

July 29, 2020



Nestlé

**Current Price:** ₹ 17098.95

## STOCK DATA

BSE Code	500790
NSE Symbol	NESTLEIND
Reuters	NEST.BO
Bloomberg	NEST IN

## VALUE PARAMETERS

52 WH/L(Rs)	18301.00/11299.95
Mkt. Cap.(Rs Cr)	164860.75
Latest Equity(Subscribed)	96.42
Latest Reserve	1835.84
Latest EPS -Unit Curr.	210.68
Latest P/E Ratio	81.16
Latest Bookvalue -Unit Curr.	200.41
Latest P/BV	85.32
Dividend Yield -%	2.00
Face Value	10

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2020
Foreign	12.11
Institutions	8.70
Govt Holding	0.07
Non Promoter Corp. Hold.	0.00
Promoters	62.77
Public & Others	16.37

## Standalone financials

In Cr.

Particulars	Qtr Ending Jun. 20	Qtr Ending Jun. 19	Var. (%)
Total Income	3050.48	3000.85	2
OPM (%)	24.51	23.75	
OP	747.56	712.68	5
Other income	37.93	72.59	-48
PBIDT	785.49	785.27	0
Net Finance Charges	40.80	32.04	27
PBDT	744.69	753.23	-1
Depreciation	92.42	94.14	-2
PBT before EO	652.27	659.09	-1
EO	0.00	0.00	
PBT after EO	652.27	659.09	-1
Tax expense	165.67	221.30	-25
PAT	486.60	437.79	11
EPS (Rs)	50.47	45.40	

## Net profit of the company rises 11% to Rs 487 crore, slightly below Street estimates

Nestle India net sales increased by 2% to Rs 3050.48 crore for the quarter ended June20 compared to corresponding previous year period. Domestic Sales increased by 2.6%. Export Sales declined by 9.3%. Sales were adversely impacted due to the COVID 19 induced lockdown leading to production disruption across factories. Demand in Out Of Home channel was severely reduced.

The OPM increased 76 bps to 24.51% and the operating profit up by 5% to Rs 747.56 crore. Other income fell 48% to Rs 37.93 crore in Q2FY'21 compared to Rs 72.59 crore in Q2FY'20 while interest cost was up by 27% to Rs 40.80 crore. Depreciation decreased by 2% to Rs 92.42 crore and the profit of the company increased by 11% to Rs 486.60 crore in Q2FY'21 compared to Rs 437.79 crore in Q2FY'20

## Management Comments

**Mr. Suresh Narayanan, Chairman and Managing Director, Nestlé India said,** "In these extremely challenging times, at Nestlé, we hark back to our 'Purpose' which enshrines our inspiration for actions – 'We unlock the power of food to enhance quality of life for everyone, today and for generations to come', and serves as our guiding light. This has translated, for each of us, to deliver unimpeachable safety in every pack we produce, harness the best quality of nutrition, deliver memorable taste and enjoyment but also serve the consumers while protecting the numerous employees, partners, stakeholders and suppliers (large and small) in these difficult times.

Health and safety of our people will always remain our top priority wherever they are and whichever capacity they work. We are determined to protect, respect & nurture the sustenance of thousands who depend on Nestlé operations in the value chain, be it suppliers, small MSMEs, milk farmers, distribution partners and numerous others whose collective efforts make us Nestlé! This quarter is a tribute to each one of them and I would like to express my heartfelt gratitude!

The past three months have witnessed volatility, uncertainty and stresses that we had never imagined before nor experienced. This led to disruptions across the value chain of the Company that has impacted our results, though we have built back momentum strongly as we ended the quarter. Relentless efforts, determined professional actions and abiding teamwork has led us to restore our eight factories almost to their pre-COVID manufacturing capabilities and our distribution capacity goes from strength to strength. It is a tribute to all our employees, partners & stakeholders who are imbued in the Nestlé culture of respect and quiet but determined dedication. While we progress each day, challenges in sales and distribution due to precautionary and well-intended measures taken by the authorities do cause disruptions.

We delivered strong performance in the 'e-commerce' channel which grew by 122% this quarter and now contributes 3.6% to domestic sales. The demand in all 'Out of Home' consumption channels experienced a sharp decline due to the lockdown. However Nestlé brands enjoy trust, credibility and strength as far as "in home consumption" is concerned and this boosted sales of EVERYDAY Dairy Whitener, Nestlé a+ Milk, other milk based portfolio, NESCAFÉ Classic and NESCAFÉ Sunrise, all of which performed well this quarter. MAGGI also witnessed solid growth towards the end of the quarter after initial supply constraints. Overall, we accelerated our digital engagements across key parts of our portfolio, put out innovative campaigns to engage the consumers in many, while ensuring judicious application of marketing spends in line with the current business scenario.

As a responsible corporate citizen, we continue to offer our help, in particular to the most vulnerable in society. Nestlé India contributed toward relief efforts in particular towards providing PPEs, medical equipment and feeding programs for communities through participation with leading NGOs along with distribution of essential groceries to the needy."

E-mail: [smc.care@smcindiaonline.com](mailto:smc.care@smcindiaonline.com)



**Corporate Office:**  
11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**  
Lotus Corporate Park, A Wing 401 / 402, 4th Floor,  
Graham Firth Steel Compound, Off Western  
Express Highway, Jay Coach Signal, Goregaon  
(East) Mumbai - 400063  
Tel: 91-22-67341600, Fax: 91-22-67341697

**Kolkata Office:**  
18, Rabindra Sarani, Poddar Court, Gate No-4,  
5th Floor, Kolkata - 700001  
Tel.: 033 6612 7000/033 4058 7000  
Fax: 033 6612 7004/033 4058 7004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

**Disclaimer:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions.

All disputes shall be subject to the exclusive jurisdiction of Delhi High court.