

Pick of the week

Britannia Industries (BRIT)

Recommendation: **ADD**

Current Price: ₹3364

Potential Upside: **10.0%**

Date: **13th June 2022**

Time Period: **12 Months**

Target Price: ₹3700

Why invest?

- BRIT's execution (especially in 2HFY22) is encouraging.
- BRIT did not witness any inflation led demand slowdown.
- Distribution expansion and new product launches/relaunches aided continued market share gains.
- Some potential success of new launches/adjacencies and capacity expansion augurs well for growth in the medium term.
- Capex in FY22 stood at Rs550 cr and FY23 guidance is Rs. 650 - 700 cr.
- BRIT continues to focus on cost savings initiatives in manufacturing.
- We expect earnings to grow by 6.4% in FY23E and grow by 26.2% in FY24E.
- We value BRIT on Discounted Cash Flow (DCF) based fair value of Rs. 3700.