India	India	288.5	2,39,173.3	30.00%	0.12%	0.12%	0.35	0.35
Hind. Unilever	India	1,272.0	5,76,121.0	30.00%	0.22%	0.22%	0.15	0.15
Varun Beverages	India	3,726.4	1,67,047.1	30.00%	2.23%	2.18%	0.99	0.98
Godrej Consumer	India	3,274.8	1,26,525.1	30.00%	2.59%	2.52%	0.48	0.47
Britannia Inds.	India	2,778.4	1,24,033.9	30.00%	2.24%	2.19%	0.56	0.55
Dabur India	India	1,489.1	96,496.6	30.00%	1.54%	1.52%	0.41	0.40
Average				30.00%	1.49%	1.46%	0.49	0.48
Median				30.00%	1.89%	1.85%	0.44	0.44

Cost of Debt

Pre-tax Cost of Debt	50.61%
Tax Rate	30.00%
After Tax Cost of Debt	35.43%

Capital Structure

		Current	Target
Total Debt	288.5	0.12%	1.46%
Market Capitalization	2,39,173.3	99.88%	98.54%
Total Capitalization	2,39,461.8	100.00%	100.00%
Debt / Equity		0.12%	1.48%

1. Tax Rate considered as Marginal Tax Rate for the country
2. Levered Beta is based on 5 year monthly data
3. Unlevered Beta = Levered Beta / (1 + (1 - Tax Rate) x Debt/Equity)
4. Levered Beta = Unlevered Beta * (1 + (1 - Tax Rate) x Debt/Equity)

Cost of Equity

Risk Free Rate	7.05%
Equity Risk Premium	9.25%
Levered Beta ⁴	0.57
Cost of Equity	12.30%

Levered Beta

Comps Median Unlevered Beta	0.44
Target Debt/ Equity	1.48%
Tax Rate	30.00%
Levered Beta	0.57

Weighted Average Cost of Capital

Cost of Equity	12.30%
Equity Weight	98.54%
Cost of Debt	35.43%
Debt Weight	1.46%
WACC	12.64%

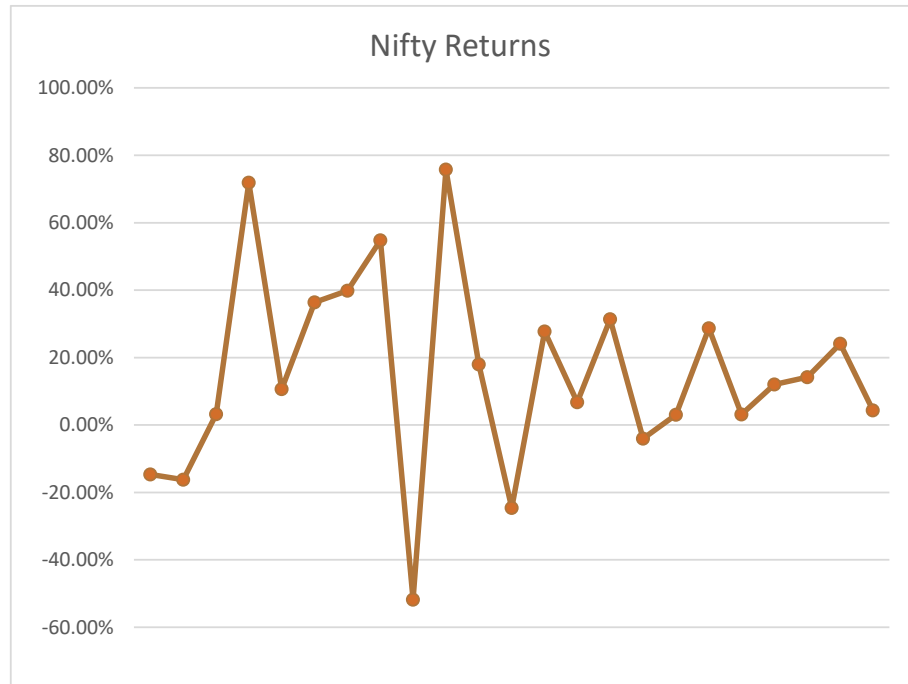
Regression Beta - 5 Years Monthly

Nestle Weekly Returns			NIFTY Returns		Beta Drifting	
Date	Closing Price	Return	Closing Price	Return		
01-03-2019	10,961.0		11,623.9		Levered Raw Beta	0.35
01-04-2019	10,905.3	-0.51%	11,748.2	1.07%	Raw Beta Weight	75.00%
01-05-2019	11,498.1	5.44%	11,922.8	1.49%	Market Beta	1.00
01-06-2019	11,912.6	3.60%	11,788.8	-1.12%	Market Beta Weight	25.00%
01-07-2019	11,675.9	-1.99%	11,118.0	-5.69%		
01-08-2019	12,875.2	10.27%	11,023.3	-0.85%		
01-09-2019	13,889.7	7.88%	11,474.5	4.09%		
01-10-2019	14,947.0	7.61%	11,877.5	3.51%		
01-11-2019	14,454.0	-3.30%	12,056.0	1.50%		
01-12-2019	14,785.3	2.29%	12,168.5	0.93%		
01-01-2020	15,359.5	3.88%	11,962.1	-1.70%		
01-02-2020	15,778.8	2.73%	11,201.8	-6.36%		
01-03-2020	16,300.6	3.31%	8,597.8	-23.25%		
01-04-2020	17,924.7	9.96%	9,859.9	14.68%		
01-05-2020	17,540.8	-2.14%	9,580.3	-2.84%		
01-06-2020	17,174.4	-2.09%	10,302.1	7.53%		
01-07-2020	16,522.2	-3.80%	11,073.5	7.49%		
01-08-2020	15,949.5	-3.47%	11,387.5	2.84%		
01-09-2020	15,918.7	-0.19%	11,247.5	-1.23%		
01-10-2020	17,161.6	7.81%	11,642.4	3.51%		
01-11-2020	17,888.9	4.24%	12,969.0	11.39%		
01-12-2020	18,390.3	2.80%	13,981.8	7.81%		
01-01-2021	17,060.0	-7.23%	13,634.6	-2.48%		
01-02-2021	16,101.6	-5.62%	14,529.2	6.56%		
01-03-2021	17,165.2	6.61%	14,690.7	1.11%		
01-04-2021	16,309.3	-4.99%	14,631.1	-0.41%		
01-05-2021	17,695.6	8.50%	15,582.8	6.50%		
01-06-2021	17,633.0	-0.35%	15,721.5	0.89%		
01-07-2021	17,702.7	0.40%	15,763.0	0.26%		
01-08-2021	19,467.8	9.97%	17,132.2	8.69%		
01-09-2021	19,445.6	-0.11%	17,618.2	2.84%		
01-10-2021	19,000.2	-2.29%	17,671.7	0.30%		
01-11-2021	19,152.6	0.80%	16,983.2	-3.90%		
01-12-2021	19,705.7	2.89%	17,354.1	2.18%		
01-01-2022	18,521.6	-6.01%	17,339.8	-0.08%		
01-02-2022	17,639.2	-4.76%	16,793.9	-3.15%		
01-03-2022	17,380.6	-1.47%	17,464.8	3.99%		
01-04-2022	18,330.3	5.46%	17,102.6	-2.07%		
01-05-2022	17,691.5	-3.48%	16,584.6	-3.03%		
01-06-2022	17,470.0	-1.25%	15,780.3	-4.85%		
01-07-2022	19,359.1	10.81%	17,158.3	8.73%		
01-08-2022	19,925.8	2.93%	17,759.3	3.50%		
01-09-2022	19,144.8	-3.92%	17,094.3	-3.74%		
01-10-2022	20,363.4	6.37%	18,012.2	5.37%		
01-11-2022	20,183.8	-0.88%	18,758.3	4.14%		
					Adjusted Beta	0.51

Return on Markets

Year	Annual
2000	-14.65%
2001	-16.18%
2002	3.25%
2003	71.90%
2004	10.68%
2005	36.34%
2006	39.83%
2007	54.77%
2008	-51.79%
2009	75.76%
2010	17.95%
2011	-24.62%
2012	27.70%
2013	6.76%
2014	31.39%
2015	-4.06%
2016	3.01%
2017	28.65%
2018	3.15%
2019	12.02%
2020	14.17%
2021	24.12%
2022	4.32%

Average Return 15.41%
 Dividend Yield 0.89%
Total Market Return 16.30%



Calculation of ROIC	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Current Assets					
Inventories	966.0	1,283.0	1,416.0	1,593.0	1,929.0
Trade receivables	125.0	124.0	165.0	166.0	192.0
Short term loans	23.0	26.0	27.0	21.0	27.0
Other asset items	201.0	196.0	240.0	1,704.0	1,706.0
Total Current Assets	1,315.0	1,629.0	1,848.0	3,484.0	3,854.0
Current Liabilities					
Trade Payables	1,240.0	1,492.0	1,517.0	1,748.0	1,934.0
Advance from Customers	41.0	37.0	53.0	69.0	114.0
Other liability items	3,098.0	3,537.0	4,164.0	4,204.0	4,201.0
Total Current Liabilities	4,379.0	5,066.0	5,734.0	6,021.0	6,249.0
Net Working Capital	(3,064.0)	(3,437.0)	(3,886.0)	(2,537.0)	(2,395.0)
Non Current Assets					
Land	140.5	141.5	141.5	141.6	141.6
Building	912.4	1,159.6	1,140.3	1,485.3	1,532.2
Plant Machinery	2,279.6	2,377.7	2,519.4	3,286.9	3,545.7
Equipments	14.9	18.1	20.3	23.1	43.2
Computers	64.8	78.3	89.3	97.6	129.2
Furniture n fittings	70.9	69.6	69.4	65.1	64.4
Railway sidings	-	-	-	-	-
Vehicles	2.4	20.5	18.2	19.1	17.7
Intangible Assets	-	-	-	-	-
Other fixed assets	-	-	-	-	-
Gross Block	3,485.4	3,865.2	3,998.3	5,118.7	5,474.0
Accumulated Depreciation	(1,084.8)	(1,523.7)	(1,818.9)	(2,124.1)	(2,430.3)
Net Non Current Assets	2,400.6	2,341.5	2,179.4	2,994.7	3,043.7
Invested Capital	(663.4)	(1,095.6)	(1,706.6)	457.7	648.7
EBIT	2,282.0	2,555.7	2,831.1	3,171.4	3,303.3
ROIC	-29.07%	-42.87%	-60.28%	14.43%	19.64%

Calculation of Reinvestment Rate	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Net Capex	163.0	153.0	474.0	731.0	541.0
Change in Working Capital		(373.0)	(449.0)	1,349.0	142.0
EBIT	2,282.0	2,555.7	2,831.1	3,171.4	3,303.3
Marginal Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%
EBIT(1-T)	1,711.5	1,916.8	2,123.3	2,378.5	2,477.5
Reinvestment		(220.0)	25.0	2,080.0	683.0
Reinvestment Rate		-11.48%	1.18%	87.45%	27.57%

4 Year Average	26.18%
4 Year Median	14.37%

Calculation of Growth Rate	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
Reinvestment Rate		-11.48%	1.18%	87.45%	27.57%
ROIC		-42.87%	-60.28%	14.43%	19.64%
Intrinsic Growth		4.92%	-0.71%	12.62%	5.41%

4 Year Average	5.56%
4 Year Median	5.17%

Calculation of PV of FCFF	Dec-22A	Dec-23F	Dec-24F	Dec-25F	Dec-26F	Dec-27F
EBIT	2,282.0	2,407.0	2,538.8	2,677.9	2,824.6	2,979.3
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
EBIT (1-T)	1,711.49	1,805.24	1,904.12	2,008.42	2,118.44	2,234.48
Less: Reinvestment Rate	14.37%	21.20%	28.03%	34.86%	41.69%	41.69%
Free Cash Flow to Firm	1,465.5	1,422.5	1,370.4	1,308.3	1,235.3	1,303.0
Mid Year Convention	0	0.5	1.5	2.5	3.5	4.5
Discounting Factor	1.00	0.94	0.84	0.74	0.66	0.59
PV of FCFF	1,465.5	1,340.3	1,146.3	971.6	814.5	762.7

Expected Growth	5.48%
Terminal Growth	6.50%

Calculation of Terminal Value	
FCFF (n+1)	1,374.3
WACC	12.64%
Terminal Growth Rate	6.50%
Terminal Value	22,390.7

Sensitivity Analysis - Enterprise Value					
	10.00%	12.64%	14.64%	16.64%	
5.00%	23,208.5	15,564.1	12,554.1	10,574.4	
6.00%	27,683.5	17,149.7	13,446.4	11,129.5	
6.50%	30,879.9	18,136.3	13,974.7	11,448.1	
7.00%	35,141.9	19,297.7	14,572.2	11,799.8	
7.50%	41,108.5	20,685.1	15,253.4	12,189.9	

Calculation of Enterprise Value	
PV of FCFF	5,035.4
PV of Terminal Value	13,106.5
Value of Operating Asset	18,141.9
Add: Cash	946.0
Less: Debt	30.0
Value of Equity	19,057.9
No. of Shares	96.4
Value per Share	197.7

Sensitivity Analysis - Share Value					
	10.00%	12.64%	14.64%	16.64%	
5.00%	250.2	170.9	139.7	119.2	
6.00%	296.6	187.4	149.0	124.9	
6.50%	329.8	197.6	154.4	128.2	
7.00%	374.0	209.7	160.6	131.9	
7.50%	435.9	224.0	167.7	135.9	

Amount in crores

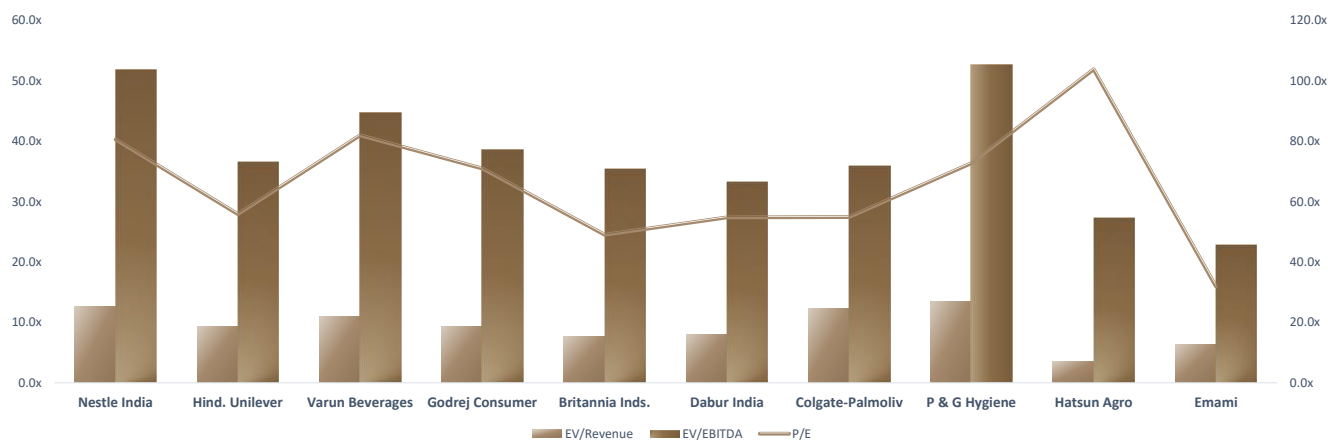
Comparable Company Valuation

Company	Market Data				Financials			Valuation			
	Share Price	Share Outstanding	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Nestle India	2,481	96.42	2,39,257	-657	2,38,600	18,783	4,615	2,971	12.7x	51.7x	80.5x
Hind. Unilever	2,453	234.96	5,76,263	-3,406	5,72,857	61,901	15,695	10,322	9.3x	36.5x	55.8x
Varun Beverages	1,286	129.93	1,67,057	3,441	1,70,499	15,589	3,819	2,040	10.9x	44.6x	81.9x
Godrej Consumer	1,237	102.28	1,26,505	2,884	1,29,389	13,911	3,362	1,785	9.3x	38.5x	70.9x
Britannia Inds.	5,149	24.09	1,24,036	2,580	1,26,616	16,664	3,580	2,532	7.6x	35.4x	49.0x
Dabur India	545	177.2	96,512	1,163	97,675	12,267	2,938	1,763	8.0x	33.2x	54.7x
Colgate-Palmoliv	2,542	27.2	69,136	-854	68,281	5,541	1,899	1,260	12.3x	35.9x	54.9x
P & G Hygiene	16,897	3.25	54,914	-974	53,940	4,007	1,026	756	13.5x	52.6x	72.7x
Hatsun Agro	1,118	22.27	24,907	1,932	26,838	7,733	982	240	3.5x	27.3x	103.7x
Emami	501	44.04	22,084	-77	22,007	3,509	963	691	6.3x	22.8x	31.9x
High									13.5x	52.6x	103.7x
75th Percentile									12.0x	43.1x	78.6x
Average									9.3x	37.9x	65.6x
Median									9.3x	36.2x	63.4x
25th Percentile									7.7x	33.8x	54.8x
Low									3.5x	22.8x	31.9x

Nestle Comparable Valuation			
	EV/Revenue	EV/EBITDA	P/E
Implied Enterprise Value	1,74,264	1,67,183	1,87,575
Net Debt	-657	-657	-657
Implied Market Value	1,74,921	1,67,841	1,88,232
Shares Outstanding	96.42	96.42	96.42
Implied Value per Share	1,814.2	1,740.7	1,952.2

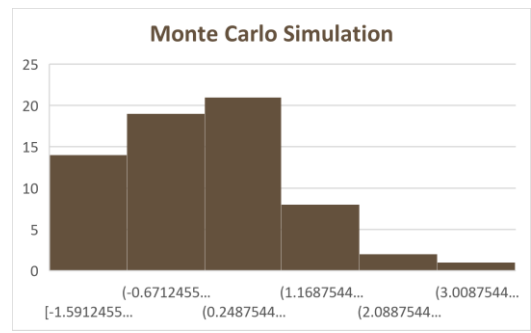
Source: Screener.in

Overvalued Overvalued Overvalued



Date	Adj Close	Return	Sorted Returns	Calculation of Value at Risk - Nestle (Historical)				
29-12-2023	26580.3	0.98656	8.710621238					
20-03-2020	13380.1	-0.0272	0.092767857	Mean	20.60%			
17-03-2020	13754.2	-0.16728	0.074183219	Std Deviation	122.73%			
12-05-2020	16517.1	-0.01154	0.057508492	Min	2.17%			
09-11-2020	16709.9	0.68824	0.043797883	Max	871.06%			
14-03-2019	9897.85	-0.35675	0.043673668	CMP	2481.4			
18-09-2020	15387.3	0.42505	0.04253192					
07-02-2019	10797.8	-0.23855	0.042071639	Percentile	Confidenc	VAR %	Stock Price	VAR (INR)
13-03-2020	14180.6	-0.08029	0.041299725	5.0%	95.0%	2.20%	2426.8	54.6
31-03-2020	15418.6	0.04722	0.041269177	1.0%	99.0%	2.17%	2427.4	54.0
12-03-2020	14723.3	0.42092	0.038270957	0.5%	99.5%	2.17%	2427.5	53.9
08-02-2019	10361.8	-0.30023	0.036814777	10%	90.0%	2.21%	2426.6	54.8
01-04-2020	14807.5	-0.21245	0.036405899					
10-10-2022	18802	0.08608	0.036265771					
05-05-2022	17311.8	-0.04691	0.035791959					
18-04-2022	18163.9	0.07308	0.034147661					
16-04-2020	16926.9	-0.09451	0.032956389					
15-09-2022	18693.8	-0.03731	0.032862119					
16-02-2023	19418.2	0.51654	0.031940426					
18-03-2020	12804.3	-0.15651	0.031744668					
11-03-2020	15180.2	-0.01323	0.031029943					
27-02-2020	15383.7	-0.36227	0.03073107					
25-10-2023	24122.5	0.47522	0.03045578					
28-07-2020	16351.8	-0.02165	0.029976955					
06-05-2022	16713.6	-0.18585	0.029755733					
24-10-2022	20528.9	0.23673	0.029219829					
16-02-2021	16599.3	-0.06682	0.028435784					
04-05-2022	17787.8	0.76575	0.027494079					
30-04-2019	10073.8	-0.41591	0.027441677					
27-11-2020	17246.9	0.01723	0.027029168					
30-04-2020	16954.8	-0.14128	0.026821235					
07-09-2021	19744.2	0.13485	0.026656293					
31-05-2022	17398.1	0.27596	0.026096834					
08-11-2019	13635.4	-0.21776	0.025718603					
21-03-2022	17431.1	-0.10471	0.025657804					
19-01-2023	19469.9	0.25286	0.025054646					
06-03-2020	15540.3	-0.10688	0.024823296					
02-03-2022	17400.1	-0.07921	0.023405005					
18-01-2022	18896.9	0.17078	0.023372201					
17-02-2021	16140.3	-0.0947	0.023006875					
17-03-2022	17828.7	0.26856	0.022809501					
20-12-2019	14054.3	-0.14446	0.022415295					
30-06-2020	16427.5	0.09456	0.022358815					
29-01-2020	15008.2	-0.1627	0.022289559					
14-12-2020	17924.5	5.58429	0.02209465					
02-01-2024	2722.31	-0.85142	0.022074143					
25-01-2022	18322.7	0.04668	0.022044667					
17-06-2021	17505.6	-0.01273	0.021980028					
11-01-2021	17731.3	0.04428	0.021798294					

Date	Adj Close	Return	Sorted Returns	Replication	Simulated Returns	Calculation of Value at Risk - Nestle (Historical)
29-12-2023	26580.30078	0.986556	8.710621238	1	-1.318373283	
20-03-2020	13380.09082	-0.0272	0.092767857	2	0.090711576	Historical Approach
17-03-2020	13754.19336	-0.16728	0.074183219	3	0.528022996	Mean 16.32%
12-05-2020	16517.08984	-0.01154	0.057508492	4	1.275322768	Std Deviation 107.68%
09-11-2020	16709.92383	0.688237	0.043797883	5	-0.147665605	Min 1.93%
14-03-2019	9897.853516	-0.35675	0.043673668	6	-1.256636428	Max 871.06%
18-09-2020	15387.34863	0.425051	0.04253192	7	-0.268935211	CMP 2481.4
07-02-2019	10797.75195	-0.23855	0.042071639	8	-0.547586565	
13-03-2020	14180.59863	-0.08029	0.041299725	9	0.254693395	Monte Carlo Simulation
31-03-2020	15418.5791	0.047223	0.041269177	10	0.764771503	Mean -20.92%
12-03-2020	14723.30371	0.42092	0.038270957	11	1.354086511	Std Deviation 105.20%
08-02-2019	10361.81348	-0.30023	0.036814777	12	-0.421838047	Min -159.12%
01-04-2020	14807.48633	-0.21245	0.036405899	13	-1.591245515	Max 332.03%
10-10-2022	18801.99805	0.086078	0.036265771	14	2.59821793	CMP 2481.4
05-05-2022	17311.82422	-0.04691	0.035791959	15	-1.098157276	
18-04-2022	18163.94727	0.073079	0.034147661	16	1.134211409	Percentile Confidenc VAR % Stock Price VAR (INR)
16-04-2020	16926.94336	-0.09451	0.032956389	17	-0.830700617	5.0% 95.0% 2.00% 2431.7 49.7
15-09-2022	18693.77148	-0.03731	0.032862119	18	0.11953688	1.0% 99.0% 1.94% 2433.4 48.0
16-02-2023	19418.22656	0.516536	0.031940426	19	0.088213653	0.5% 99.5% 1.93% 2433.5 47.9
18-03-2020	12804.32715	-0.15651	0.031744668	20	0.807910476	10% 90.0% 2.08% 2429.8 51.6
11-03-2020	15180.16699	-0.01323	0.031029943	21	0.674931345	
27-02-2020	15383.72363	-0.36227	0.03073107	22	0.697260913	
25-10-2023	24122.53711	0.475218	0.03045578	23	-0.633595026	
28-07-2020	16351.84473	-0.02165	0.029976955	24	-0.339241037	
06-05-2022	16713.61133	-0.18585	0.029755733	25	2.395303647	
24-10-2022	20528.875	0.236732	0.029219829	26	1.3076294	
16-02-2021	16599.29102	-0.06682	0.028435784	27	-3.2702E-05	
04-05-2022	17787.79688	0.765748	0.027494079	28	0.949077997	
30-04-2019	10073.80176	-0.41591	0.027441677	29	0.191458491	
27-11-2020	17246.88477	0.01723	0.027029168	30	0.779874222	
30-04-2020	16954.75391	-0.14128	0.026821235	31	1.627764517	
07-09-2021	19744.2207	0.134848	0.026656293	32	0.407673092	
31-05-2022	17398.11914	0.275955	0.026096834	33	-0.41109944	
08-11-2019	13635.36621	-0.21776	0.025718603	34	0.120415373	
21-03-2022	17431.14453	-0.10471	0.025657804	35	-1.138810744	
19-01-2023	19469.91797	0.252865	0.025054646	36	-0.863552713	
06-03-2020	15540.31738	-0.10688	0.024823296	37	1.968063212	
02-03-2022	17400.0918	-0.07921	0.023405005	38	0.68154674	
18-01-2022	18896.85352	0.170785	0.023372201	39	0.744239113	
17-02-2021	16140.32813	-0.0947	0.023006875	40	-1.227689692	
17-03-2022	17828.74023	0.268564	0.022809501	41	-0.306097389	
20-12-2019	14054.27441	-0.14446	0.022415295	42	-0.701001354	
30-06-2020	16427.45313	0.094565	0.022358815	43	-1.581237717	
29-01-2020	15008.20606	-0.1627	0.022289559	44	-0.087460096	
14-12-2020	17924.50781	5.584289	0.02209465	45	-0.244207809	
02-01-2024	2722.314941	-0.85142	0.022074143	46	-1.220830655	
25-01-2022	18322.67383	0.046675	0.022044667	47	3.320297346	
17-06-2021	17505.5957	-0.01273	0.021980028	48	0.289886311	
11-01-2021	17731.34961	0.04428	0.021798294	49	0.747398545	
27-04-2020	16979.49023	0.202726	0.021693613	50	-1.166940317	
23-10-2019	14117.50781	-0.25391	0.021614616	51	-1.382736335	
18-11-2021	18922.10938	0.766006	0.02159215	52	0.94245014	
19-07-2019	10714.63184	-0.39976	0.021437865	53	1.446987569	
06-01-2021	17850.70703	0.034589	0.021401396	54	1.513095308	
03-06-2021	17253.9043	-0.23885	0.021380902	55	0.556055823	
26-07-2023	22668.18945	0.75436	0.021258351	56	-0.319916868	
23-09-2019	12921.05762	4.139335	0.021033762	57	0.833001431	
22-01-2024	2514.149902	-0.8496	0.020808803	58	1.199667201	
29-05-2020	16715.9707	0.020082	0.020796157	59	-0.465215613	
17-04-2020	16386.89063	-0.09877	0.020493273	60	0.62776729	
11-07-2022	18182.78906	0.407565	0.020096461	61	-0.632329814	
03-10-2019	12917.90137	-0.28767	0.020002344	62	0.528617423	
02-05-2022	18134.75	0.074745	0.019505121	63	-0.969846724	
12-04-2021	16873.5332	-0.27947	0.019387028	64	0.55896378	
13-10-2023	23418.28125	-0.27947	0.019291557	65	0.646392863	



Football Field Analysis - Data				
	OpenLow	Low	OpenHigh	High
Comps	1,740.7	1,740.7	1,952.2	1,952.2
DCF Bear	10,574.4	10,574.4	12,189.9	12,189.9
DCF Base	15,564.1	15,564.1	20,685.1	20,685.1
DCF Bull	23,208.5	23,208.5	41,108.5	41,108.5
52W H/L	1,788.0	1,788.0	2,769.3	2,769.3

Football Field Analysis - Valuation Summary (Rs)

